

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	28 January 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	New Housing Programme Delivery Update
REPORT NUMBER	RES/20/132
DIRECTOR	Steven Whyte, Director of Resources
CHIEF OFFICER	John Wilson, Chief Officer, Capital
REPORT AUTHOR	John Wilson, Chief Officer, Capital
TERMS OF REFERENCE	Remit 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 to meet the political commitment of 2000 new homes.
- 1.2 Outline progress for the Council led sites referred to throughout the report including Craighill, Kincorth, Tillydrone, Kaimhill, Greenferns and Greenferns Landward.
- 1.3 Outline Progress for Granitehill site.
- 1.4 Outline progress for Developer led sites.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the progress to deliver the programme of social housing sites across the city. Refer to Appendix 1.

3. BACKGROUND

- 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 net 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.

3.3 To date the council has:

- Delivered 179 units at Smithfield and Manor Walk;
- Purchased 99 units through the buy-back scheme;
- Has entered 2 construction contracts (Summerhill and Wellheads) to deliver 652 units;
- Concluded a procurement exercise via the Invitation to Participate in Negotiation (ITPN) process for Developer Led Schemes, which recommended proceeding through a preferred bidder process with 3 sites proposed by 2 developers totalling an additional 723 Units.
- Included a site at Kaimhill that includes an additional 36 Units, this is currently being developed at RIBA Stage 2.
- Developed RIBA Stage 1 proposals for all current committed Council led Direct Sites (circa 897units), including the wider Greenferns and Greenferns Landward Masterplan areas which could accommodate further development.

Current Status

3.4 A high-level programme was approved at the Programme Board in December 2019 and is reported on a monthly basis at the Programme Board.

3.5 Outcomes from the Programme Plan workshops have been captured in a Programme Blueprint document which outlines how the Programme will be executed and the outcomes/benefits that are to be achieved. This document was approved by the Programme Board. The document will be reviewed in 2021 to capture any updates and lessons learned to date.

3.6 The Programme Vision is person-centred and views the system from the citizen's perspective to reflect the diversity of people, homes and communities across Aberdeen. The Vision is confirmed as follows: –

“To create sustainable integrated communities and places, delivering affordable homes designed for life, which meet citizens current and changing needs, supporting the wellbeing and resilience of our tenants.”

3.7 The Housing Programme will demonstrate benefits which align with those identified in the Local Improvement Development Plan and the stretch outcomes detailed in the Local Outcome Improvement Plan (where possible). Programme Benefits and Community Benefits will be measured throughout the Programme on a continual basis. Additional project-specific benefits will be developed in due course.

3.8 High-Level Requirements have been developed, which are aligned to the Vision/benefits for the Programme. These requirements will ensure consistent quality across the Programme as well as addressing challenges around fuel poverty, contributing to achieving a carbon neutral footprint, and achieving a higher quality of living for tenants. Additionally, all homes in the Programme

will comply with Housing for Varying Needs standards. The High-Level Requirements will be reviewed in 2021 to capture any updates and lessons learned to date.

- 3.9 Delivery of Gold Level technical standards across the Housing Programme was approved at City Growth and Resources Committee on the 6th February 2020. These standards have been incorporated in the High-Level Requirements document and form part of both the Consultant and Developer ITT/ITPN documentation.

Current Status Council Led Sites

- 3.10 The Outline Business Cases (OBC's) have been drafted for the Council led projects at Kincorth, Craighill and Tillydrone. The Outline Business Cases (OBC's) have also been drafted for the Developer led sites at Auchmill Road, Grandhome and Cloverhill.
- 3.11 RIBA Stage 2 has been completed for the Craighill, Kincorth and Tillydrone sites, and RIBA Stage 3 activities are due to conclude in January 2021. RIBA Stage 2 designs are progressing for the Kaimhill site and are also due to conclude in January 2021.
- 3.12 Public consultation processes have been ongoing for the Craighill and Kincorth sites throughout November and December 2020. Two virtual consultation events were held for each site in Q4 2020, with feedback reports being collated for issue in Q1 2021. Planning applications for Craighill, Kincorth and Tillydrone will be submitted in Q1 2021, with an application due to be submitted in Q2 2021 for Kaimhill.
- 3.13 Landscape Architects, Acousticians and Fire engineers have now been appointed for each Direct site and designs are progressing with input from each consultant to support upcoming Planning applications.
- 3.14 With regard to the Granitehill site a draft Granitehill Heads of Terms is due from the Developer in January 2021 supported by a concept scheme proposed for the current site. Due diligence will be undertaken to ensure compliance with the Housing Programme High Level Requirements and a legal review of the proposed Heads of Terms. An outline delivery programme will be required from the Developer to provide visibility to the overall delivery timescales, the supporting OBC will commence drafting in Q1 2021

Next Steps for Council Led Sites

- 3.15 A procurement exercise for Greenferns is due to commence in Q1 2021 to establish a design team to progress the development through RIBA Stages 2 – 6.
- 3.16 The procurement for Tier 1 contractors for the direct sites will be undertaken in Q1 2021.

Activity	Target Date	Status
Direct Sites- Community Engagement for Craighill and Kincorth	December 2020	Complete
RIBA Stage 3 Report for Craighill and Kincorth Projects	January 2021	Ongoing
Direct Sites- Planning application for Craighill and Kincorth	January 2021	Ongoing
Direct Sites- Tier 1 Contractor Procurement Exercise	Q1 2021	Ongoing

Next steps for Developer Led Sites

- 3.17 The final ITPN submissions were received on the 27th August 2020 and were assessed by the evaluation team. An Evaluation, Recommendation and Award paper was issued to ACC in October 2020 following the evaluation process. The progression of Auchmill Road, Grandhome and Cloverhill sites were approved at the ACCHP Exceptional Board on 7th November 2020.
- 3.18 The Developer ITPN preferred bidder process is ongoing and will be concluded Q1 2021. This will contribute to the number of units under development in the ACC Housing Programme. Legal teams have been appointed to support the development of contractual agreements for these sites. The two proposed developments at Grandhome and Cloverhill and will require a Pre-Construction Services Agreement (PCSA) and a Pre-Award Services Agreement (PASA) respectively, with the Auchmill Road Development proceeding to a Development Agreement.
- 3.19 The Developer led sites are progressing through the design/ pre-construction stage to address any anomalies between the Developers proposal and the Councils High Level Requirements. This will culminate in the delivery of 723 units across three sites (Auchmill Road, Cloverhill and Grandhome).
- 3.20 Taking cognisance of lessons learned a second tranche of developer led proposals will be sought through a tender process.

The next steps programme is as shown in the following table.

Activity	Target Date	Status
Publish Final Developer ITPN	August 2020	Completed
ITPN Final Returns	August 2020	Completed
ITPN Final Evaluation	September- October 2020	Completed

Development of Technical and Contractual proposals	Varies	Ongoing
Preferred Bidder Status	Varies	Ongoing
Lessons Learned Session	Jan-Feb 2021	Ongoing
Developer 2 Tender Process	Q1 2021	Ongoing

4. FINANCIAL IMPLICATIONS

- 4.1 Outline Business Cases have been received for; Kincorth, Craighill & Tillydrone as well as the Developer Led sites located at; Cloverhill, Auchmill Road and Grandhome from the external Programme Management Consultants, and these now incorporate updated budgets.
- 4.2 Approval of Gold Technical Standards, while having an initial up front cost, will reduce future maintenance costs. This commitment of investment in properties does however promote better mental and physical health, and future-proof properties by facilitating adaption to suit tenants' current and future requirements.
- 4.3 By creating more energy efficient homes which meet future standards such as Energy Efficiency Standard for Social Housing (ESSH) the monthly fuel consumption for Gold Standard properties is reduced.
- 4.4 Amendments to the Building (Scotland) Regulations have recently been approved resulting in a change to the regulations (from 31 March 2021) relating to automatic fire suppression systems. The implications of the Building Regulations on the ACC Housing Programme remain to be determined. It is likely that sprinklers will now be required within the housing units. Consideration of the additional design and installation costs for this change is underway but it is expected that this may have a significant impact upon the delivery cost of a typical housing unit.

5. LEGAL IMPLICATIONS

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

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Impact of Covid-19 on the projects under design/construction and potential future	M	Ensure lessons learned from current sites, embed float within programmes and closely

	impact upon delivery of units		monitor and liaise with the contractual parties.
Compliance	Failure to comply with project protocols	L	Increase site visits and monitoring of the construction works.
Operational	Staff both internal and external	L	Maintain home working where possible (design). Review business continuity plans.
Financial	Increased project costs, supplier risk in lieu of the recent Brexit agreement and any other Covid-19 related cost impacts.	H	Work with legal, finance and procurement teams to understand and address contractual impacts related to the supply of labour, plant and materials.
Reputational	Late delivery of housing units	M	Clearly communicate with key stakeholders regarding the impact of Covid-19 upon the delivery of units
	COVID-19 outbreak on a construction site	M	Intensify existing safety measures. Contracting parties need to develop and agree new working practices, adopt a more flexible working system, and address broader concerns associated with the pandemic to protect one of the most valuable resources: people.
	Resource available to ensure possession and management of new assets.	M	Ensure strategy is in place prior to Handover and ensure adequate resources are available (ACC resources). Handover strategy is currently being reviewed to enhance the process.
Environment / Climate	Targeting net zero	L	Mitigating climate risks requirements by ensuring at the point of contract award that target net zero requirements are

			embedded into project specification requirements.
Building Control	Amendments to the Building (Scotland) Regulations have recently been approved resulting in a change to the regulations (from 31st March 2021) relating to automatic fire suppression systems. The requirement now includes “social housing dwellings” where applicable criteria is met.	M	Strategic decision required - Building Warrant submissions could be accelerated, or designs could be amended at Stage 2/3 to accommodate sprinkler systems

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
<p>Aberdeen City Council Policy Statement Programmes in the Policy Statement include assess the digital needs of the region, working with our partners to ensure the city has the required infrastructure; maximise community benefit from major developments; commit to closing the attainment gap in education while working with partners across the city; build 2,000 new Council homes and work with partners to provide more affordable homes;</p>	<p>This report highlights the progress being made across a wide range of potential housing sites which when delivered will support several inter-related policy statements within the Council delivery Plan.</p>
Aberdeen City Local Outcome Improvement Plan	
<p>Prosperous Economy Stretch Outcomes</p>	<p>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.</p>
<p>Prosperous People Stretch Outcomes</p>	<p>The Council is committed to improving the key life outcomes of all people in Aberdeen City. The availability of affordable housing contributes to this</p>

	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 affordable housing contributes to this objective.
Regional and City Strategies Strategic Development Plan; Local Development Plan	The proposals within this report support the Strategic Development Plan and Local Development Plan by working to deliver the new Council aspirations and accord with the requirements of both plans.
UK and Scottish Legislative and Policy Programmes Legislation which places a range of statutory duties on the Council, Planning (Scotland) Bill	The report sets out the progress achieved to deliver the new Council housing across the city, all in accordance with the required legislation.

8. IMPACT ASSESSMENTS

Assessment	Outcome
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.

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.
- 9.4 City Growth & Resources 28 October 2020: New Housing Programme Delivery Update: Report No RES/20/132

10. APPENDICES

- 10.1 ACCHP Location Map of Housing Sites

11. REPORT AUTHOR CONTACT DETAILS

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APPENDIX 1: ACCHP Location Map of Housing Sites

