

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	14 th November 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Wellheads Road New Build Housing Progress Report
REPORT NUMBER	RES/19/367
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

- 1.1 To update the Committee on the progress of the Wellheads Road new build Council housing project.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the progress achieved in the procurement of new build Council housing project at Wellheads Road.

3. BACKGROUND

Project Introduction

- 3.1 At its budget meeting on 5 March 2019 the Council resolved to approve funding for the delivery of the works and associated services for the capital programme for the financial year 2019/20 for the Dyce/Wellheads site, and delegated authority to the Director of Resources, following consultation with the Convener of the City Growth and Resources Committee and the Head of Commercial and Procurement Services, to consider and approve business cases (including estimated expenditures) for the purposes of Procurement Regulation 4.1.1 and thereafter to procure appropriate works and services, and enter into any contracts necessary for the delivery of the projects without the need for further approval from any other committee of the Council subject to due diligence, consistency with the financial model and affordability.
- 3.2 Wellheads Road will be the first developer led scheme undertaken to contribute to the Council's new build housing programme, providing an enhanced living environment and improved choice for local people. It was also a significant demonstration of the Council's intent to partner with the private sector to contribute to the delivery of 2000 new homes.

Procurement

- 3.3 Planning permission was granted for the site in February 2019
- 3.4 A Development Agreement was subsequently agreed between Aberdeen City Council and Ogilvie Group Developments Ltd. (Principal Contractor) who will provide a development comprising of four blocks of flats offering 283 units, with a mix of one, two and three bedroom flats.
- 3.5 The Principal Contractor took possession of the site in September 2019.

Current Status

- 3.6 Construction activities have commenced on site with the site setup and bulk earthworks predominantly complete, substructure works have commenced.
- 3.7 The construction programme incorporated within the Development Agreement details target start dates, 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. Phased delivery plan as outlined below:

Activity	Target Start Date
Execution of Contract	Completed
Mobilisation	Ongoing
Block 4	Autumn 2019
Block 3	Autumn 2019
Block 2	Winter 2019
Block 1	Winter 2020

- 3.7 The construction programme incorporates four Sectional Completion dates which will provide a phased release of housing units. Sectional Completion dates are as follows, see table below:

Block 4	Spring 2021	67 Units
Block 3	Autumn 2021	83 units
Block 2	Winter 2021	77 units
Block 1	TBC	56 units

Headlines/Key issues of the moment

- 3.8 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. A cost estimate is awaited.
- 3.9 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.
- 3.10 A Business Case has been developed based on the gross project costs which demonstrates viability of the project. An approach will be made to the Scottish Government for Housing Association Grant (HAG) funding to support with overall costs in due course.
- 3.11 An expression of interest form has been submitted to the Scottish Government as part of the application process to obtain grants from the Housing Infrastructure Fund. These funds would contribute to infrastructure costs within the project to assist with the development of infrastructure on and around the site.
- 3.12 The Development Agreement was signed in July 2019, a Design & Build contract was entered into, limiting the risk held by the Council.

Interdependencies Update

- 3.13 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 There are no direct financial implications arising from the recommendations of this report.
- 4.2 The total project cost is supported by funding from the following sources:
 - (a) Public Works Loan Board borrowing
 - (b) Second homes Council tax discount
 - (c) Developer contributions for affordable housing
 - (d) Scottish Government funding (to be applied for)

Gross Budget	Spend to date
£44.2m	£8.04m

- 4.3 The spend to date includes land acquisition, development fees, legal costs, design development fees, site investigations.

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 monitor 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 e.g. rapid rehousing.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An <u>Equality and Human Rights Impact Assessment (EHRIA)</u> 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 (if applicable)

- 10.1 Appendix 1: Location Map
- 10.2 Appendix 2: Site Map

11. REPORT AUTHOR CONTACT DETAILS

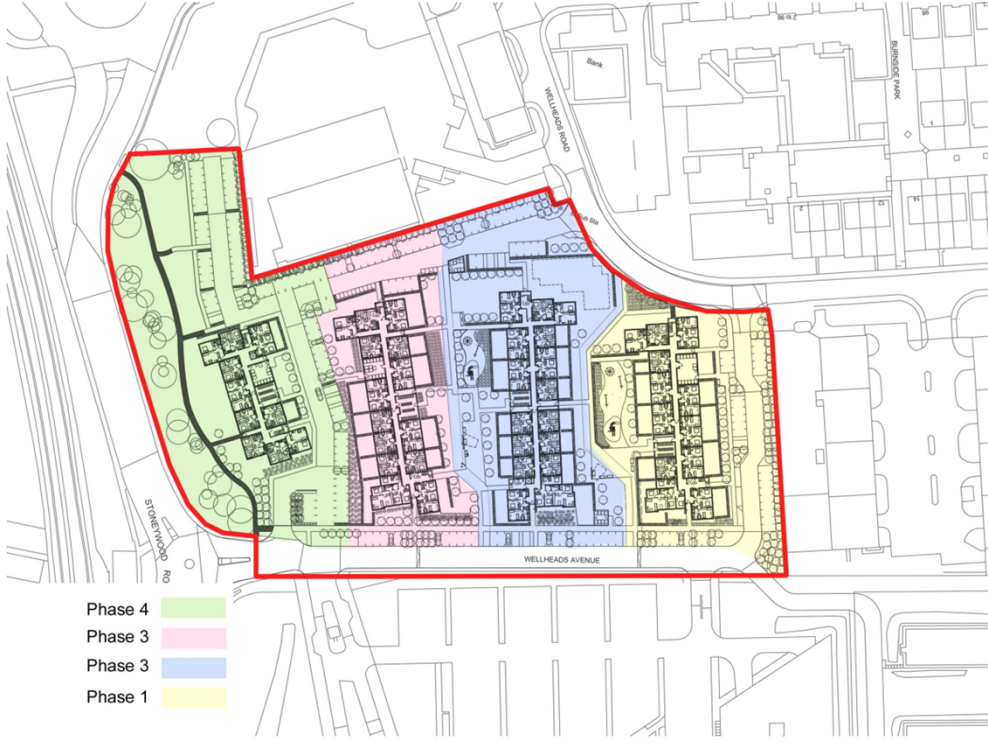
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Appendix 1 – Location Map



Appendix 2 Site Layout





- Phase 4
- Phase 3
- Phase 3
- Phase 1

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Residential Development, Wellheads Drive, Aberdeen
 Planning Plan
 Scale: 1:500 @A1
 Date: January 2019
 Dwg No: 10811-660208_A