

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Capital Programme
<b>DATE</b>	25 <sup>th</sup> March 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Wellheads Road New Build Housing Progress Report
<b>REPORT NUMBER</b>	RES/20/072
<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

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### 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. Procurement

- 3.1 Planning permission was granted for the site in February 2019.
- 3.2 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, three and four-bedroom flats.
- 3.3 The Principal Contractor took possession of the site in September 2019.

### Current Status

- 3.4 Construction works on Block 4 and Block 3 are progressing ahead of programme, timber kit has commenced on Block 4 and steelwork has commenced on Block 3.
- 3.5 Ogilvie Construction are making progress on site and the works are progressing ahead of the Development Agreement programme provided in June 2019.

- 3.6 Construction to Block 4 and Block 3 are progressing ahead of programme, timber kit has commenced on Block 4 and steelwork has commenced on Block 3. Foundations and structural steel erection on Block 2 are now complete. An updated programme is awaited however Block 4 is 3-4 months ahead of programme, and Block 2 is 6-7 months ahead, as the lag between blocks has been reduced.
- 3.7 Quality Assurance audits have commenced on site and will continue throughout the duration of the Contract to ensure consistency in quality across the overall Housing Programme.
- 3.8 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	Completed
Block 4	Commenced
Block 3	Commenced
Block 2	Commenced
Block 1	Winter 2020

3.9 The construction programme incorporates four Sectional Completion dates which will provide a phased release of housing units. Sectional Completion dates are as follows:

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

- *Please note that until the whole 2,000 Programme is developed, 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 the same time.*

#### Headlines/Key issues of the moment

- 3.10 Design development is ongoing for the inclusion of a small Combined Heat & Power (CHP) system and package boiler plant in lieu of individual domestic gas boilers. Instruction anticipated in the coming month.

3.11 The inclusion of a Combined Heat & Power (CHP) system 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.

#### **Interdependencies Update**

3.12 The contract parties are in discussion and working closely to ensure the work by other parties does not impact overall project delivery.

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

4.1 There are no direct financial implications arising from the recommendations of this report.

4.2 The Business Case has been drafted to include the appointment of F+G as Project Monitor and to provide Quality Assurance service to ensure the standards are consistent across the programme for all ACC Housing projects.

4.3 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

<b>Gross Budget</b>	<b>Spend to date</b>
<b>£44.2m</b>	<b>£10.0m</b>

4.4 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**

6.1 Combined Heat & Power resourcing to meet the programme.

6.2 There is risk that, as the Wellheads Road Housing project design changes it may not be consistent with the wider programme objectives. As a result, some

design changes are anticipated as the vision is being developed, which may impact cost and programme.

6.3 Inclement weather

6.4 Supply chain insolvency/liquidation

	<b>Risk</b>	<b>Low (L), Medium (M), High (H)</b>	<b>Mitigation</b>
<b>Design</b>	Combined Heat & Power resourcing to meet the programme.	M	Programme GANTT chart has been shared with potential provider to review programme.
<b>Design</b>	There is risk that, as the Wellheads Road Housing project design changes it may not be consistent with the wider programme objectives.	M	Upon completion of the Programme blueprint, a gap analysis will be undertaken for ACC consideration.
<b>Programme</b>	Inclement weather	M	Monitor and plan the works taking cognisance of the likelihood of bad weather, especially during the winter months.
<b>Programme</b>	Supply chain insolvency/liquidation	M	Building Contractor to ensure financial checks of supply chain.

## 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.
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<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 <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.
<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.
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## **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 1: Location Map  
Appendix 2: Site Map

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

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

# Appendix 1 – Location Map



# Appendix 2: Site Layout Plan



