

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	13 September 2023
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/23/276
DIRECTOR	Steven Whyte
CHIEF OFFICER	Stephen Booth
REPORT AUTHOR	Alastair Reid
TERMS OF REFERENCE	1.1.5, 1.1.8, 4.1

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 2023/24 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 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. CURRENT SITUATION

- 3.1 This report brings together, for Members' approval, the proposed 3-year Condition & Suitability (C&S) Programme (2023/24 – 2025/26) 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 profiled budget allocation for the 3 years is £26.785m. This programme was prepared utilising the detailed property information gathered as part of ongoing workstreams and after discussions with all relevant Chief Officers.

Proposed 3 Year Programme

- 3.3 Projects with a value of £4.051m have already been completed to date or are legally committed in 2023/24. The completed and legally committed are detailed in **Appendix A**.
- 3.4 A further £13.189m 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. An additional £1.173m needs to be funded as shown in Appendix B which can be accommodated within the overall C&S funding.
- 3.6 The above allocations leaves £7.672m available for new projects to allow the condition and suitability work to progress. 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 £0.7m 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:-

- Dyce Academy – Replacement fire alarm system. New project.
- Horizons Rehabilitation Centre – Boiler replacement. New project.
- Town House Extension – Flat roof replacement. Additional budget.
- Northfield Academy - Modular Toilet Accommodation Infrastructure. New project.

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 2022 Committee approved recommendations. These projects were:-

- Beach Leisure Centre – Repairs to concrete substructure.
- Beach Leisure Centre – Pool plant improvements.
- 1 Dominies Road – Kitchen & toilet refurbishment.
- Northfield Academy – Repairs to external walls.
- Scotstown Primary School – External door replacement.

3.9 The proposed allocation of the £26.785m is shown below:-

Budget Requirement	Allocation
Projects Completed or Legally Committed	£4,050,720
Currently Approved Projects	£13,188,812
Additional Budget for Existing Projects	£1,173,000
New Projects	£7,672,468
Reserve Fund	£700,000
Total	£26,785,000

3.10 In addition to the major works contained in the overall programme, a combined sum of £370k 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 £370k is:-

	2023/24	2024/2025	2025/26
Asbestos Removal	£50k	£50k	£45k
	Completed/programmed:- <ul style="list-style-type: none"> • St Machar Academy – Stairwell ceiling works ongoing • St Machar Academy – Air monitoring 	Projected budget allocation. <ul style="list-style-type: none"> • Current programme of works within St Machar Academy • Roof space and ducts within Harlaw Academy, Westpark School and Sunnybank Primary 	Projected budget allocation. <ul style="list-style-type: none"> • St Machar Academy - roof space and ducts
General H&S Works	£35k	£35k	£35k
	Completed/programmed:- <ul style="list-style-type: none"> • Mastrick Housing Office – Repairs to automatic doors 	Projected budget allocation <ul style="list-style-type: none"> • Works as required 	Projected budget allocation <ul style="list-style-type: none"> • Works as required

	<ul style="list-style-type: none"> Lightening Protection systems – Various buildings 		
Fire Risk Audit works	£20k	£20k	£20k
	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 <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
Legionella Works	£20k	£20k	£20k
	Completed/programmed:- <ul style="list-style-type: none"> Improved access to domestic storage water tanks at various assets. 	Projected budget allocation <ul style="list-style-type: none"> Works as required 	Projected budget allocation <ul style="list-style-type: none"> Works as required

- 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 Ongoing workstreams associated with the Transformation Programme and the City Centre / Beach Masterplans will lead to changes to the asset portfolio. This may mean that further projects will be removed from the C&S programme. This could also create additional investment requirements for potential inclusion in the programme.

Procurement Procedures

- 3.14 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.
- 3.15 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 Co-Leaders of the Council or Convener of the Finance 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.

- 3.16 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 Council or the Finance 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.
- 3.17 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

- 3.18 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 will be reported to the Finance & Resources Committee.
- 3.19 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.
- 3.20 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

- 3.21 The approved Property and Estates Strategy has the following strategic aim 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, sustainable and delivered within budget constraints”.**
- 3.22 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**.

- 3.23 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 the last 5 years.

4. FINANCIAL IMPLICATIONS

- 4.1 Expenditure will be in accordance with the Council's approved General Fund Capital budget. The budget identified in years 1-5 in the Capital programme for the Condition & Suitability (C&S) programme is £42,785,000. With £26,785,000 currently allocated to years 1-3.
- 4.2 There are further allocations of £8m in 2026/27 and £8m in 2027/28. Giving a combined indicative 5-year budget of £42.785. Projects shown in Appendix E will form the basis for years 2026/27 and 2027/28.
- 4.3 To manage unexpected costs or additional works that may be required a reserve fund budget of £0.7m is included within the programme. 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.
- 4.5 The Tolbooth project has been awarded funding of £355,025 from the UK Shared Prosperity Fund and £344,975 from the Place Based Investment Programme, as previously reported to this committee. The 2023/24 cost of the project shown in Appendix A now represents the contribution the C&S budget will make to the overall project costs.

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. ENVIRONMENTAL IMPLICATIONS

- 6.1 Around a quarter 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, lighting replacements and roof replacements. Projects that have been completed since the last Committee are listed in **Appendix I**, along with

the benefits that have been achieved. The measurement of these benefits is a developing area. This will be reviewed and updated on an ongoing basis.

6.2 The priority scoring matrix for assessing projects includes scoring of projects on Emissions Reduction and Climate Resilience/Adaptation.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) <i>*taking into account controls/control actions</i>	*Does Target Risk Level Match Appetite Set?
Strategic Risk	No significant risks identified			
Compliance	Many projects are required to make assets safe. If projects are not completed issues could occur.	Appropriate prioritisation of projects. Committee approval to add projects as per recommendation 2.5.	L	Yes
Operational	Assets are required to support service delivery. If projects are not completed the delivery of services could be affected.	Appropriate prioritisation of projects. Committee approval to add projects as per recommendation 2.5.	L	Yes
Financial	Total cost of projects is greater than available budget.	Appropriate budget monitoring. Contingency of £700k made available.	L	Yes
Reputational	The increased budget	The reasons for the budget changes are	L	Yes

	requirements for projects shown in Appendix B could be perceived negatively by the public and/or press.	explained within the appendix.		
Environment / Climate	Investment in assets may not positively impact on the environment.	Careful specification of equipment, materials and components.	L	Yes

8. OUTCOMES

COUNCIL DELIVERY PLAN 2023-2024	
	Impact of Report
Aberdeen City Council Policy Statement	The proposals in this report have no impact on the Council Delivery Plan.
Aberdeen City Local Outcome Improvement Plan 2016-26	
Prosperous Economy Stretch Outcomes	The proposals in this report have no impact on the Prosperous Economy Stretch Outcomes.
Prosperous People Stretch Outcomes	The proposals in this report have no impact on the Prosperous People Stretch Outcomes.
Prosperous Place Stretch Outcomes	The proposals in this report have no impact on the Prosperous People Stretch Outcomes Prosperous Place Stretch Outcomes.
Regional and City Strategies	The proposals within this report supports the approved Property and Estates Strategy strategic outcomes in particular 'Assets will be fit for purpose, in appropriate condition and with appropriate utilisation' and 'Assets will be environmentally sustainable'.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Stage 2 not required.

Data Protection Impact Assessment	Not required
Other	None

10. BACKGROUND PAPERS

- 10.1 Condition & Suitability 3-year programme [report](#) to City Growth & Resources Committee 21 September 2022 (item 17).

11. APPENDICES

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

12. REPORT AUTHOR CONTACT DETAILS

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