

## ABERDEEN CITY COUNCIL

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| COMMITTEE          | Capital Programme                            |
| DATE               | 26 May 2021                                  |
| EXEMPT             | No   |
| CONFIDENTIAL       | No   |
| REPORT TITLE       | Summerhill New Build Housing Progress Report |
| REPORT NUMBER      | RES/21/125                                   |
| 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  |

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### 1. PURPOSE OF REPORT

To update the Committee on the progress of works being undertaken at Summerhill new build Council housing project.

### 2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the progress achieved in the housing project at Summerhill.

### 3. BACKGROUND

#### Current Status

- 3.1 As a consequence of the Covid 19 lockdown the programme has lost 14 weeks of activity. The Principal Contractor (CHAP Construction) has issued revised programmes. Having indicated potential risk of delay, revised programmes confirm completion is still aligned with sectional completion dates noted in section 3.5.

- 3.2 Construction Progress to Date:

#### Phase 1

- **Block 1** – Foundations complete. Timber kit complete. Structural Roof installation nearing completion. Roof finish to commence in April 2021. Facing brick to elevations well progressed. Precast Stairs progressing. External Window installation well progressed.
- **Block 2** – Foundations complete. Timber kit complete. Structural Roof installation nearing completion. Roof finish to commence in April 2021. Facing

brick to elevations well progressed. Precast Stairs well progressed. External Window installation well progressed.

- **Block 5** – Foundations complete. Timber kit complete. Roof structure nearing completion; roof finish installation in progress. Facing brick to elevations well progressed. Stair precast in place for all stairs. Internal partitions and dry lining commenced. Joiner 1<sup>st</sup> fix well progressed. Electrical first fix complete. Mechanical first fix well progressed.

## Phase 2

- **Block 3** – Foundations complete. Timber kit to commence at the same time as Blocks 4 & 6. Scaffold erection in progress.
- **Block 4** – Foundations commenced and progressing.
- **Block 6** – Foundations complete. Timber kit to commence at the same time as Blocks 3 & 4.

**Phase 3** – not yet commenced.

3.3 Quality Assurance audits have continued on site and will continue throughout the duration of the Contract to ensure quality across the overall Housing Programme.

3.4 Key milestones detailed in the Contractor's programme are as follows:

| Activity                      | Target Start Date          | Status    |
|-------------------------------|----------------------------|-----------|
| Offsite culvert works         | Summer 2019                | Completed |
| Issue second Letter of Intent | Summer 2019                | Completed |
| Site clearance                | Autumn 2019                | Completed |
| Let full Contract             | Autumn 2019                | Completed |
| Site start                    | Autumn 2019                | Completed |
| Phase 1 [Blocks 1, 2 and 5]   | Winter 2019-2020           | Ongoing   |
| Phase 2 [Blocks 3, 4 and 6]   | Spring 2020<br>(commenced) | Ongoing   |
| Phase 3 [Blocks 7 and 8]      | Autumn 2021                | Awaited   |

3.5 The Contractor programme demonstrates three Sectional Completion dates to provide Aberdeen City Council (ACC) with a phased release of housing units.

Sectional Completion dates are anticipated as shown in the following table:

| <b>Activity</b>       | <b>Completion Date</b> | <b>No. of Units</b> |
|-----------------------|------------------------|---------------------|
| Offsite Culvert Works | Winter 2019/2020       | N/A                 |
| Phase 1               | Winter late 2021/2022  | 128 units           |
| Phase 2               | Summer 2022            | 128 units           |
| Phase 3               | TBC                    | 113 units           |

- *Please note that until the whole 2,000-unit 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**

- 3.6 The Contractor is considering the impact that the Covid-19 pandemic has had on the construction programme. To date, he has submitted an extension of time claim for the Covid-19 lockdown period and supply chain re-mobilisation.
- 3.7 Following initial consideration of the claim, 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 but initial consideration would suggest that the original programme dates can still be achieved but recognising there will be a cost impact related to working practices. A 14-week extension of time has been granted for Section 1; negotiation of costs is ongoing.
- 3.8 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, however the Spring 2021 lockdown has not impeded progress on site.

### **Interdependencies update**

- 3.9 The contract parties are in discussion and working closely to ensure the work by other parties does not impinge on the overall project delivery.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 As noted in the June 2019 report, a single tender was submitted to the Council and since then design has been developed in order to achieve financial viability.
- 4.2 The construction costs include introduction of a Combined Heat & Power system and Denburn Culvert offsite drainage works.

The overall business case gross budget of £57.8m has been approved by ACC, however we are currently carrying out negotiations with the Contractor in lieu of the Covid-19 outbreak and this budget may need to be revised.

|                     |                      |
|---------------------|----------------------|
| <b>Gross Budget</b> | <b>Spend to date</b> |
| <b>£57.8m</b>       | <b>£15.9m</b>        |

## 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)<br>Medium (M)<br>High (H) | Mitigation  |
|-----------------------|---|-----------------------------------|---|
| <b>Strategic Risk</b> | 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. |
| <b>Compliance</b>     | Failure to comply with project protocols  | L                                 | Increase site visits and monitoring of the construction works.  |
| <b>Operational</b>    | Staff both internal and external  | L                                 | Maintain home working where possible (design). Review business continuity plans.  |
| <b>Financial</b>      | Increased project costs, supplier risk related to the Brexit agreement and                                      | H                                 | Work with legal, finance and procurement teams to understand and address contractual impacts related to                               |

|                              |  |   |   |
|------------------------------|--|---|---|
|                              | any other Covid-19 related cost impacts. |   | the supply of labour, plant and materials.  |
| <b>Reputational</b>          | Late delivery of the 369 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. |
| <b>Environment / Climate</b> | 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.  |

## 7. OUTCOMES

| <b><u>COUNCIL DELIVERY PLAN</u></b>  |  |
|--|--|
|  | <b>Impact of Report</b>  |
| <p><b>Aberdeen City Council Policy Statement</b></p> <p>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</p> | <p>This report highlights the progress being made with the delivery of the new Council housing at Summerhill which when delivered will support a number of inter-related policy statements within the Council delivery Plan.</p> |

|   |  |
|---|--|
| 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; |  |
| <b>Aberdeen City Local Outcome Improvement Plan</b>   |  |
| 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.                    |
| <b>Regional and City Strategies</b>   |  |
| 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.   |
| <b>UK and Scottish Legislative and Policy Programmes</b>  |  |
| 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   |
|--|---|
| <b>Impact Assessment</b>                 | 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. |
| <b>Data Protection Impact Assessment</b> | 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: Summerhill New Build Housing Progress Report: report no RES/20/131.
- 9.5 Capital Programme 28 January 2021: Summerhill New Build Housing Progress Report: report no RES/20/131.

## **10. APPENDICES**

Appendix 1 Location Map

Appendix 2 Site Layout

Appendix 3 Site progress photographs

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

|                      |                           |
|----------------------|---------------------------|
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## Appendix 1 – Location Map





## Appendix 2 Site Layout



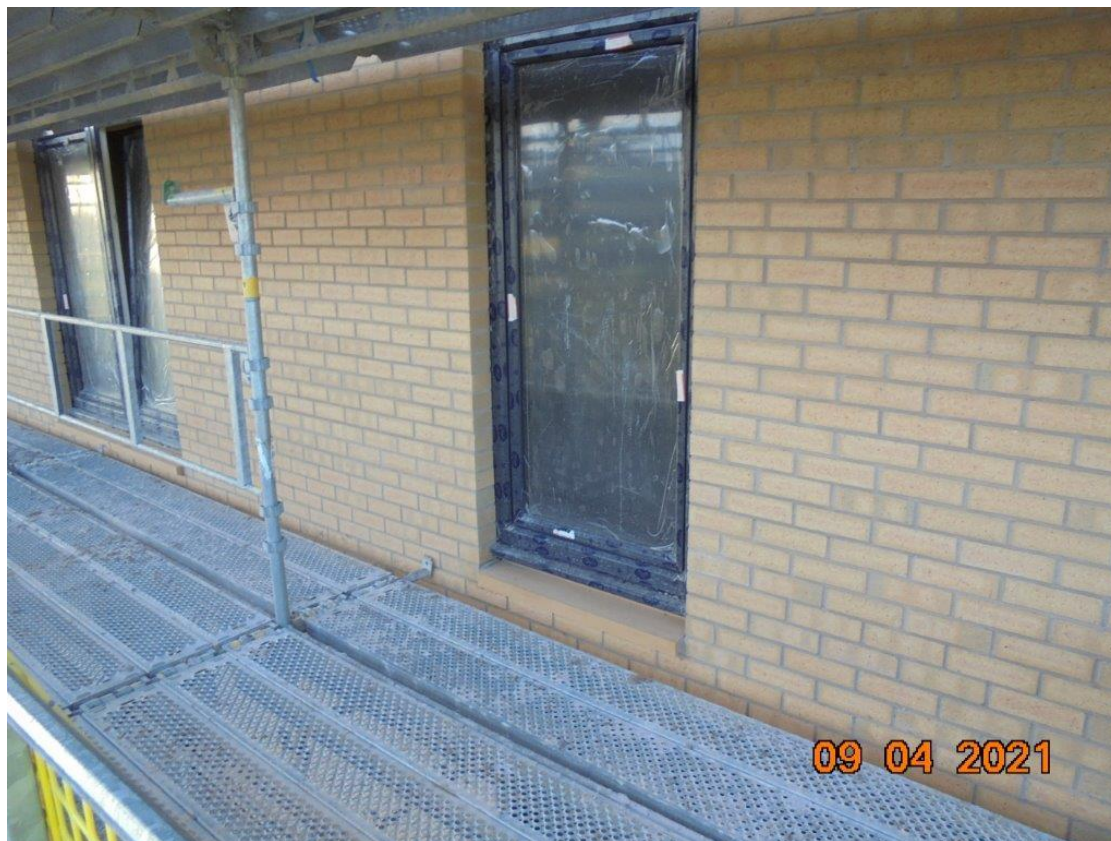
**Appendix 3 Site progress photographs: 9 and 15 April 2021**



Block 5 – Roof finish installation progressing (09.04.2021)



Block 5 – Kitchen Area services first fix progressing (09.04.2021)



Block 5 – Window and facing brick installation (09.04.2021)



External Works – Gairsay Drive (09.04.2021)



Block 3 – Scaffold and tower crane erection (15.04.2021)