

## ABERDEEN CITY COUNCIL

---

<b>COMMITTEE</b>	Capital Programme
<b>DATE</b>	14 <sup>th</sup> November 2019
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Housing Programme Strategic Planning Progress Report
<b>REPORT NUMBER</b>	RES/19/417
<b>DIRECTOR</b>	Steven Whyte, Director of Resources
<b>CHIEF OFFICER</b>	John Wilson, Chief Officer, Capital
<b>REPORT AUTHOR</b>	John Wilson, Chief Officer, Capital
<b>TERMS OF REFERENCE</b>	1.1

---

### 1. PURPOSE OF REPORT

- 1.1 To update the Committee on the progress of works being undertaken as part of Aberdeen City Council's directly delivered new build Council housing sites and developer led schemes.
- 1.2 Council led sites referred to throughout include Craighill, Kincorth, Tillydrone, Greenferns and Greenferns Landward.
- 1.3 Specific developer led sites are yet to be determined.

### 2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the progress achieved in the social housing programme.

### 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 various sites as a Council house programme to increase the number of new build social housing units across the city based on the current design proposals and that this be added to the capital programme.

To date the council has:

- Delivered 179 units at Smithfield and Manor Walk
- Purchased 4 units through the buy-back scheme;
- A further 37 No. units which are being purchased through the buy-back scheme are being processed by legal;
- Discussions/interests for the purchase of approximately a further 86 No units through the buy-back scheme are currently on-going with 3rd parties.
- Has entered into 2 contracts (Summerhill and Wellheads) to deliver 652 units. Both of these projects are reported separately to this committee.

3.3 The procurement strategy is being developed in alignment with the visioning work and the aim is to go back to the market to develop sites within our ownership as well as developer owned sites.

### Works Proposals

3.4 In relation to the sites currently within the Council’s ownership, work is progressing to undertake the necessary surveys and investigations to support design development.

3.5 House/flat specifications are being developed to align with Housing Management and Building Services requirements. It has been agreed that all homes should be flexible and all developments should be future-proofed and comply with Housing for Varying Needs standards. Standard house types are being developed to ensure quality is consistent across the programme.

3.6 The designs of the housing/flat types takes cognisance of resources associated with ongoing maintenance.

### Current Status

3.7 A high-level programme will be drafted for review with stakeholders in due course, key target dates are as follows:

Activity	Target Start Date	Status
Demolition at Kincorth (old Kincorth Academy)	Spring 2019	Completed
Greenferns Strategy Workshop	Summer 2019	Completed

Craighill/Tillydrone/Kincorth design to be developed	Winter 2019	Ongoing
Site surveys to be undertaken	Winter 2019	Awaited

- 3.8 Feasibility studies are being developed for each project by Aberdeen Heat and Power to consider the incorporation of a Combined Heat and Power system for each site. This change from individual combi-gas boilers will make a major contribution to carbon reductions and additional savings in terms of life-cycle costs and help address challenges of fuel poverty.
- 3.9 A Business Case will be developed based on the individual project costs based on the final design. The Business Cases are required to demonstrate viability and funding proposals for each project. An approach will be made to the Scottish Government for Housing Association Grant (HAG) funding support.
- 3.10 Procurement of design teams for each project will be undertaken over the coming months.
- 3.11 Applications will be made to the Scottish Government for Housing Infrastructure Funding to support with infrastructure costs on each project where applicable. Officers will also target alternative funding for “green initiatives” which can then be incorporated into future developments.
- 3.12 A Project Brief for Craighill is under review and awaiting approval. Project Briefs for the remaining Council delivered sites are currently being drafted.
- 3.13 Engagement sessions have been held with 14 potential development partners to establish viability of development on proposed sites. The Invitation to Tender (ITT) documentation is currently being revised in readiness for a renewed procurement exercise.

#### **Interdependencies update**

- 3.14 There are no interdependencies on the programme at this time.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 Outline Business Cases will be developed for each site once budget and costs have been determined.
- 4.2 The total project costs will be supported by funding from the following sources, with details to be confirmed in individual business cases:
- (a) Public Works Loan Board borrowing
  - (b) Second homes Council tax discount
  - (c) Developer contributions for affordable housing
  - (d) Scottish Government and other funding sources (to be applied for)

## 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

- 6.1 Project briefs are currently being developed and therefore specific programme challenges are yet to be established in detail.
- 6.2 Procurement process may provide limited options for Contractors, potentially limiting value for money and achieving competitive tenders.
- 6.3 The evaluation of the financial/funding model(s) of the developer ITT requires to be robust and transparent to mitigate risk of challenge.

	Risk	Low (L), Medium (M), High (H)	Mitigation
<b>Commercial</b>	Limited Contractor bids may impact project budget and value for money.	H	Ensure thorough procurement process - Review of current ITT documents is ongoing to develop a document which should encourage multiple tender returns.
<b>Financial</b>	The Financial/ Funding Section of the Developer ITT may be too onerous and could limit developers' responses.	M	The ITT document must be drafted to ensure competitive and compliant submissions are received and that the evaluation methodology ensures an objective de-selection approach.
<b>Financial</b>	The Employers' Requirements do not fully capture the Council's technical and operational requirements.	M	Alignment with the Local Outcome Improvement Plan, Council Policies and stakeholder engagement will develop a robust set of Employers' Requirements.

## 7. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	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.
<b>Prosperous People</b>	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.
<b>Prosperous Place</b>	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.

<b>Design Principles of Target Operating Model</b>	
	<b>Impact of Report</b>
<b>Customer Service Design</b>	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.
<b>Organisational Design</b>	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.

<b>Governance</b>	This continues robust management of the HRA account.
<b>Workforce</b>	Housing Revenue Account should align with workforce principles e.g. flexibility and empowerment.
<b>Process Design</b>	Housing Revenue Account should be effective in enabling the most efficient method to provide housing to the 22,000 tenancies.
<b>Technology</b>	Housing Revenue Account priorities should maximise effective use of technology.
<b>Partnerships and Alliances</b>	Housing Revenue Account priorities should maximise the opportunity benefit of partnering e.g. rapid rehousing.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	An <a href="#">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.</a>
<b>Data Protection Impact Assessment</b>	Privacy impact assessment (PIA) screening has been undertaken and a PIA is not necessary.
<b>Duty of Due Regard / Fairer Scotland Duty</b>	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 (if applicable)**

Appendix 01: Location Map

## **11. REPORT AUTHOR CONTACT DETAILS**

Name	John Wilson
Title	Chief Officer, Capital
Email Address	JohnW@aberdeencity.gov.uk
Tel	01224 523629

## Appendix 01: Location Map

