

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	14 th November 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Summerhill New Build Housing Progress Report
REPORT NUMBER	RES/19/276
DIRECTOR	Steven Whyte, Director of Resources
CHIEF OFFICER	John Wilson, Chief Officer, Capital
REPORT AUTHOR	John Wilson, Chief Officer, Capital
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

To update the Committee on the progress of works being undertaken at Summerhill new build Council housing project.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the progress achieved in the housing project at Summerhill.

3. BACKGROUND

Project Introduction

- 3.1 At its budget meeting on 6 March 2018 the Council resolved, “to instruct the Director of Resources to report back to the City Growth and Resources Committee on 19 June 2018 with business cases for the delivery of 2,000 Council houses in conjunction with private developers, as appropriate, working within an affordable capital investment sum of £250 million and that each business case must demonstrate the long term affordability and sustainability of the Council’s Housing Revenue Account.”
- 3.2 At its meeting on 23 May 2018, this Committee agreed to proceed with the Summerhill site as a Council house build project to deliver 369 homes

consisting of 1,2 and 3 bedroomed flatted apartments for social rent based on the current design proposals and that this be added to the capital programme.

- 3.3 The Council at its Budget Meeting on 5 March 2019 gave approval for the Chief Officer – Capital, to award the contract for the Summerhill procurement to develop the site as detailed in the report.
- 3.4 The Summerhill project will set the standard for the Council's new build housing programme providing an enhanced living environment and improved choice for local people.

Procurement

- 3.5 Following on from the last report to Committee on 3 June 2019 a Letter of Intent was issued to Chap Group (Aberdeen) Ltd (the Contractor) on 28th June 2019 to allow the commencement of the offsite Denburn Culvert works and site setup/clearance by the Contractor.
- 3.6 A further Letter of Intent was issued to the Contractor on 9 August 2019 to enable initial preparatory works to continue.
- 3.7 The contract was subsequently awarded on 13 September 2019.

Works

- 3.8 The offsite Denburn Culvert works encompass a new drainage culvert being laid from the proposed Summerhill site southwards along Stronsay Drive to a new outfall at the North Burn of Rubislaw. This was originally planned to be taken forward as a separate contract.
- 3.9 The drainage offsite works are required as part of the planning conditions prior to Section 1 of the units being occupied, therefore there was benefit in facilitating and concluding these works early in the overall project's delivery programme.
- 3.10 The majority of the new culvert works are now well advanced with the Contractor making use of the summer school holiday period when traffic flows were lighter. This helped minimise the impact of the roadworks on the local community.
- 3.11 Completion of these works is anticipated in the coming months.
- 3.12 The Design Team has identified an opportunity to re-use the existing stockpile of materials. The engineer has confirmed the suitability of material to be reused across the site. Officers will work with the Contractor to minimise the amount of material that has to go off-site.
- 3.13 The Contractor has commenced key supply chain procurement to progress key activities including timber kit design and groundworks.
- 3.14 The Contractor has awarded key works packages and is progressing with activities including site clearance, site access and substructure works.

Current Status

Phasing

- 3.15 Indicative programme milestones throughout the delivery will be determined by the Contractor's finalised programme, however final stage completion dates cannot be confirmed because the council will have to ensure these dates are staggered to avoid a large volume of properties coming on to the council tax register at one time.



Activity	Target Start Date	Status
Offsite culvert works	Summer 2019	Ongoing
Issue second Letter of Intent	Summer 2019	Completed
Site clearance commencing	Autumn 2019	Ongoing
Let full Contract	Autumn 2019	Completed
Site start	Autumn 2019	Commenced
Section 1 (Blocks 1, 2 and 5)	Winter 2019/2020	Awaited

Section 2 (Blocks 3, 4 and 6)	Spring 2020	Awaited
Section 3 (Blocks 7 and 8)	Spring 2021	Awaited

- 3.16 The indicative programme incorporates three Sectional Completion dates to provide Aberdeen City Council (ACC) with a phased release of housing units. Sectional Completion dates are anticipated as shown in the following table:

Activity	Completion Date	No. of Units
Offsite Culvert Works	Early Winter 2019	N/A
Section 1	Winter 2021/ 2022	128 units
Section 2	Summer 2022	128 units
Section 3	TBC	113 units

Combined Heat & Power

- 3.17 During the procurement process an opportunity was identified with Aberdeen Heat and Power to incorporate a Combined Heat & Power (CHP) system in lieu of individual domestic gas boilers.
- 3.18 The inclusion of this proposal will make a major contribution to carbon reductions and additional savings in terms of life cycle costs, whilst supporting the Council's drive to reduce fuel poverty across the city and minimise carbon footprint in line with the Strategic Housing Investment Plan.
- 3.19 Work is now underway to update the construction drawings incorporating the change from individual combi-gas boilers to a Combined Heat and Power solution.

Interdependencies update

- 3.20 As noted above the project includes a new culvert connection to the Denburn and this work is in hand and should not cause the main works any issues.
- 3.21 The contract parties will discuss and work closely with the heating contractor to ensure work does not impinge on overall project delivery.

4. FINANCIAL IMPLICATIONS

- 4.1 As noted in the June 2019 report, a single tender was submitted to the Council and since then design has been developed in order to achieve financial viability.
- 4.2 A large number of Value Engineering workshops were held in order to align the project with the overall funds within the project's Business Case.

- 4.3 An approach has been made to the Scottish Government for Housing Association Grant (HAG) funding to support with overall costs.
- 4.4 An expression of interest form has been submitted as part of the application process to obtain grants from the Housing Infrastructure Fund. If successful, this fund will contribute to infrastructure costs on the project to assist with the development of infrastructure on and around the site.
- 4.5 The construction costs include introduction of a Combined Heat & Power system and Denburn Culvert offsite drainage works.

The overall business case gross budget of £56.8m has been approved by ACC.

Gross Budget	Spend to date
£56.8m	£3.8m

- 4.6 The spend to date includes costs outlined in the first Letter of Intent which was predominantly related to the offsite drainage works.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

Key Risks for Initial Construction Activities

	Risk	Low (L), Medium (M), High (H)	Mitigation
Programme	Unidentified site constraints encountered	M	F&G will supervise site activities and highlight any issues.
Time	Delay to Statutory Approvals	M	F&G monitoring progress and liaising with parties
Design	Combined Heating & Power Design/Programme	M	F&G monitoring progress and liaising with parties.
Programme	Inclement weather	M	Monitor and plan the works taking cognisance of the likelihood of bad weather,

			especially during the winter months.
Programme	Supply chain insolvency/liquidation	M	Building Contractor to ensure financial checks of supply chain.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The construction programme for new Council housing will support the local economy, employment and training during a period of relative subdued construction activity, especially in the housing and commercial sectors.
Prosperous People	The Council is committed to improving the key life outcomes of all people in Aberdeen City. The availability of affordable housing contributes to this objective by providing choice and opportunities which would otherwise not be available.
Prosperous Place	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 affordable housing contributes to this objective.

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Tenant consultation does align to networking, communication and learning opportunities that support customer service design e.g. early intervention and prevention, data management and are aligned to good customer service.

Organisational Design	This promotes quality relationships between tenants and the Council - a landlord. This is a core aspect of the interim structure of the Early Intervention and Community Empowerment structure and culture.
Governance	This continues robust management of the HRA account.
Workforce	Housing Revenue Account should align with workforce principles e.g. flexibility and empowerment.
Process Design	Housing Revenue Account should be effective in enabling the most efficient method to provide housing to the 22,000 tenancies.
Technology	Housing Revenue Account priorities should maximise effective use of technology.
Partnerships and Alliances	Housing Revenue Account priorities should maximise the opportunity benefit of partnering eg. rapid rehousing.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An Equality and Human Rights Impact Assessment (EHRIA) in connection with the Council housing building programme has been carried out on 11.4.2018 based on report no RES/18/006.
Data Protection Impact Assessment	Privacy impact assessment (PIA) screening has been undertaken and a PIA is not necessary.
Duty of Due Regard / Fairer Scotland Duty	The new Council House Building Programme will improve and increase choices for households in meeting their housing needs in this sector of the housing market.

9. BACKGROUND PAPERS

- 9.1 Council 6 March 2018: Draft Housing Revenue Account Budget and Housing Capital Budget 2018/19 to 2022/23: report no CG/18/030.
- 9.2 Capital Programme 23 May 2018: Shaping Aberdeen Housing LLP – Referral from City Growth and Resources: report no RES/18/006.
- 9.3 Council 5 March 2019: Housing Revenue Account Budget 2019/20: report no RES/19/202.

10. APPENDICES

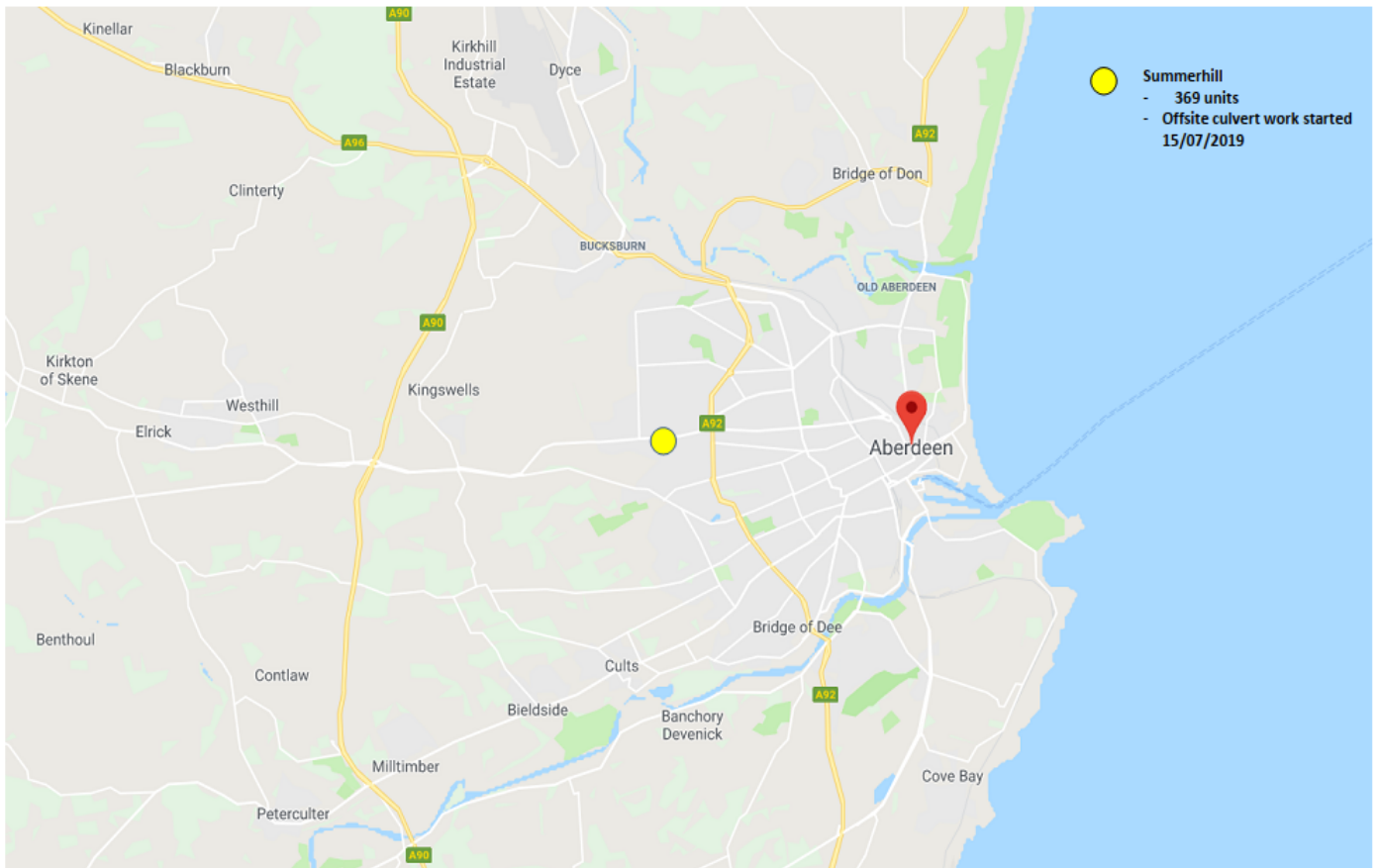
Appendix 1 Location Map

Appendix 2 Site Layout

11. REPORT AUTHOR CONTACT DETAILS

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Appendix 1 Location Map



Appendix 2 Site Layout

