

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	10 November 2021
EXEMPT	No Appendices B, C and D have a private version which are exempt under paragraph 8. Estimated expenditure on Contracts. 'This report refers to the acquisition or supply of goods/services where disclosure to the public of the amount to be spent would be likely to give an advantage to a person or organisation seeking to enter a contract with the Council.'
CONFIDENTIAL	No
REPORT TITLE	Condition & Suitability 3 Year Programme
REPORT NUMBER	RES/21/243
DIRECTOR	Steven Whyte
CHIEF OFFICER	Stephen Booth
REPORT AUTHOR	Alastair Reid
TERMS OF REFERENCE	4.1 approve recommendations regarding the Council's assets, property and estates

1. PURPOSE OF REPORT

- 1.1 This report seeks approval of an updated 3-year Condition and Suitability (C&S) Programme.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the projects completed or legally committed to date in 2021/22 as shown in Appendix A;
- 2.2 Notes the currently approved projects and approves the amended estimated budgets for each project as shown in Appendix B;
- 2.3 Approves the new Condition & Suitability Programme projects listed in Appendix C for inclusion in the 3-year Condition & Suitability Programme and approves the estimated budget for each project and delegates authority to the Chief Officer - Capital, following consultation with the Head of Commercial and Procurement Services, to consider and approve procurement business cases for each of these projects for the purposes of Procurement Regulation 4.1.1.2; and thereafter to procure appropriate works and services, and enter into any contracts necessary for the projects without the need for further approval from any other Committee of the Council;

- 2.4 Approves the removal of the projects listed in Appendix D; and
- 2.5 Delegates authority to the Chief Officer - Corporate Landlord, following consultation with the Capital Board and the Convener and Vice-Convener of this Committee, to amend the C&S Programme should priorities change due to unforeseen circumstances during the year, with such changes to be reported retrospectively to the Committee.

3. BACKGROUND

3.1 This report brings together, for Members' approval, the proposed 3-year Condition & Suitability (C&S) Programme (2021/22 – 2023/24) for the condition and suitability works on the Council's General Fund property portfolio. This report seeks approval of the revised 3-year programme.

3.2 The total budget allocation for the 3 years is £25.515m. This programme was prepared utilising the detailed property information gathered as part of the development of the Property Asset Management Framework, and after discussions with all relevant Chief Officers.

Proposed 3 Year Programme

3.3 Projects with a value of £4.479m have already been completed to date or are legally committed in 2021/22. The completed and legally committed are detailed in **Appendix A**.

3.4 A further £19.954m is allocated to currently approved projects as shown in **Appendix B**. A confidential version of Appendix B is included within today's confidential reports, which details the approximate cost for each project and the revised budgets where applicable.

3.5 As certain projects have progressed through the detailed scoping and feasibility stage, it is evident that an enhanced scope of work is highly desirable or indeed essential. The budgets currently allocated will not cover the enhanced scope of works. As such additional budget allocations are required. This is offset by some project budgets being reduced where budget provision is greater than required. An additional £5k needs to be funded as shown in Appendix B.

3.6 The above allocations leaves £677k available for new projects to allow the continued condition and suitability work to be progressed. The proposed programme is contained in **Appendix C**. A confidential version of Appendix C is included within today's confidential reports section, which details the estimated cost for each project.

3.7 £0.4m has been left unallocated. The recommendation is for this to be used as a reserve fund which can address increased budgetary demands for individual projects or be allocated to urgent projects not previously identified. The reserve fund will also be required to address the impact of construction inflation and building material shortages on projects. Over the last 12 months the reserve fund and underspends were used for the following projects:-

- Aberdeen Crematorium – New project for cremator No. 2 boiler replacement.
- Muirfield School - Revised budget to accommodate full scope of roof replacement works.
- Woodside Library - Revised budget to accommodate full scope of window replacements.
- Whitemyres Occupational Store - Revised budget to accommodate full scope of window replacements.
- Airyhall Library Carpark - Revised budget to accommodate full scope of resurfacing.
- Rosemount Learning Centre - Revised budget to accommodate full scope of resurfacing.
- Woodside Primary School - Revised budget to accommodate full scope of toilet refurbishments.
- Abbotswell Primary School - Revised budget to accommodate full scope of window replacements.
- Development budget - This budget would be used to identify an initial scope of works and cost estimate for future C&S projects

3.8 In addition to the in year approval of budgets for the projects listed in 3.7, projects were removed in line with the 2020 Committee approved recommendations. These projects were:-

- Clinterty Caravan Park refurbishment – To be funded by the Housing Revenue Account following the transfer of the asset.
- Muirfield School window replacements - All windows have been completed through previous programmes, so budget no longer required.

3.9 The proposed allocation of the £25.515m is shown below:-

Budget Requirement	Allocation
Projects Completed or Legally Committed	£4,478,661
Currently Approved Projects	£19,934,248
Additional Budget for Existing Projects	£5,000
New Projects	£677,091
Reserve Fund	£400,000
Total	£25,515,000

3.10 In addition to the major works contained in the overall programme, a combined sum of £538k has been identified for minor works. These works are primarily related to Health and Safety, Asbestos removal and Equality Act projects. This list requires to be flexible as works often have to be carried out at short notice to address health and safety issues or to remove asbestos after it has been identified. The proposed allocation of the £538k is:-

	2021/22	2022/2023	2023/24
Asbestos Removal	£90k	£90k	£90k
	Completed/programmed:- • Broomhill School Removal of asbestos debris in duct.	Projected budget allocation. Current programme of works within	Projected budget allocation.

	<ul style="list-style-type: none"> • Riverbank School. Encapsulation and removal of asbestos debris. • Ashley Road School final phase of removal of material in roof space • Skene Square. Removal of debris from store. • Westpark School. Removal of debris from boiler room. • Scotstown School. Removal of debris from store 	Harlaw Academy Westpark School Sunnybank Primary	
General H&S Works	£30k	£40k	£40k
	Completed/programmed:- <ul style="list-style-type: none"> • Upgrade of fire alarm 'zone charts' and monitoring of systems installed in Educational buildings back to the communication centre 	Projected budget allocation <ul style="list-style-type: none"> • Upgrade of fire alarm 'zone charts' and monitoring of systems installed in Educational buildings back to the communication centre • Ashley Rd School - Reconfiguration of Reception to improve security at front entrance. Improvements to external lighting. £25k 	Projected budget allocation <ul style="list-style-type: none"> • Harlaw Academy - Create sealed vent pipe system with the installation of expansion tanks and a pressurisation unit. £20k
Fire Risk Audit works	£20k	£40k	£40k
	Completed/programmed:- <ul style="list-style-type: none"> • Minor additions to various fire alarm systems, fire doors and associated building fabric as individual FRA reports are received 	Projected budget allocation <ul style="list-style-type: none"> • Minor additions to various fire alarm systems, fire doors and associated building fabric as individual FRA reports are received 	Projected budget allocation
Legionella Works	£18k	£20k	£20k
	Completed/programmed:- <ul style="list-style-type: none"> • Improved access to domestic storage water tanks at various assets. 	Projected budget allocation	Projected budget allocation

3.11 The projects shown within **Appendix D** are recommended for removal from the programme. The reasons for doing so are also shown in the Appendix. A confidential version of Appendix D is included within today's confidential reports section, which details the estimated cost for each project.

3.12 The provisional 3-year programme will allow substitution of projects should it not be possible to implement any of the projects on the primary list, or should a statutory requirement arise. Potential projects for future programmes have

been identified and could be brought forward in some instances. These projects are shown in **Appendix E**. It should be noted that Appendix E is not a definitive list of potential condition and suitability projects.

- 3.13 There are a number of approved projects within the programme for both the Beach Leisure Centre and the Beach Ballroom. As the Beach Masterplan progresses and key decisions are made around the assets, these projects will require to be reviewed. Where possible these budgets will be adjusted or removed altogether. It is possible that some of the work would have to proceed if the assets are to continue to operate in the short to medium term.

Covid-19 Impact

- 3.14 The ongoing pandemic has resulted in a significant number of projects not progressing as planned. As such the resultant spend in 2020/21 has been below previous years, with the underspend leading to a reprofile of the C&S programme within the wider General Fund Capital programme. The combination of these two factors has resulted in a much lower budget availability for new projects this year. On a positive note it does create an opportunity to put in a realistic delivery programme across the 3 years.
- 3.15 Spend on some of the rolling programmes contained within the wider C&S Programme have had a very limited spend over the last 12 months. It is unlikely that if these budgets were topped up for these rolling programmes that the full allocation would ever be spent. As such the rolling programmes as indicated in Appendix C are not being given additional funding this year. It is anticipated that new funding will be allocated again in 2022.

Procurement Procedures

- 3.16 When inviting tenders or entering into contracts for the C&S Programme Aberdeen City Council Procurement Regulations 4.1.1.1 and 4.1.1.2 will be followed.
- 3.17 4.1.1.1. Contract Value below £50,000 (supplies/services), £250,000 (works) or £4.5m (concessions) Subject to budget approval, the relevant Chief Officer may give authority to conduct any procurement where the estimated Contract Value is below £50,000 (supplies/services) or £250,000 (works), and following consultation with the Convener of the Strategic Commissioning Committee or the Convener of the City Growth and Resources Committee, the Head of Commercial and Procurement may give authority to conduct any procurement where the estimated Contract Value of a Concession Contract is below £4.5m. Such procurements shall be undertaken by a Delegated Procurer in line with Section 4.3 of these Procurement Regulations.
- 3.18 4.1.1.2. Contract Value above £50,000 (supplies/services) £250,000 (works), or £4.5m (concessions) Contracts with an estimated Contract Value of above these thresholds shall be listed on the workplan to be submitted by the relevant Director or Chief Officer in accordance with Procurement Regulation 14.6. Each individual contract will also require a Business Case (conforming to a template

approved by the Head of Commercial and Procurement) to be submitted by the relevant Chief Officer to the Strategic Commissioning Committee or the City Growth and Resources Committee as appropriate or where the contract relates to a capital project that is already part of the Capital Programme, to the Director of Resources.

- 3.19 The majority of the projects are below the £250k (works) limit and will be procured under regulation 4.1.1.1. Around 20 projects are estimated to be greater than £250k and require a procurement business case. If recommendation 2.3 is accepted the procurement of those projects will be approved through that route. Should the recommendation not be accepted then they will be procured under regulation 4.1.1.2. Therefore a procurement business case would be submitted for approval as part of an appropriate update of the Resources workplan.

Monitoring and Reporting of Programme

- 3.20 Monitoring of the programme will be carried out in line with the capital monitoring procedures. This includes regular progress reports to the Capital Board chaired by the Chief Officer Capital. In addition, progress is reported to the Capital Programme Committee.
- 3.21 An annual report to this Committee will be required to add a further year to the programme and revise any individual budgets if necessary. Changes to the programme will be reported in line with recommendation 2.5.
- 3.22 Monitoring and reporting of the workplan is performed by this Committee. With the annual workplan being updated prior to the commencement of each new financial year, with updates to workplan submitted as required throughout the year.

Property Asset Management Policy and Statutory Performance Indicators

- 3.23 The approved Property Asset Management Framework has the following vision for property assets:-
- “The Council will provide property, working with partners, where appropriate, which supports the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable.”
- 3.24 In terms of Condition and Suitability this means that the aim is to have all assets in A or B Condition and A or B Suitability. In addition, publicly accessible buildings are targeted for A or B accessibility. The definitions of the gradings are contained in **Appendix F**.
- 3.25 Targets for improving the percentage of assets in satisfactory condition/suitability and reducing the required maintenance levels are reported through the Statutory Performance Indicators (SPI). This programme along with the rationalisation of our portfolio and property related capital projects will provide the main tools for meeting these targets. **Appendix G** of this report

provides the SPI definitions and graphical representation of the trends across 5 years.

Emissions Reduction and Climate Resilience

- 3.26 Around 45% of the proposed C&S programme is made up of projects that will contribute positively to improving the environmental performance and climate resilience of the Council's assets. These are indicated in Appendices B & C. The majority of these projects are window/door replacements, heating replacements and roof replacements. Projects that have been completed since the last Committee are listed in **Appendix H**, along with the benefits that have been achieved. The measurement of these benefits is a developing area. It is expected that this will be reviewed and updated over the coming months.
- 3.27 The priority scoring matrix for assessing projects has now been modified. With projects able to be scored on Emissions Reduction and Climate Resilience/Adaptation.

4. FINANCIAL IMPLICATIONS

- 4.1 Expenditure will be in accordance with the Council's approved General Fund Capital budget. The budget identified in years 1-3 in the Capital programme for the Condition & Suitability (C&S) programme is £25.515m.
- 4.2 There are further allocations of £9m in 2024/25 and £8m in 2025/26. Giving a combined indicative 5-year budget of £42.515m. Projects shown in Appendix E will form the basis for years 2024/25 and 2025/26.
- 4.3 To manage unexpected costs or additional works that may be required a reserve fund budget of £0.4m will not be allocated at this time. This budget will be used to accommodate increased budgetary requirements or urgent projects not previously identified.
- 4.4 There will be flexibility within the 3-year programme for approved projects to move between financial years, however the overall spend will remain within the total budgeted profile.

5. LEGAL IMPLICATIONS

- 5.1 All contracts to be tendered shall be done so in accordance with the ACC Procurement Regulations and the applicable legislation.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	n/a		
Compliance	Many projects are required to make assets safe. If projects are not completed issues could occur.	L	Appropriate prioritisation of projects.
Operational	Assets are required to support service delivery. If projects are not completed the delivery of services could be affected.	L	Appropriate prioritisation of projects.
Financial	Total cost of projects is greater than available budget. The impact of Covid-19 and Brexit on construction costs could increase costs beyond available budget.	L L	Appropriate budget monitoring. Appropriate budget monitoring and increased budgets sought where necessary.
Reputational	Certain projects will not be included which may be viewed negatively by the public and/or press. Given that funding would be in place for many other projects the risk would be low. The increased budget requirements for projects shown in Appendix B could be perceived negatively by the public and/or press.	L L	This risk could be managed through appropriate communications. The reasons for the budget changes are explained within the appendix, so the risks are considered low.
Environment / Climate	Investment in assets may not positively impact on the environment.	L	Careful specification of equipment, materials and components.

7. OUTCOMES

7.1 The proposals in this report have no impact on the Council Delivery Plan.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

9.1 Condition & Suitability 3-year programme [report](#) to City Growth & Resources Committee 28 October 2020 (item 29).

10. APPENDICES

10.1 Appendix A – Complete or Committed Projects
Appendix B – Currently Approved Projects
Appendix C – Proposed New Projects
Appendix D - Projects to be Removed
Appendix E – Future Projects
Appendix F – Property Asset Management Definitions
Appendix G – SPI Tables
Appendix H – Emissions Reduction and Climate Resilience Benefits

11. REPORT AUTHOR CONTACT DETAILS

Name	Alastair Reid
Title	Team Leader – Asset Management
Email Address	alareid@aberdeencity.gov.uk
Tel	01224 52(2627)