

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	28 January 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Wellheads Road New Build Housing Progress Report
REPORT NUMBER	RES/20/130
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

- 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 Following the Covid-19 lockdown on 24 March 2020, the contractor has ensured that the correct Health & Safety (H&S) and physical distancing provisions have been adopted in their approach and embedded within the Construction Phase H&S Plan which is under continual review by the Contractor.
- 3.5 A revised construction programme was submitted in December 2020 following return to site post-Covid-19 lockdown and is under review outlining the Covid-19 impact on the handover dates.

3.6 Construction Progress to Date:

- **Block 1-** Foundations constructed with structural steelwork, stairs and edge protecting commenced
- **Block 2-** The building envelop has been constructed with windows installed, the fire stopping, and curtain checks are progressing.
- **Block 3-** The internal fit out has progressed with Ames-taping, first fix joinery and M&E proceeding as per programme
- **Block 4-** Works are progressing in line with the Sectional Completion Date within the Development Agreement. Internal fit-out works; including the installation of the Kitchens on Levels 4 and 3 are well advanced with final decorations commenced. Progress on levels 2 and 1 maintain the same sequence as the floors above albeit staggered by several weeks. The external civil works to create the parking and outdoor amenity is progressing. Power on and heating is expected to occur January 21.

3.7 Block 4 could potentially be offered for handover at the end of Q1 2021, 3-4 months ahead of programme. Discussions are ongoing with the Developer to arrange the handover of the first 67 No. completed units.

3.8 Quality Assurance audits are continuing throughout the duration of the Contract to ensure consistency in quality across the overall Housing Programme. A final inspection of Block 4 will be undertaken before the units are accepted.

3.9 The construction programme is under review to capture the impact of the Covid-19 lockdown, this may have revised completion dates, once confirmed Capital Officers will liaise with Housing Officers to coordinate the possession of the units. Phased delivery plan is as previously outlined below:

Activity	Status
Execution of Contract	Completed
Mobilisation	Completed
Block 4	Commenced
Block 3	Commenced
Block 2	Commenced
Block 1	Commenced

3.10 Following receipt of the revised programme, the Sectional Completion dates will likely need to be revised. The current four Sectional Completion dates contained within the Development Agreement are as follows:

Block 4	Spring 2021	67 Units
Block 3	Autumn 2021	83 units
Block 2	Winter 2021/2022	77 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 housing list register at the same time.*

Headlines/Key issues of the moment

- 3.11 The Contractor has assessed his considered impact that the Covid-19 pandemic has had on his construction programme. It is anticipated that programme dates will still be achieved, however once the programme has been reviewed there will be a better understanding of the impact on the Sectional Completion Dates. There remains a residual risk of future national or local lockdowns being imposed, which would impact upon labour and material availability and subsequently impact upon the overall timeframes.

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 total project spend to date is as follows

Gross Budget	Spend to date
£44.2m	£26.5 m

- 4.3 As noted above, meetings are now underway to seek agreement in terms of likely cost and time impacts. The outcome of the claim negotiation with officers will be reported in due course.
- 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 Impact of Covid-19 delay to the programme, impact upon the site operations

- 6.2 Combined Heat & Power resourcing for the heating systems of the new units in order to meet the programme.
- 6.3 Inclement weather
- 6.4 Supply chain insolvency/liquidation

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Impact of Covid-19 on the projects under design/construction and potential future impact upon delivery of units	M	Ensure lessons learned from current sites, embed float within programmes and closely 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 the 283 units	L	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

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
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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 with the delivery of the new Council housing at Wellheads which when delivered will support a number of inter-related policy statements within the Council delivery Plan.</p>
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	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 Stretch Outcomes	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 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.
<i>UK and Scottish Legislative and Policy Programmes</i> 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 <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.

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 Capital Programme 23 September 2020: Wellheads Road New Build Housing Progress Report no RES/20/130.

10. APPENDICES

- Appendix 1: Location Map
Appendix 2: Site Map
Appendix 3 Site Progress Photographs

11. REPORT AUTHOR CONTACT DETAILS

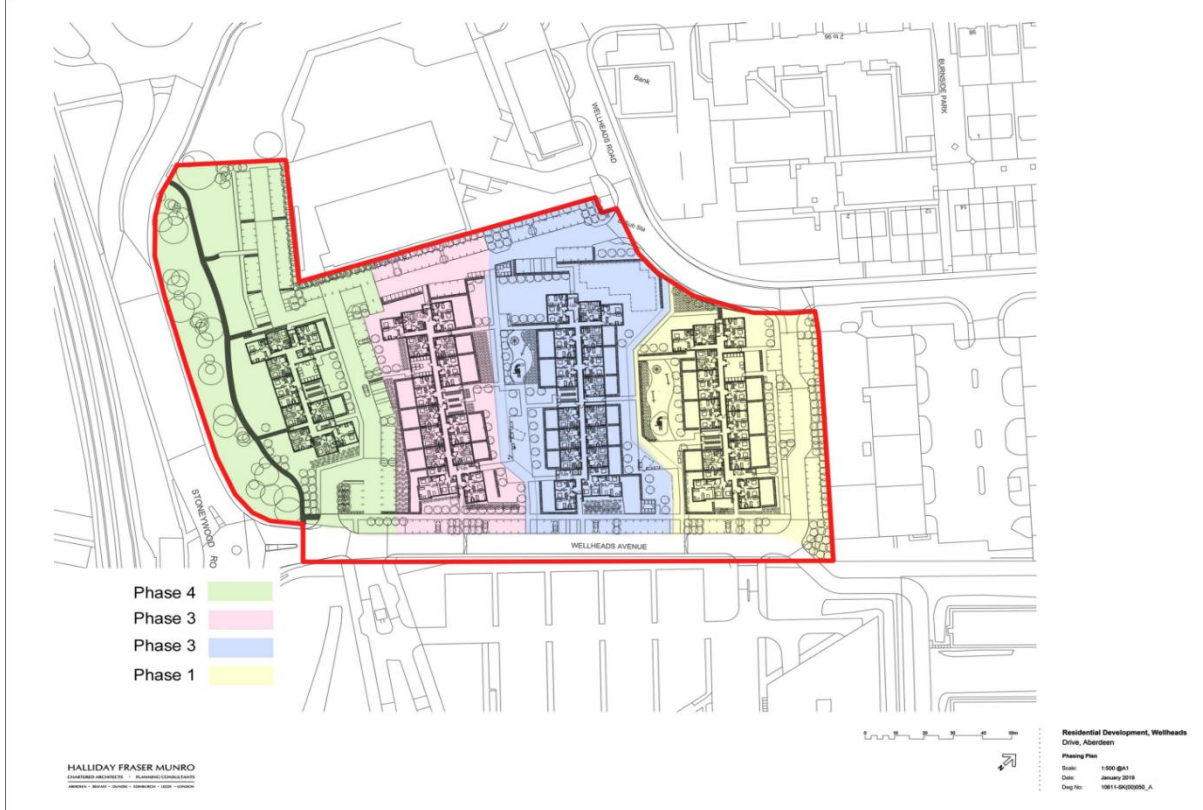
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Appendix 1 – Location Map



Appendix 2: Site Layout Plan





Appendix 3 Site progress photographs



Block 3/4 – Scaffold Strip and brickwork (15.12.2020)



Block 1 – Superstructure/ Steel Frame progressing (15.12.2020)