

# Public Document Pack



To: Councillor Allard, Convener; Councillor McRae, Vice-Convener; and Councillors Ali, Boulton, Clark, Davidson, Graham, Grant, Kuszniir, MacKenzie, McLellan, Mennie and Yuill.

Town House,  
ABERDEEN 28 September 2022

## **CAPITAL PROGRAMME COMMITTEE**

**Please note that this is the rescheduled meeting from 15 September**

The Members of the **CAPITAL PROGRAMME COMMITTEE** are requested to meet in **Council Chamber, Town House on THURSDAY, 6 OCTOBER 2022 at 3.00 pm**. This is a hybrid meeting and Members may also attend remotely.

The meeting will be webcast and a live stream can be viewed on the Council's website. <https://aberdeen.public-i.tv/core/portal/home>

VIKKI CUTHBERT  
INTERIM CHIEF OFFICER - GOVERNANCE

## **BUSINESS**

### **NOTIFICATION OF URGENT BUSINESS**

1.1. Notification of Urgent Business

### **DETERMINATION OF EXEMPT BUSINESS**

2.1. Members are requested to determine that any exempt business be considered with the press and public excluded

### **DECLARATIONS OF INTEREST/TRANSPARENCY STATEMENTS**

3.1. Declarations of Interest or Transparency Statements

## **DEPUTATIONS**

- 4.1. Deputations where requested

## **MINUTES OF PREVIOUS MEETINGS**

- 5.1. Minute of Previous Meeting of 16 June 2022 (Pages 5 - 8)

## **COMMITTEE BUSINESS PLANNER**

- 6.1. Committee Planner (Pages 9 - 10)

## **NOTICES OF MOTION**

- 7.1. None have been submitted

## **REFERRALS FROM COUNCIL, COMMITTEES AND SUB COMMITTEES**

- 8.1. none at the time of issuing the agenda

## **COMMITTEE BUSINESS**

### **Councils Capital Programme**

- 9.1. Countesswells Primary School Progress Report - RES/22/192 (Pages 11 - 22)
- 9.2. Torry Community Hub and Primary School - Progress Report - RES/22/193 (Pages 23 - 34)
- 9.3. Torry Heat Network - RES/22/194 (Pages 35 - 44)
- 9.4. NESS Energy Report - RES/22/195 (Pages 45 - 54)
- 9.5. Union Terrace Gardens Update - RES/22/196 (Pages 55 - 72)

## **EXEMPT / CONFIDENTIAL BUSINESS**

- 10.1. None at the time of issuing the agenda

EHRAs related to reports on this agenda can be viewed [here](#)

To access the Service Updates for this Committee please click [here](#)

Website Address: [aberdeencity.gov.uk](http://aberdeencity.gov.uk)

Should you require any further information about this agenda, please contact Karen Finch, tel 01224 522723 or email [kfinch@aberdeencity.gov.uk](mailto:kfinch@aberdeencity.gov.uk)

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## CAPITAL PROGRAMME COMMITTEE

ABERDEEN, 16 June 2022. Minute of Meeting of the CAPITAL PROGRAMME COMMITTEE. Present:- Councillor Allard, Convener; Councillor McRae, Vice-Convener; and Councillors Ali, Bonsell (as substitute for Councillor Graham), Copland (as substitute for Councillor Clark), Grant, Henrickson (as substitute for Councillor Davidson), Houghton (as substitute for Councillor Boulton), Hutchison (as substitute for Councillor Mennie), Kuszniir, MacKenzie, McLellan and Yuill.

### DECLARATIONS OF INTEREST OR TRANSPARENCY STATEMENTS

1. At this juncture, in the interests of transparency, Councillor Ali advised that he had a connection in relation to agenda items 9.1 (Housing Delivery Programme Update), 9.2 (Auchmill New Build Housing Progress Report ) and 9.4 (Summerhill New Build Housing Progress Update) due to his appointment as a Director of Aberdeen Heat and Power, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting for those items.

### MINUTE OF PREVIOUS MEETING OF 9 FEBRUARY 2022

2. The Committee had before it the minute of its previous meeting of 9 February 2022.

#### The Committee resolved:-

to approve the minute as a correct record.

### COMMITTEE PLANNER

3. The Committee had before it the Committee Business Planner as prepared by the Chief Officer – Governance.

#### The Committee resolved:-

- (i) in relation to items 7 and 22 (Wellheads New Build Housing Progress Update) to remove them from the planner due to the project being completed;
- (ii) in relation to item 8 (B999 Shielhill Junction), to note that an update would be presented to the next meeting of the Committee;
- (iii) in relation to item 26 (Aberdeen Art Gallery) to note the update provided; and
- (iv) to otherwise note the content of the committee business planner.

### HOUSING DELIVERY PROGRAMME UPDATE - RES/22/116

4. With reference to article 6 of the minute of its meeting of 1 December 2021, the Committee had before it a report by the Director of Resources which provided an update on the progress of works being undertaken as part of the Aberdeen City Council's

## **CAPITAL PROGRAMME COMMITTEE**

16 June 2022

directly delivered new build Council housing sites and developer led schemes to meet the political commitment of 2000 new homes.

### **The report recommended:-**

That the Committee -

- (a) note the progress to deliver the programme of social housing sites across the city as referred to in Appendix 1;
- (b) note that going forward, individual project progress reports would be submitted at an appropriate time to the Capital Programme Committee for each project; and
- (iii) review the planned delivery of the Council led sites at Craighill, Kincorth, Tillydrone and Kaimhill in light of the current forecast increase in costs across the construction sector and to report the outcome of that review to the next appropriate meeting of the City Growth & Resources committee or the Council.

### **The Committee resolved:-**

to approve the recommendations contained in the report.

### **AUCHMILL NEW BUILD HOUSING PROGRESS REPORT - RES/22/114**

5. With reference to article 9 of the minute its meeting of 1 December 2021, the Committee had before it a report by the Director of Resources which provided an update on the progress of the Auchmill Road new build Council housing project.

### **The report recommended:-**

That the Committee note the progress achieved in the procurement of the new build Council housing project at Auchmill Road.

### **The Committee resolved:-**

To approve the recommendation contained in the report.

### **CLOVERHILL NEW BUILD HOUSING PROJECT UPDATE - RES/22/115**

6. The Committee had before it a report by the Director of Resources which provided an update on the progress of the Cloverhill new build Council housing project.

### **The report recommended:-**

That the Committee note the progress achieved in the housing project at Cloverhill.

### **The Committee resolved:-**

to approve the recommendation contained in the report.

**CAPITAL PROGRAMME COMMITTEE**

16 June 2022

**SUMMERHILL NEW BUILD HOUSING PROJECT UPDATE - RES/22/117**

7. With reference to article 7 of the minute of its meeting of 1 December 2021, the Committee had before it a report by the Director of Resources which provided an update on the progress of works being undertaken at Summerhill new build Council housing project.

**The report recommended:-**

That the Committee note the progress achieved in the housing project at Summerhill.

**The Committee resolved:-**

to approve the recommendation contained in the report.

**CLUSTER RISK REGISTERS AND ASSURANCE MAPS - RES/22/118**

8. The Committee had before it a report by the Director of Resources which presented the Cluster Risk Registers and Assurance Maps in relation to Capital and Corporate Landlord to provide assurance that risks were being managed effectively.

**The report recommended:-**

That the Committee -

- (a) note the Cluster Risk Registers and Assurance Maps set out Appendices A-D; and
- (b) note, in particular, the external factors which are having a negative impact on the delivery of Capital programmes/projects;

**The Committee resolved:-**

- (i) to note that a report would be submitted to the City Growth and Resources Committee outlining the wider context of the impacts raised in the report, namely Covid 19 pandemic, Brexit and the recent Russia/Ukraine war and how these have affected project delivery; and
- (ii) to otherwise approve the recommendations contained in the report.

- **COUNCILLOR ALLARD, Convener**

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	A	B	C	D	E	F	G	H	I
1	<b>CAPITAL PROGRAMME COMMITTEE BUSINESS PLANNER</b>								
	The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	<b>Report Title</b>	<b>Minute Reference/Committee Decision or Purpose of Report</b>	<b>Update</b>	<b>Report Author</b>	<b>Chief Officer</b>	<b>Directorate</b>	<b>Terms of Reference</b>	<b>Delayed or Recommended for removal or transfer, enter either D, R, or T</b>	<b>Explanation if delayed, removed or transferred</b>
3	<b>15 September 2022</b>								
4	NESS Energy Report	To report on the progress of the delivery of the Energy from Waste Project.		John Wilson	Capital	Resources	1.1		
5	South College Street	To report on the progress of the delivery of the South College Street Corridor Improvement Project.		Alan McKay	Capital	Resources	1.1	D	Construction works has recently been awarded, therefore there is no information to update.
6	Tillydrone (Riverbank Replacement) Primary School	to provide an update on the progress on the delivery of the school		Neil Esslemont	Capital	Resources	1.1	D	Due to anticipated re-tender process following 24 August 22 Full Council decision.
7	Torry Primary School (including Community Hub)	to provide an update on the progress on the delivery of the school		Bill Watson	Capital	Resources	1.1		
8	Milltimber Primary School	to provide an update on the progress on the delivery of the school		Neil Esslemont	Capital	Resources	1.1	R	The school has been completed since the last report to Committee.
9	Countesswells Primary School	to provide an update on the progress on the delivery of the school		Bill Watson	Capital	Resources	1.1		
10	Torry Heat Network	To report on the progress of the delivery of the Torry Heat Network Project.		Bill Watson	Capital	Resources	1.1		
11	Union Terrace Gardens	To report on progress of the delivery of Union Terrace Gardens project.		Scott Whitelaw	Capital	Resources	1.1		
12	23 November 2022								

	A	B	C	D	E	F	G	H	I
13	New Housing Programme Delivery	To provide an update to Committee in relation to th Housing Development Programme		John Wilson	Capital	Resources	1.1		
14	Summerhill New Build Housing Project Update	To provide an update to Committee in relation to the Summerhill Housing Development		John Wilson	Capital	Resources	1.1		
15	B999 Shielhill Junction	to provide an update on the project		Alan McKay	Capital	Resources	1.1		
16	Auchmill New Build Housing Project	To provide an update to Committee in relation to the Auchmill Housing Development		John Wilson	Capital	Resources	1.1		
17	<b>TBC</b>								
18	Aberdeen Art Gallery	<b>Capital Programme Committee 1 December 2021</b> The Aberdeen Art Gallery Post Project Evaluation Report is delayed until the on-going contractual and legal process to reach a contract/financial settlement with the appointed Principal Contractor for the main works has been resolved.		John Wilson	Capital	Resources	1.2		

## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Capital Programme Committee
<b>DATE</b>	15 September 2022
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Countesswells Primary School – Progress Report
<b>REPORT NUMBER</b>	RES/22/192
<b>DIRECTOR</b>	Steve Whyte
<b>CHIEF OFFICER</b>	John Wilson
<b>REPORT AUTHOR</b>	Bill Watson
<b>TERMS OF REFERENCE</b>	1.1

### 1. PURPOSE OF REPORT

The purpose of this report is to update the Committee on the progress of the new Countesswells Primary School project.

### 2. RECOMMENDATION(S)

That the Committee notes the current on-going work leading to the anticipated completion of the construction of the Countesswells Primary School by summer 2023, depending on weather and availability of materials world-wide.

### 3. CURRENT SITUATION

3.1 This proposal is for a two-stream primary school and early years provision at the new Countesswells development in accordance with the Section 75 legal agreement dated 20<sup>th</sup> March 2016.

3.2 The Council was granted ownership of the allocated site on 14 May 2021.

3.3 The new school will provide:

- A two-stream primary school with a capacity for 434 pupils
- Early Learning & Childcare (ELC) provision for 60 pupils
- 3G, 7 a-side-pitch
- External outdoor play and learning spaces

## Design Team Procurement

3.4 The Council appointed Hub North Scotland to develop the detail and construction costs for this project.

## Timescale

3.5 Planning approval for this project was granted on 28 February 2019.

3.6 The Council and Hub North Scotland achieved commercial close on 1<sup>st</sup> October 2021. Mobilisation commenced on 4<sup>th</sup> October and the construction programme commenced on 15<sup>th</sup> November.

3.7 The construction of this project is currently programmed for completion in Summer 2023. The progress of the construction works remains consistent with this being achieved. (See Progress Photos in Appendix A).

## On Site Works

3.8 The steel structure and floor slab works have been completed

3.9 The roof, external wall, internal walls, internal services and external services works have been substantially advanced, and are expected to be practically completed by end of 2022.

3.10 Ceiling, decoration, car parking and pitch works have commenced, and are expected to be practically completed by spring of 2023.

3.11 Summary of anticipated programme:

<b>Milestone</b>	<b>Indicative Timescale</b>
Commercial close	1 <sup>st</sup> October 2021
Contractor to take possession of the site	4 <sup>th</sup> October 2021
Construction Complete	Summer 2023
School Operational	Summer 2023

3.13 It should be noted that there is still a significant risk that external impacts may continue to impact on the above anticipated delivery timeline and budget. Refer to Section 4. These are external impacts, such as, but not limited to;

- Impacts to the supply chain and on-site resource due to the sustained impact of COVID-19 and the emergence of new variants.
- Brexit
- A nationwide, built up demand for construction materials which has been evident throughout the industry since early May 2021.



- Construction inflation
- Further financial risks from the war in the Ukraine resulting in supply chain volatility, and rising inflation, to levels not seen for four decades.

#### 4. FINANCIAL IMPLICATIONS

4.1 The Countesswells Primary School forms part of the General Fund Capital Programme approved by Council on 7 March 2022.

4.2 In light of external factors impacting the delivery and financial viability of capital projects as reported to the City Growth and Resources Committee meeting on 21 June 2022, a review and reprofile of this project was carried out. The outcome of that review and subsequent approved funding is reported as shown in the following table. The budget for the Countesswells Primary School has been updated to £20.5 million.

<b>Budget</b>	
General Fund Capital Programme	£20.500m
<b>Developers Contributions utilised by the project to date</b>	£5.833m
<b>Spend to date</b>	
Total to end of Q1 2022/23	£14.008m

#### 5. LEGAL IMPLICATIONS

5.1 None at this time.

#### 6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report. However as the works are located in a residential area, contracting parties are aware that there will be a need to comply with environmental impact restrictions as they apply to a construction site, in particular complying with construction noise regulations as specified in the contract documentation.

#### 7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	In light of on-going external pressures there is a live risk that the tender offers do not offer best value. It then follows that there is a strategic risk that failure to deliver the new school leads to a wider failure to deliver the strategy for the school estate	Maintain close collaboration with Finance, Education and Corporate Landlord Clusters to ensure we meet the requirements of the brief, and that what we are delivering is financially viable in terms of affordability.	M	Yes
Compliance	Failure to comply with project protocols	Increase site visits and monitoring of the construction works.	L	Yes
Operational	Staff both internal and external	Throughout the delivery period maintain close collaboration with the project parties to ensure adequate staffing is available. There will be new staff opportunities within the new Primary School.	L	Yes
Financial	Inability to deliver the Council's desired outcomes within the approved budget.	The estimated spend profile is being constantly updated as the design of the project progresses. Take	H	Yes

		immediate action if the estimated cost exceeds the approved budget.		
Reputational	The reputational risk of not being in a position to provide sufficient pupil places to support a growing school population.	This is being mitigated through early planning and close working between teams across Aberdeen City Council.	L	Yes
Environment /Climate	That the design of the proposed building increases the Council's carbon footprint and has an adverse effect on the environment	Design proposals have been developed in accordance with Aberdeen City Council's Building Performance Policy ensuring that environmental risks remain low. The design team are utilising the latest computer aided design software to ensure that the design process is as effective and efficient as possible, this will ensure that the building will be delivered with all the information necessary to run and maintain the building as cost effectively as possible.	L	Yes
	That the activities of the contractor will have a negative impact on local residents	The tender documents include a requirement that the site is registered with		

		the Considerate Constructors Scheme that will require the contractor to be a good neighbour. A traffic management plan has been developed that will minimise the impact on the local residential road network.	M	Yes
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## 8. OUTCOMES

<b>COUNCIL DELIVERY PLAN 2022 -2023</b>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	<p>The proposals within this report support the delivery of the following aspects of the policy statement:-</p> <ul style="list-style-type: none"> <li>Investing in our children's futures, to ensure that they achieve positive destinations and are given the best opportunities in life.</li> <li>Review the cost of the school day, to make sure no child is missing out on opportunities because of their financial situation.</li> <li>Seek to make Aberdeen a UNICEF Child Friendly City.</li> <li>Completing the construction of primary schools in Tillydrone, Torry and Countesswells.</li> <li>Work to ensure that every school community provides a safe and respectful environment for young people and staff.</li> </ul>
<b>Aberdeen City Local Outcome Improvement Plan</b>	
<b>Prosperous Economy Stretch Outcomes</b>	The delivery of the Countesswells Primary School will provide job opportunities and it will support the local economy There will be opportunities for training during a period of relative subdued construction activity over recent years.

<b>Prosperous People Stretch Outcomes</b>	The creation of the Countesswells Primary School presents an exciting opportunity to design education provision into the fabric of the place, recognising the central role which schools and learning play in the life of a community. The new primary school will strive to play a central role in the life of the community and enable a range of non-school activities to take place at the end of the school day. The new school will provide improved opportunities for young children to develop with modern digital teaching and hopefully leading to improved education outcomes. It will provide the potential for enabling people to learn and develop themselves in ways that meet their needs, interests and ambitions. The aspiration is this fresh start will imbed the desire to improve one's wellbeing and lead to better attainment in later years.
<b>Prosperous Place Stretch Outcomes</b>	The design of the new school has been developed in accordance with Aberdeen City Council's Building Performance Policy ensuring that environmental risks remain low. This will contribute to reducing Aberdeen's carbon emissions. The project will also increase the diversity, quality and use of the Aberdeen's green spaces by facilitating community participation in them to restore nature and increase people's satisfaction, health, and wellbeing.
<b>Regional and City Strategies</b>	The proposals within this report support the desire for Aberdeen to be a sustainable and smart city which meets the needs of present and future generations. The new modern school with all its attributes will be at the forefront of digital connectivity, technologies and infrastructure, where everyone can prosper, to ensure digital inclusion for all and to bridge the digital skills gap and to ensure the city is an attractive place to invest, live and visit

## 9. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	No further update required at this juncture.
<b>Data Protection Impact Assessment</b>	No further update required at this juncture.
<b>Other</b>	The Duty of Due Regard applies to all pupils in receipt of early learning and childcare provided under section 47 of the Children and Young People (Scotland) Act 2014  The proposals have considered inequalities of outcomes for those pupils experiencing them and plans to address them and comply with the (Education (additional support for learning) (Scotland) Act 2004 Section 3B.

## **10. BACKGROUND PAPERS**

Item 8 Education New Build Programme 2018; Capital Programme Committee; 12<sup>th</sup> September 2018

Item 14 New Schools Development Programme 2018; Strategic Commissioning Committee; 13<sup>th</sup> September 2018

Item 21 New Schools Development Programme 2018; City Growth and Resources Committee; 18<sup>th</sup> September 2018

Item 3 General Fund Revenue Budget 2019/20 to 2023/24; and General Fund Capital Programme 2019/20 to 2023/24; Council Meeting; 5<sup>th</sup> March 2019

Item 8.8 Countesswells Primary School; Capital Programme Committee; 22<sup>nd</sup> September 2021

Item 9.2 Supply Chain Volatility; City Growth and Resources, 21<sup>st</sup> June 2022 – RES/22/131

Item 8.1 Council Financial Performance - Quarter 1, 2022/23 – Growth and Resources, 3<sup>rd</sup> August 2022 - RES/22/152

Council Financial Performance - Quarter 1, 2022/23 - RES/22/152 - referred by City Growth and Resources Committee of 3 August 2022

## 11. APPENDIX: Progress Photographs

Main entrance to new school:



South elevation, with view of Early Years to right, terrace from upper school in middle





Break-out space to the Primary 1 and 2 area of school:



Gym under construction:





## 12. REPORT AUTHOR CONTACT DETAILS

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Capital Programme Committee
<b>DATE</b>	15 September 2022
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Torry Community Hub and Primary School – Progress Report
<b>REPORT NUMBER</b>	RES/22/193
<b>DIRECTOR</b>	Steve Whyte
<b>CHIEF OFFICER</b>	John Wilson
<b>REPORT AUTHOR</b>	Bill Watson
<b>TERMS OF REFERENCE</b>	1.1

### 1. PURPOSE OF REPORT

The purpose of this report is to update the Committee on the progress of the Torry Community Hub and Primary School.

### 2. RECOMMENDATION(S)

That the Committee notes the current on-going work leading to the anticipated completion of the construction of the Torry Community Hub and Primary School by end of 2023, depending on weather and availability of materials world-wide.

### 3. CURRENT SITUATION

3.1 The Education & Children’s Services Committee, on 1 March 2017, decided that the Council would construct a new primary school for Torry, to include early learning and childcare provision and a Community Hub, on the site of the existing Old Torry Academy.

3.2 The brief and design for this project was then developed in conjunction with the intended and potential users of the new facility, including Torry Locality Partnership.

3.3 It is intended that the new Torry Hub will bring together in one place a range of services which will create synergies and a shared purpose to provide an

environment where social, economic, educational, recreational and cultural activities can occur, and service provision gaps can be closed.

It is intended that the Torry Community Hub will deliver the opportunity to provide localised whole family support for children, young people and adult family members. This approach is identified in the LOIP as a priority.

3.4 The new Community Hub will provide:

- A two-stream primary school with a capacity for 434 pupils
- Early Learning & Childcare (ELC) provision for 100 pupils
- A community cafe, library, multi-purpose rooms
- Offices and meeting spaces for service providers
- Recording facilities
- Performance and rehearsal facilities
- 3G, 7 a-side-pitch
- External outdoor play and learning spaces

3.5 The Early Learning and Childcare Programme is to expand the current offer of 600 hours to 1,140 hours for vulnerable two year olds, three and four year olds, by August 2021. The policy intention is to ensure we deliver high quality Early Learning and Childcare services to improve outcomes for children and to remove barriers for working parents to support economic growth in Scotland.

### **Design Team Procurement**

3.6 The Council appointed Hub North Scotland to develop the detail and construction costs for this project.

### **Timescale**

3.7 Planning approval for this project was granted on 27 February 2020.

3.8 The Council appointed contractors to undertake the removal of materials containing asbestos and the demolition of the former Torry Academy. These works are now completed. As was previously reported to Committee these works were significantly delayed as a result of the discovery of additional materials containing asbestos and were also further delayed as a result of the COVID-19 pandemic and its impact on the construction industry.

3.9 Hub North Scotland was appointed, by the Council, to construct the new building in late March 2022.

3.10 The construction of this project is currently programmed for completion in Summer/Autumn 2023. The progress of the construction works remains consistent with this being achieved. (See Photos in Appendix A).

### On Site Works

The steel structure has been completed

The roof, floor slab, and external wall works have commenced, and are expected to be substantially advanced by end of 2022.

#### 3.11 Summary of anticipated programme:

<b>Milestone</b>	<b>Indicative Timescale</b>
Commercial close	March 2022
Contractor to take possession of the site	April 2022
Construction Complete	Autumn 2023
School Operational	Autumn/winter 2023

3.12 It should be noted that there is still a significant risk that external impacts may continue to impact on the above anticipated delivery timeline and budget. Refer to Section 4. These are external impacts, such as, but not limited to;

- Impacts to the supply chain and on-site resource due to the sustained impact of COVID-19 and the emergence of new variants.
- Brexit
- A nationwide, built up demand for construction materials which has been evident throughout the industry since early May 2021.
- Construction inflation
- Further financial risks from the war in the Ukraine resulting in supply chain volatility, and rising inflation, to levels not seen for four decades.

## 4. FINANCIAL IMPLICATIONS

4.1 The Torry Community Hub and Primary School forms part of the General Fund Capital Programme approved by Council on 7 March 2022.

4.2 The budget for the Torry Community Hub and Primary School has been revised to £28.1 million.

<b>Budget</b>	
General Fund Capital Programme	£28.100m
<b>Spend to date</b>	
Total to end of Q1 2022/23	£5.341m

The cost of the asbestos removal and demolition of the existing building have been factored into the overall capital development cost of the project.

4.3 This project has met the requirements of the Regeneration Capital Grant Fund and, as a result, allowed £2m to be claimed towards this project on 31 October 2019. This grant was awarded so as to allow the development of a Community Hub which is tailored to meet the needs of the community.

4.4 Developer obligation funding of £283K has also been contributed towards this project.

## 5. LEGAL IMPLICATIONS

5.1 None at this time.

## 6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report. However as the works are located in a residential area, contracting parties are aware that there will be a need to comply with environmental impact restrictions as they apply to a construction site, in particular complying with construction noise regulations as specified in the contract documentation.

## 7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	In light of ongoing external pressures there is a live risk that the tender offers do not offer best value. It then follows that there is a strategic risk that failure to deliver the new school leads to a wider failure to	Maintain close collaboration with Finance, Education and Corporate Landlord Clusters to ensure we meet the requirements of the brief, and that what we are delivering is financially viable	M	Yes

	deliver the strategy for the school estate	in terms of affordability.		
Compliance	Failure to comply with project protocols	Increase site visits and monitoring of the construction works.	L	Yes
Operational	Staff both internal and external	Throughout the delivery period maintain close collaboration with the project parties to ensure adequate staffing is available. There will be new staff opportunities within the new Community Hub and Primary School.	L	Yes
Financial	Inability to deliver the Council's desired outcomes within the approved budget.	The estimated spend profile is being constantly updated as the design of the project progresses. Take immediate action if the estimated cost exceeds the approved budget.	H	Yes
Reputational	The reputational risk of not being in a position to provide sufficient pupil places to support a growing school population.	This is being mitigated through early planning and close working between teams across Aberdeen City Council.	L	Yes
Environment /Climate	That the design of the proposed building increases the Council's carbon footprint and has an adverse effect on the environment	Design proposals have been developed in accordance with Aberdeen City Council's Building Performance Policy ensuring that	L	Yes

	<p>That the activities of the contractor will have a negative impact on local residents</p>	<p>environmental risks remain low. The design team are utilising the latest computer aided design software to ensure that the design process is as effective and efficient as possible, this will ensure that the building will be delivered with all the information necessary to run and maintain the building as cost effectively as possible.</p> <p>The tender documents include a requirement that the site is registered with the Considerate Constructors Scheme that will require the contractor to be a good neighbour. A traffic management plan has been developed that will minimise the impact on the local residential road network.</p>	<p>M</p>	<p>Yes</p>
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## 8. OUTCOMES

<b>COUNCIL DELIVERY PLAN 2022 -2023</b>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	<p>The proposals within this report support the delivery of the following aspects of the policy statement:-</p> <ul style="list-style-type: none"> <li>• Investing in our children's futures, to ensure that they achieve positive destinations and are given the best opportunities in life.</li> <li>• Review the cost of the school day, to make sure no child is missing out on opportunities because of their financial situation.</li> <li>• Seek to make Aberdeen a UNICEF Child Friendly City.</li> <li>• Completing the construction of primary schools in Tillydrone, Torry and Countesswells.</li> <li>• Work to ensure that every school community provides a safe and respectful environment for young people and staff.</li> </ul>
<b>Aberdeen City Local Outcome Improvement Plan</b>	
<b>Prosperous Economy Stretch Outcomes</b>	The delivery of the Torry Community Hub and Primary School will provide job opportunities and it will support the local economy There will be opportunities for training during a period of relative subdued construction activity over recent years.
<b>Prosperous People Stretch Outcomes</b>	The creation of the Torry Community Hub and Primary School presents an exciting opportunity to design education provision into the fabric of the place, recognising the central role which schools and learning play in the life of a community. The new community hub and primary school will strive to play a central role in the life of the community and enable a range of non-school activities to take place at the end of the school day. The new school will provide improved opportunities for young children to develop with modern digital teaching and hopefully leading to improved education outcomes. It will provide the potential for enabling people to learn and develop themselves in ways that meet their needs, interests and ambitions. The aspiration is this fresh start will imbed the desire to improve one's wellbeing and lead to better attainment in later years.
<b>Prosperous Place Stretch Outcomes</b>	<p>The design of the new community hub and school has been developed in accordance with Aberdeen City Council's Building Performance Policy ensuring that environmental risks remain low. This will contribute to reducing Aberdeen's carbon emissions.</p> <p>The project will also increase the diversity, quality and use of the Aberdeen's green spaces by facilitating community participation in them to restore nature and increase people's satisfaction, health, and wellbeing.</p>

<b>Regional and City Strategies</b>	The proposals within this report support the desire for Aberdeen to be a sustainable and smart city which meets the needs of present and future generations. The new modern school with all its attributes will be at the forefront of digital connectivity, technologies and infrastructure, where everyone can prosper, to ensure digital inclusion for all and to bridge the digital skills gap and to ensure the city is an attractive place to invest, live and visit
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## 9. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	No further update required at this juncture.
<b>Data Protection Impact Assessment</b>	No further update required at this juncture.
<b>Other</b>	<p>The Duty of Due Regard applies to all pupils in receipt of early learning and childcare provided under section 47 of the Children and Young People (Scotland) Act 2014</p> <p>The proposals have considered inequalities of outcomes for those pupils experiencing them and plans to address them and comply with the (Education (additional support for learning) (Scotland) Act 2004 Section 3B.</p>

## 10. BACKGROUND PAPERS

Item 8 Education New Build Programme 2018; Capital Programme Committee; 12<sup>th</sup> September 2018

Item 14 New Schools Development Programme 2018; Strategic Commissioning Committee; 13<sup>th</sup> September 2018

Item 21 New Schools Development Programme 2018; City Growth and Resources Committee; 18<sup>th</sup> September 2018

Item 3 General Fund Revenue Budget 2019/20 to 2023/24; and General Fund Capital Programme 2019/20 to 2023/24; Council Meeting; 5<sup>th</sup> March 2019

Item 8.3 Torry Community Hub and Primary School; Capital Programme Committee; 22<sup>nd</sup> September 2021

Item 9.2 Supply Chain Volatility; City Growth and Resources, 21<sup>st</sup> June 2022 – RES/22/131

Item 8.1 Council Financial Performance - Quarter 1, 2022/23 – Growth and Resources, 3<sup>rd</sup> August 2022 - RES/22/152

Council Financial Performance - Quarter 1, 2022/23 - RES/22/152 - referred by City Growth and Resources Committee of 3 August 2022

## 11. APPENDIX: Progress Photographs

Completed steel structure



Primary 3 and 4 wing under construction: internal wall plates, to classrooms





Primary 3 and 4 wing under construction: roofing



## 12. REPORT AUTHOR CONTACT DETAILS

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Capital Programme Committee
<b>DATE</b>	15 September 2022
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Torry Heat Network
<b>REPORT NUMBER</b>	RES/22/194
<b>DIRECTOR</b>	Steve Whyte
<b>CHIEF OFFICER</b>	John Wilson
<b>REPORT AUTHOR</b>	Bill Watson
<b>TERMS OF REFERENCE</b>	1.1

### 1. PURPOSE OF REPORT

The purpose of this report is to update the Committee on the progress of the Torry Heat Network.

### 2. RECOMMENDATION(S)

That the Committee:-

2.1 Notes the current on-going work leading to the anticipated completion of the construction of the approved phase of the Torry Heat Network by late 2023, depending on weather and availability of materials world-wide.

### 3. CURRENT SITUATION

3.1 During 2016 it was recognised that a district heating infrastructure project in Torry might be viable, given that heat (reserved by a SEPA license for a heat network) was expected from the EfW project.

3.2 The extent of the proposed infrastructure within the phase of the Heat Network that was approved by the City Growth and Resources Committee on 28 October 2020 is:

- a Heat Distribution Facility (containing controls, valves, heat buffer tanks and back-up boilers and other equipment required to effectively operate and supply heat to the district heating network). It is proposed that this facility will be located within the former Waste Transfer Station building, Greenbank Crescent, Tullos (i.e. immediately adjacent to the EfW site);
- the main spine heat distribution pipes from the Heat Distribution Facility (routed underneath the Aberdeen to Dundee railway line) so as to connect with the existing heating network in Torry) to supply heat for 146 homes (to the 3 high rises) and 3 public buildings (Deeside Family Centre, Provost Hogg Court and Balnagask House): sufficient for the future district heating needs of Torry, and a potential future connection to the city centre network;
- new internal installations, heat metering and heat supply pipes to Tullos Primary School and Torry Social Work office; and
- new internal installations, heat metering and heat supply pipes to an additional (circa) 150 homes to Balnagask Circle, Balnagask Court and the Farquhar Road stub blocks, i.e. that upon completion of this phase of the Network, circa 296 homes will be provided with heat from the EfW plant.

3.3 The Council has received an offer of £5.787m as a capital funding grant from the Scottish Government's Low Carbon Infrastructure Programme (LCITP) towards the approved first phase of this Network.

3.4 The Scottish Government, in addition, invited the Council to apply for a second grant, so as to assist with the delivery of a further phase of this Network. The City Growth and Resources Committee, on 28 October 2020, approved the use of the budget for the project (that is not required for the first phase of works) being used as match-funding against a future grant application. This second grant application was submitted by end of September 2021. This application has now resulted in an offer of a further circa £5.6m grant to the Council.

It is proposed that a report will be presented to City Growth and Resources Committee on 21<sup>st</sup> September 2022, seeking instructions as to the potential development of a Phase 2 of this Network.

### **Project Progress**

3.5 The Council have appointed specialist Engineers and Solicitors to assist with the various aspects of the project, including: design, specification, and contracts.

3.6 Network Rail have entered a Basic Asset Protection Agreement (BAPA) with the Council. Network Rail have granted the Council a Deed of Servitude. Network Rail have granted the Council full Engineering approval for the construction of an Under Track Crossing. The Council has, in addition, put in place the insurance



policies recommended by its insurance broker, taking into account the specialist nature of these works.

3.7 The Council has appointed Barhale to construct this access route (under the rail track) from Tullos Primary School playing fields to Greenwell Road, in preparation of the district heating pipes being pulled through in autumn/winter 2022/23.

3.8 The Council has appointed Vital Energi as its Main Works district heating contractor. The construction and commissioning of the main infrastructure of the approved phase is currently programmed for completion in Spring 2023. The progress of the construction works remains consistent with this being achieved. It is planned this will then be followed by the noted (item 3.2) additional house connections throughout the rest of 2023.

3.9 It is noted that the Main Works contract was procured through a framework mechanism, so as to facilitate rapid commencement of subsequent phases of works, e.g. should a future City Growth and Resources Committee instruct that Phase 2 works be undertaken.

3.10 The Council has commenced the first stage of procuring an Operations Contractor. It is intended that there will be an extended soft landing from the Main Works contractor to the Operations Contractor.

3.11 Summary of anticipated Phase 1 programme:

<b>Milestone</b>	<b>Indicative Timescale</b>
UTX D & B Contractor appointment	August 2021
Second grant application submission	Autumn 2021
UTX design & Network Rail approval process	Autumn 2021 to Spring 2022
Main Works design & approval processes	Autumn 2021 to Spring 2022
Main Works D & B Contractor appointment	December 2021
Main Works infrastructure works commencement	Spring 2022
UTX works commencement	Summer 2022
Second grant application decision	Summer 2022
Phase 2 report to City Growth and Resources	Autumn 2022
UTX works completion	Autumn/Winter 2022
Main Works infrastructure works completion	Spring 2023
House connections commencement	Spring 2023
House connections completion	Winter 2023

UTX: Under Track Crossing, D & B Design & Build

3.12 It should be noted that there is still a significant risk that external impacts may continue to impact on the above anticipated delivery timeline and budget. Refer to Section 4. These are external impacts, such as, but not limited to;

- Impacts to the supply chain and on-site resource due to the sustained impact of COVID-19 and the emergence of new variants.
- Brexit
- A nationwide, built up demand for construction materials which has been evident throughout the industry since early May 2021.
- Construction inflation
- Further financial risks from the war in the Ukraine resulting in supply chain volatility, and rising inflation, to levels not seen for four decades.

#### 4. FINANCIAL IMPLICATIONS

4.1 The Torry Heat Network forms part of both the General Fund Capital Programme and the Housing Capital Programme approved by Council on 7 March 2022. In addition, a first grant award has been made by the Scottish Government's Low Carbon Infrastructure Transition Programme.

<b>Budget</b>	
General Fund Capital Programme	<b>£15.000m</b>
Housing Capital Programme (2022-2024)	<b>£3.804m</b>
LCITP grant	<b>£5.787m</b>
Total of available budgets	<b>£24.591m</b>
<b>Spend to date</b>	
Total to end of Q1 2022/23	<b>£5.754m</b>

4.2 The current estimated capital cost of the approved phase is £14.5m.

#### 5. LEGAL IMPLICATIONS

5.1 None at this time.

#### 6. ENVIRONMENTAL IMPLICATIONS

6.1 Phase 1 will help reduce the City's carbon emissions by an estimated 32,692 tonnes CO<sub>2</sub>e over 40 years.

#### 7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)	*Does Target Risk Level

			*taking into account controls/control actions	Match Appetite Set?
<b>Strategic Risk</b>	Potential for non-delivery of Heat Network project, which would negatively impact on the development of a Low Carbon regional economy	Proposals have been prepared, which deliver on this strategic requirement.	L	<b>Yes</b>
<b>Compliance</b>	<p>Non-compliance with State Aid rules</p> <p>Delay in securing legal rights to lay the Heat Network infrastructure over jointly owned property (including a right of access for operation and maintenance)</p> <p>Compliance with future Heat Network Regulations</p>	<p>External legal advice has been obtained and is to be followed.</p> <p>A significant programme allowance has been allowed against this risk, in this Report</p> <p>The specification and financial model allow for the additional costs that may arise from the legislation currently being considered by the Scottish Parliament</p>	<p>L</p> <p>M</p> <p>L</p>	<b>Yes</b>
<b>Operational</b>	The EfW plant becoming operational later than programmed.	It is proposed that the number of houses that are connected to this network are restricted, within this proposed phase, until the EfW plant is fully operational.	L	<b>Yes</b>

	An operator cannot be found to operate and maintain the district heating network.	It is intended that an operations contractor will be appointed prior to the acceptance of the tender for these installation works.	L	
<b>Financial</b>	<p>The bids received for the Construction and installation of the network are in excess of the reported budget costs.</p> <p>Revenue costs requiring further ACC funding</p>	<p>A contingency sum has been allowed for (in this Report) so as to manage this risk. In the event that all bids come in over budget, a range of options would be presented to Council for consideration.</p> <p>Once the majority of the envisaged customers have signed-up to these new heat supply arrangements it is envisaged that revenue independence will be secured. Until this has happened this project may require revenue support over a period of time. Proposals are be presented a future Committee with a view to managing this cashflow risk.</p>	<p>M</p> <p>M</p>	<b>Yes</b>
<b>Reputational</b>	Potential for non-delivery of Heat Network project	Proposals have been prepared, which deliver on this core requirement.	L	<b>Yes</b>

	Potential for cost of heat not to be lower than the alternatives	Heat charging proposals will be presented a future Committee with a view to the objective of lower cost heat being achieved.	L	
<b>Environment / Climate</b>	Non-delivery of this project will have a significantly adverse impact on the City's carbon emissions.	Proposals have been prepared, which deliver on the core requirement of reducing the City's carbon emissions.	L	<b>Yes</b>

## 8. OUTCOMES

<u><a href="#">COUNCIL DELIVERY PLAN 2022-2023</a></u>	
	<b>Impact of Report</b>
<b>Aberdeen City Council Policy Statement</b>  <u><a href="#">Working in Partnership for Aberdeen</a></u>	This project will contribute towards: <ul style="list-style-type: none"> <li>- maximising community benefit from major developments</li> <li>- the development of the non-oil and gas economic potential of the city.</li> </ul>
<u><a href="#">Aberdeen City Local Outcome Improvement Plan</a></u>	
Prosperous Economy Stretch Outcomes	The construction programme for this heating project will support the local economy, employment and training during a period of relatively subdued construction activity.
Prosperous People Stretch Outcomes	The Council is committed to improving the key life outcomes of all people in Aberdeen City. The availability of affordable heating contributes to this objective by providing choice and opportunities which would otherwise not be available
Prosperous Place Stretch Outcomes	The Council is committed to ensuring that Aberdeen is a welcoming place to invest, live and visit and operate to the highest environmental standards. The availability of low cost, low carbon heating contributes to this objective.

<b>Regional and City Strategies</b>	The proposals within this report support the desire for Aberdeen to be a sustainable and smart city which meets the needs of present and future generations.
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## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Impact Assessment</b>	Not required for this report. This will, however, be relevant to the future operating business case
<b>Data Protection Impact Assessment</b>	Not required for this report. This will, however, be relevant to the future operating business case
<b>Other</b>	

## 10. BACKGROUND PAPERS

- 10.1 Special Council meeting on 24<sup>th</sup> October 2016, decisions
- 10.2 Communities, Housing and Infrastructure Committee on 24<sup>th</sup> January 2017, report
- 10.3 Communities, Housing and Infrastructure Committee on 24<sup>th</sup> May 2017, report
- 10.4 Council, 4<sup>th</sup> March 2019, report Joint Energy from Waste Project Contract Award
- 10.5 General Services Capital budget 2021-22 to 2025-26, approved 10<sup>th</sup> March 2021
- The Heat Network budget is listed under “Projects with indicative budgets” on page 118 of GF Appendix 2.
- 10.6 Housing Revenue Account budget 2021-22, approved 10<sup>th</sup> March 2021.
- The Torry Heat Network aspects fall under section 3.3 of the appendix 2.1.
- 10.7 Items 9.9 and 14.3 Torry Heat Network - Third Progress Report; City Growth and Resources Committee; 28<sup>th</sup> October 2020
- 10.8 Item 8.9 Torry Heat Network; Capital Programme Committee; 22<sup>nd</sup> September 2021

## 11. APPENDICES

None

## 12. REPORT AUTHOR CONTACT DETAILS

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Capital Programme Committee
<b>DATE</b>	15 September 2022
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Ness Energy Project
<b>REPORT NUMBER</b>	RES/22/195
<b>DIRECTOR</b>	Steve Whyte
<b>CHIEF OFFICER</b>	John Wilson
<b>REPORT AUTHOR</b>	Pete Lawrence
<b>TERMS OF REFERENCE</b>	1.1

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Committee on progress made with regards to the construction of the Ness Energy Project. This requirement was a recommendation approved at Full Council on the 4 March 2019.

### 2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the progress achieved to date; and  
 2.2 Notes the financial position for the project.

### 3. CURRENT SITUATION

#### BACKGROUND

- 3.1 On 4 March 2019, the Council approved the award of the Ness Energy Project Residual Waste Treatment contract for the implementation of the Project to EFW Ness Limited, a wholly owned subsidiary of Acciona Industrial UK limited and an Inter-Authority Agreement, IAA3. Similar approvals were given by Moray Council and Aberdeenshire Council on 4 March 2019 and 7 March 2019 respectively.
- 3.2 The contract was signed on 8 August 2019. An update on progress with the project was provided to committee in February 2022.

#### Update Since February 2022

#### COVID-19

- 3.3 Since the February 2022 committee meeting, the Contractor has maintained operations at the site by following COVID-19 related working practices in line with government and other relevant guidance. There has been minor

construction workforce impact arising from a number of positive COVID-19 tests in the teams of both the main contractor and its subcontractors. The Contractor has reported adverse impacts on the overall delivery of the project arising either, in their view, directly from Covid-19 restrictions on staff movements/working arrangements or impacts on the supply chain, with delays in delivery of materials to the site and the ability to recruit suitably trained staff hampering work programmes. The Contractor is seeking additional payments as a result of his perceived impacts that this has had on his overall programme, in terms of both time and monies. Refer to sections 4 and 5 below.

### **Engineering, Design and Procurement**

- 3.4 Engineering and design work is largely complete. The Contractor has had to procure the services of a number of new subcontractors to replace those that have either left the project or been unable to fully complete their scope of work.

### **Off-site Manufacturing/Supply**

- 3.5 All major facility components are on site or in the vicinity of the facility. The Contractor has reported some difficulties in the supply of general construction components/materials, however there is currently no evidence that this has significantly affected the project.

### **Site Works**

- 3.6 The Contractor is reporting that the large majority of construction works are complete and that cold commissioning of the plant is underway. Remaining areas of work include cladding and installation of the aluminium tile roof, insulation of boiler components, electrical works, electricity connection to the site, internal building fit out, external roads and landscaping and weighbridge installation. Images included at Appendix A show the current progress of the works.

### **Pollution Prevention and Control (PPC) Permit**

- 3.7 The PPC permit was issued on 3 May 2022. There are no unexpected conditions in the permit and the Contractor is working to comply with the pre-operational conditions.

### **Programme**

- 3.8 Current indications are that hot commissioning is anticipated to commence in winter 2022/23 with the facility fully operational in summer 2023. The date at which the Contractor is obliged to receive and manage the three councils' waste remains 29 October 2022. From this date forward, the Councils will deliver non-recyclable waste to agreed contingency delivery points and the Contractor will be responsible for its management from there on. Once hot commissioning starts at the NESS Energy facility, the Councils will begin to deliver waste to the site according to the needs of the commissioning programme. The construction and cold commissioning programmes have been impacted by a range of issues including steel structure delay and subcontractor issues noted in 3.4.
- 3.9 It should be noted that there is still a significant risk that external impacts may continue to affect the anticipated delivery timeline and budget. These are external impacts, such as, but not limited to:

- Impacts to the supply chain and on-site resource due to the sustained impact of COVID-19 and the emergence of new variants.
- Brexit
- A nationwide, built-up demand for construction materials which has been evident throughout the industry since early May 2021.
- Construction inflation
- Further financial risks from the Russian aggression in Ukraine resulting in supply chain volatility and rising inflation, to levels not seen for four decades.

**Inter-Authority activity**

3.10 The Project Board continues to meet in accordance with the Inter-Authority Agreement. The three-authority Officer Working Group also meets monthly and is currently establishing arrangements for delivery of commissioning waste, haulage of waste from Aberdeenshire and Moray Councils and the handling of bulky waste that, untreated, is outwith the dimensions defined in the Waste Acceptance Criteria for the facility. Large suites, carpets and mattresses are the most common items that will require pre-treatment. The new membership for the Elected Member Engagement Group has now been established and it will meet in September 2022.

**Community Liaison**

3.11 The contractor-managed Community Liaison Group which includes south of the River Dee Community Councils and elected representatives continues to meet virtually on a quarterly basis. The contractor updates the project website with construction related matters that have the potential to impact on neighbours and the wider community. The only complaints received since the last meeting relate to site related vehicles parking close to the site and adversely affecting local businesses. Since being notified of these concerns the contractor has liaised with the businesses concerned, has established increased off-road parking and is managing its subcontractors accordingly.

**Community Benefits**

3.12 The contractor has made good progress in achieving Community Benefits commitments incorporated in the contract.

The following is a summary of the contractor’s performance against its community benefits obligations in the contract year to August 2022.

Specific Commitment	Target	Actual (Year 2)
SVQ3 apprentices hired	1	1
Industry certification achieved	3	5
Achievement of level 2 qualification or above	1	TBC

Higher & Further Education Work placement	1	1
Volunteer Ambassador	1	1
Graduate recruitment (min of 28 weeks)	1	2
New entrants employed	2	4
Case Study	1	TBC
Timebank hours	8	19
Donations	£0	Over £55,000

#### 4. FINANCIAL IMPLICATIONS

- 4.1 Payments are being made to the contractor in line with Milestones set out in the contract. The Contractor has indicated to the Authority that it believes its costs for completing the construction works have increased as a result of Covid-19 beyond what was anticipated when the parties reached an agreement on Covid-19 impacts in 2020.
- 4.2 The Contractor has notified Council Officers that it will be seeking adjudications to consider several contractual matters related to the Contract. These matters will require to be considered in accordance with the contract between the parties and as such additional expenditure will be incurred in protecting the Councils' position. At this stage these costs can be accommodated within the approved project budget.
- 4.3 The table below shows the project budget share for the Aberdeen City Council.

<b>Gross Budget</b>	<b>Spend to date</b>
<b>£70.0m</b>	<b>£ 51.3m</b>

#### 5. LEGAL IMPLICATIONS

- 5.1 As noted above in paragraph 3.3, in late July 2022, the Contractor issued a first Notice of Adjudication relating to whether Covid-19 constitutes Force Majeure. If found in the Contractor's favour, relief and compensation may be due should it be demonstrated that the pandemic has impacted the overall programme, in terms of both time and monies.
- 5.2 Council Officers are contesting this interpretation.

5.3 As noted in 4.2, further Adjudications are anticipated in relation to other contractual matters arising from the Covid-19 pandemic.

## 6. ENVIRONMENTAL IMPLICATIONS

6.1 The development of the NESS Energy facility will result in a net reduction in carbon emissions arising from the management of non-recyclable waste.

6.2 The facility will generate approx. 12MW of low carbon electricity for export to the national grid and provide up to 10MW of heat into the Torry Heat Network being developed by Aberdeen City Council.

## 7. RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	Contractor termination	L	Extensive procurement work undertaken to select proven and financially stable contractor. Strong contractual controls in place
<b>Compliance</b>	Health and Safety breaches during construction	L	Strong contractual obligations to use best Health and Safety practice monitored on site daily by Authority Technical representative
<b>Operational</b>	Delay in Construction Programme	M	Consequences of delay managed through contract conditions. Effective communication with three authorities' waste teams to manage consequences should they arise
<b>Financial</b>	Project costs increase as a result of Contractor Claims	M	Contract conditions define claims management processes
<b>Reputational</b>	Construction delay and cost overspend	L	Contract obligations deemed sufficient to minimise risk to the Authority
<b>Environment / Climate</b>	Failure to operate facility within authorised emission levels	L	EfW is best available technology for management of mixed municipal waste. Established and proven process selected during procurement provides strong confidence that plant will operate well within acceptable standards. Low

			carbon heat and power from this facility will displace fossil fuel thereby reducing net carbon emissions
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## 8. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN</u></b>	
	<b>Impact of Report</b>
<b>Aberdeen City Council Policy Statement</b>	<p>Unleashing the non-oil and gas economic potential of the city: The construction of the energy from waste facility will create over 200 jobs many using skills transferable from the oil and gas sector. Furthermore, during the 20 years of operation, highly skilled, engineering-based staff will be required, again utilising skills common in the oil and gas sector.</p> <p>Maximising community benefit from major developments: There are numerous community benefit obligations built into the contract including the establishment of apprenticeships, placements and training. Links are being established with schools in the region to support environmental education.</p>
<b>Aberdeen City Local Outcome Improvement Plan</b>	
Prosperous Economy Stretch Outcomes	<p>The proposals within this report support the delivery of LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth sectors by 2026. The construction of the energy from waste facility will create over 200 jobs. Furthermore, during the 20 years of operation, highly skilled, engineering-based staff will be required.</p> <p>The Contractor has obtained Real Living Wage accreditation and this applies to all sub-contracts.</p>
Prosperous People Stretch Outcomes	<p>2.1 Promoting inclusive economic growth for our most disadvantaged communities. There are numerous community benefit obligations built into the contract including the establishment of apprenticeships, placements and training. Links are being established with schools in the region to support environmental education. The facility is being developed close to one of the disadvantaged areas of the city.</p>

Prosperous Place Stretch Outcomes	14.1 Reducing emissions across the city through delivery of Aberdeen’s Sustainable Energy Action Plan ‘Powering Aberdeen’. Construction of the Ness Energy EfW facility will significantly reduce carbon impact from the disposal of non-recyclable waste. The facility also provides the opportunity to develop low carbon heat supplies to local housing and businesses thereby offsetting fuel poverty.
<b>Regional and City Strategies</b>	Strategic Development Plan: Sustainable Development and Climate Change. This facility will increase the supply of renewable energy in the region and diversify the mix of renewable sources. The facility enables the objective to meet our waste management needs locally and promote the development of the Circular Economy. The facility is specifically identified at paragraph 6.18 as an objective of the Plan.
<b>UK and Scottish Legislative and Policy Programmes</b>	The Waste (Scotland) Regulations 2012 introduced a ban on the landfilling of biodegradable waste. This ban will now come into force in 2025. The facility enables the three authorities in the Northeast to comply with that regulation 3 years in advance.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Equality &amp; Human Rights Impact Assessment</b>	Full EHRIA not required. Evidence submitted to Equalities Team.
<b>Data Protection Impact Assessment</b>	Screening questions completed – not required

## 10. BACKGROUND PAPERS

Not applicable.

## 11. APPENDICES

Appendix A. Images of Construction Works

## 12. REPORT AUTHOR CONTACT DETAILS

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## Appendix A. Images of Construction Works

View from West of Facility: February 2022



View from Northwest of the Facility: August 2022





View from East of the Facility: August 2022



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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Capital Programme Committee
<b>DATE</b>	15 September 2022
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Union Terrace Gardens – project update
<b>REPORT NUMBER</b>	RES/22/196
<b>DIRECTOR</b>	Steve Whyte
<b>CHIEF OFFICER</b>	John Wilson
<b>REPORT AUTHOR</b>	Scott Whitelaw
<b>TERMS OF REFERENCE</b>	1.1

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the committee on progress of the delivery of Union Terrace Gardens project.

### 2. RECOMMENDATION(S)

That the Committee :-

- 2.1 Notes the progress achieved to deliver the Union Terrace Gardens redevelopment.

### 3. CURRENT SITUATION

#### Background

- 3.1 Reference is made to report RES/22/019 submitted to the Capital Programme Committee February 2022, which considered the progress of the project's delivery at that time.
- 3.2 The Union Terrace Gardens project will see the development of three new buildings and walkway structures, path network, improved events space and landscaping and restoration of Union Terrace arches and Victorian toilets.
- 3.3 The project e-newsletter is being updated regularly to include community updates for UTG – to view online please visit:

<https://spark.adobe.com/page/2d616dac-6ab8-4d25-884b-f52386322fe0>

## Design

- 3.4 All design packages are now complete. The purification process in relation to the conditions associated to both the Planning and Listed Building Consents respectively continues to progress and is nearing completion to ensure construction timelines can be achieved.

## On site works

- 3.5 Over the last number of months hard and soft landscaping works have continued as materials have been delivered throughout the gardens. Hard landscaping works are almost complete throughout the new Rosemount Plaza area with landscaping along the arches level also nearing completion. Works pertaining to the lower gardens have commenced and are progressing as the working site boundaries constrict. Landscaping material supply generally, still continues to be a cause for concern.
- 3.6 Works on all three walkways continue with waterproofing and surface works complete. Cladding work to walkway one is nearing completion with cladding works progressing on walkway two and walkway three.
- 3.7 All three new pavilion buildings are now complete with snagging and mechanical and electrical final commissioning works underway.
- 3.8 Rosemount Pavilion is now let to Celera Support Services Limited trading as Common Sense Coffee House and Bar. Entry was mid-August, and the Tenant is currently undertaking fit out works with a view to commence trading early September.

Robust marketing operations continues for the remaining Union and Burns Pavilions by the Councils marketing agent FG Burnett. All enquires are being followed up and viewings continue to be held with interest parties. Now that the pavilions are close to completion there are proposals for an enhanced marketing campaign including digital fly throughs and short media videos.

- 3.9 The hoarding surrounding the site was scaled back earlier in the year to allow improved access along new pavement areas on Union Street, Union Terrace and Rosemount Viaduct. The remaining hoarding will remain in place until practical completion although the exact location of the hoarding will hopefully be altered again prior to the full reopening of the gardens but this continues to be wholly dependent on the delivery of the programme.

## Timescale

3.10 The construction timeline has continued to be assessed in detail over Q1 and Q2 of 2022. The main contractor had reported an anticipated completion date of Autumn 2022. The following matters previously reported to Committee continue to effect progress,

- Impacts to the supply chain and on-site resource due to the sustained impact of COVID-19 and the emergence of new variants.
- Brexit
- A nationwide, built up demand for construction materials which has been evident throughout the industry since early May 2021.
- Construction inflation
- Further financial risks from the war in the Ukraine resulting in supply chain volatility, and rising inflation, to levels not seen for four decades.

## 4. FINANCIAL IMPLICATIONS

### Capital Costs

4.1 In light of external factors impacting the delivery and financial viability of Capital projects as reported to the City Growth and Resources Committee meeting on Tuesday 21 June 2022, a review and reprofile of this project was carried out.

The outcome of that review and subsequent approved funding is reported as shown in the following table. As agreed at Full Council on 24 August 2022 the budget for the Union Terrace Gardens project has been revised to £29.8 million.

<b>Budget</b>	
General Fund Capital Programme	£29.8m
<b>Spend to date</b>	

## 5. LEGAL IMPLICATIONS

- 5.1 No new matters other than those previously reported

## 6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report. Environmental implications have been comprehensively considered within all aspects of project design stages as well as during statutory applications. Subsequent environmentally informed design has progressed as outlined within the below applications which have been considered and reviewed against relevant statutory environmental standards and resultant planning policy.

The associated approved, compliant information can found contained within documents relating to the below applications:

*Detailed Planning Permission  
170497/DPP*

<https://publicaccess.aberdeencity.gov.uk/online-applications/caseDetails.do?caseType=Application&keyVal=OPFNO6BZ01U00>

*To include but not limited to:  
Design and Access Statement  
Drainage Assessment & Flood Risk Report  
Ecology Surveys  
Arboricultural Impact Assessment*

*Listed Building Consent  
170496/LBC*

<https://publicaccess.aberdeencity.gov.uk/online-applications/applicationDetails.do?activeTab=documents&keyVal=OPFNLQBZ01U00>

*To include but not limited to:  
Planning supporting statements  
Conservation Statement Part 1 – 3 including addendums  
Arboricultural Impact Assessment  
Landscape Specification*

## 7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	In light of on-going external pressures there is a live risk that this may have bearing on the project budget. It could be considered that there is a strategic risk that failure to deliver the project will lead to a wider failure to deliver the strategy City centre Masterplan.	Maintain close collaboration with ACC colleagues and external project parties to ensure the requirements of the brief are met.	M	Yes
<b>Compliance</b>	Failure to comply with project protocols	Increase site visits and monitoring of the construction works.	L	Yes
<b>Operational</b>	Staff both internal and external  Legal Challenge	Continue to maintain close collaboration with the project parties to ensure adequate staffing is available.  The construction contractor tender	L  L	Yes

		has been undertaken with procurement and legal support.		
	Failure to reach agreement with Network Rail in respect of land acquisition/ title boundary	The leasing agreement has been agreed, confirmation of 'good title' to be provided in order to conclude matters. Access to historic title records restricted at the moment due to COVID.	L	
	Failure to reach agreement in relation to the bridging agreement with Network Rail.	The bridging agreement has been agreed.	L	
	Failure to reach agreement with the planning authority in respect to Listed Building Consent conditions	The contractor has identified this work package and will be responsible for concluding listed building consent with support from the novated design team. A dedicated weekly workshop alongside additional resource from the contractor is currently supporting this process. The process is nearing a conclusion as the project progresses.	L	
	COVID-19	The Construction Programme has been updated accordingly to reflect the	M	



		Extension of Time application pertaining to the period of suspension		
<b>Financial</b>	Inability to deliver the Council's desired outcomes within the approved budget.	The estimated spend profile is being constantly updated as the design of the project progresses. Take immediate action if the estimated cost exceeds the approved budget.	H	Yes
<b>Reputational</b>	Poor communications with stakeholders and users of UTG	A detailed communication protocol is established to keep stakeholders and users informed during the construction period.	L	Yes
<b>Environment /Climate</b>	That the design of the proposed building increases the Council's carbon footprint and has an adverse effect on the environment	Design proposals were developed in accordance with Policy and statutory conditions of the time. ensuring that environmental risks remain low.	L	Yes

## 8. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN</u></b>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	Completion of the project will support increasing the city centre footfall through the delivery of the City Centre Masterplan / Union Terrace Gardens.
<b>Aberdeen City Local Outcome Improvement Plan</b>	
Prosperous Economy Stretch Outcomes	By providing a more pleasant environment, this could have a commensurate benefit on footfall and spend in the city centre. The Council has a key role in

	<p>delivering specific projects that will deliver economic impacts in their own right; and the Council's corporate role in delivering wider 'business facing' activity in supporting the competitiveness of the business environment. Supporting the implementation of the City Centre Masterplan and tourism, events and culture support are key elements of the Regional Economic Strategy.</p> <p>The project will also have a positive impact on city centre employers themselves, and those operating in the retail, tourism and leisure sector. Developers and subsequent occupants / employers base their location decisions on being able to attract the best talent and skills to work in their businesses, and they recognise the positive correlation between their business competitiveness and the quality of the public realm.</p> <p>Through the investment in UTG, Schoolhill and the Art Gallery, as well as considering HMT and the Music Hall, the city centre will have a vibrant cultural quarter that will promote footfall and spend within the city centre.</p>
Prosperous People Stretch Outcomes	<p>The project will create a safer and attractive environment for all people living in and visiting Aberdeen. Residents, workers and visitors increasingly demand a high standard for the places they are in. Under the proposals, they could feel more content in a more attractive and vibrant environment; as reported in other competing cities with similar projects.</p> <p>With more people walking and cycling in the area there could be a reduction in inactivity-related illness.</p> <p>Through the community benefit requirements of the Council's procurement process, the Council has established improved supplier access to public contracts, particularly for SMEs; maximising efficiency and collaboration; and placing the local, social and economic aspects of sustainability for the UTG project.</p>
Prosperous Place Stretch Outcomes	<p>For Aberdeen to be globally competitive, the quality of the 'place', the commercial space and the public realm around it all have a role. Stakeholder engagement revealed that the 'poor state' of the City Centre is one of a number of issues identified as a common theme 'In terms of the attractiveness and marketing of the city to attract workers, visitors and</p>

	<p>investment...' and 'A high quality of life is integral to attracting and retaining the talent and investment needed to grow the economy. This sense of place, with a key emphasis on the city centre, is crucial in underpinning economic growth and essential in underpinning the necessary infrastructure requirements.'</p> <p>One of the key goals of the project is to contribute to the improvement of the city centre and improved safety, access and atmosphere.</p>
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## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	Full impact assessment not required
<b>Data Protection Impact Assessment</b>	Not required

## 10. BACKGROUND PAPERS

CH/17/048 - City Centre Masterplan Project EN10: Union Terrace Gardens – Outline Design, Business Case, Development Costs and Procurement Strategy

OCE/15/021 - Aberdeen City Centre Masterplan and Delivery Programme





11. PROGRESS PHOTOS











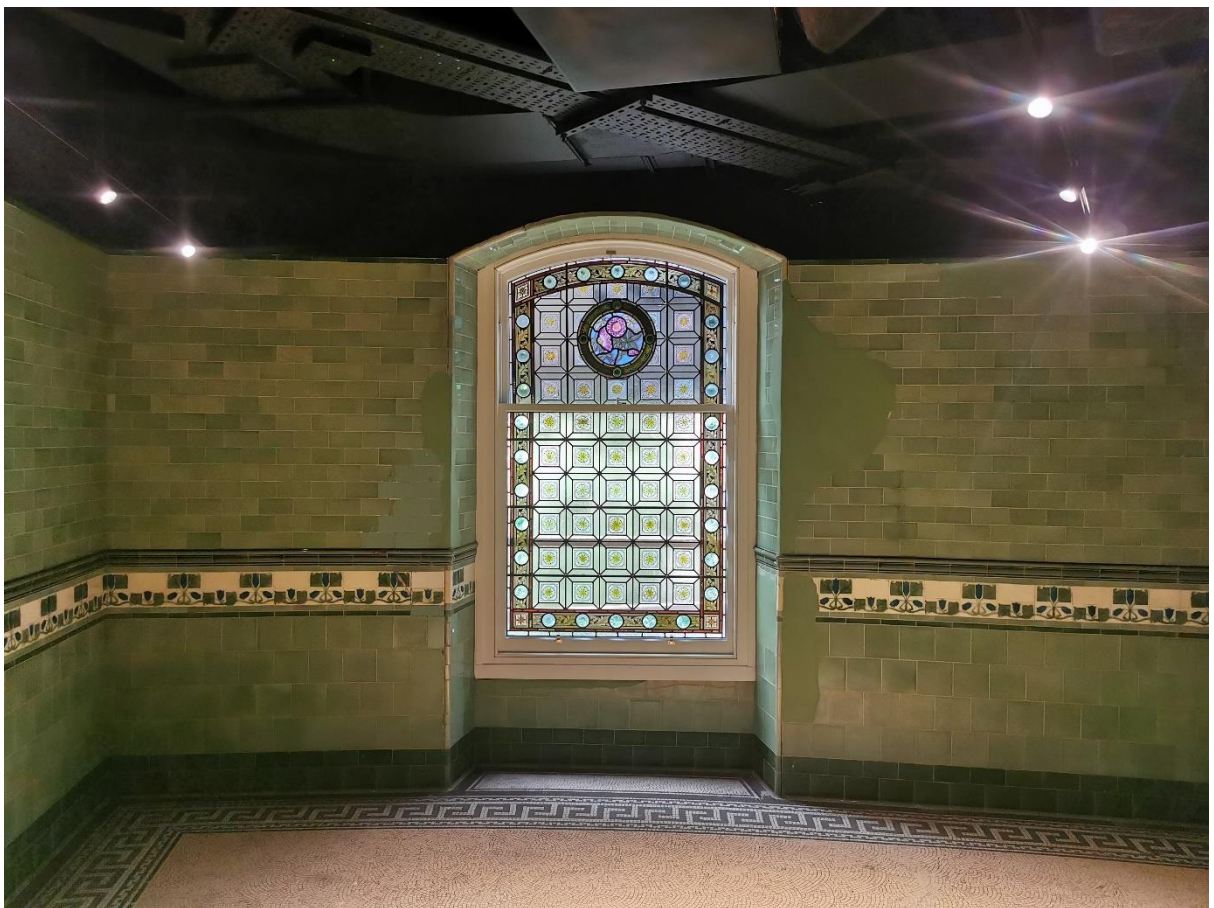
















## 12. REPORT AUTHOR CONTACT DETAILS

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