

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	26 May 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Wellheads Road New Build Housing Progress Report
REPORT NUMBER	RES/21/124
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 Sectional Completion for Phase 1 (Block 4) occurred on the 19 February 2021. 67 Units, an external play area, shelter, communal gardens and car parking were handed over to the Council, the units are currently being occupied by those from the housing waiting list.
- 3.5 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, the H&S Plan is updated and emended taken cognisance of government guidelines.

3.6 Following Sectional Completion of Phase 1 (Block 4) a revised construction programme is due May from the Developer, it is anticipated that due to the Covid-19 lockdown on the 24 March 2020 that an additional 12 weeks be extended to the Sectional Completion Dates for Blocks 1, 2 & 3 within the Development Agreement.

3.7 Construction Progress to Date:

- **Block 1-** Foundations constructed with structural steelwork, stairs and edge protecting commenced.
- **Block 2-** The brickwork is now complete, with windows installed, the fire stopping, and roof works are progressing. Fit-out works are planned to commence in the next quarter.
- **Block 3-** Kitchens are currently being installed and expected to conclude in May 2021, joinery, plasterwork, Ames taping and M&E installation are progressing on levels 4, 3 and 2.
- **Block 4-** Sectional Completion was achieved on the 19 February 2021, the full handover pack including the Operation & Maintenance manuals were issued to the Council and Tenant Manuals left within each Unit. The communal, play and car-parking areas have been completed as part of the Phase 1 Section.

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 was undertaken with observations recorded and issued to the Developer.

3.9 A revised construction programme is to be issued by the Developer following the handover of Phase 1 and to capture the impact of the Covid-19 lockdown, this may have revised sectional completion dates, once confirmed Capital Officers will liaise with the Corporate Landlord 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
Phase 1 [Block 4]	Completed
Phase 2 [Block 3]	Commenced
Phase 3 [Block 2]	Commenced
Phase 4 [Block 1]	Commenced

3.10 Phase 1 [Block 4] achieved Section Completion on the 19 February 2021, following receipt of the revised programme, the Sectional Completion dates of Block 3,2 & 1 will likely need to be revised. The current Sectional Completion dates contained within the Development Agreement are as follows:

Phase 2 [Block 3]	Autumn 2021	83 units
Phase 3 [Block 2]	Winter 2021/2022	77 units
Phase 4 [Block 1]	Spring 2022	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 housing list register at the same time.*

Headlines/Key issues of the moment

- 3.11 The Developer has assessed his considered impact that the Covid-19 pandemic has had on his construction programme. The Councils Monitoring Surveyor has formally written to the Developer seeking full clarity with regards to any delay as a result of the Covid-19 lockdown, we await a response from the Developers Employers Agent. Once the programme has been reviewed there will be a better understanding of the impact on the Sectional Completion Dates for Blocks 3, 2 & 1. 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	£31.2 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 related to the 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

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	
<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 objective by</p>

	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 <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.
- 9.5 Capital Programme 28 January 2021: 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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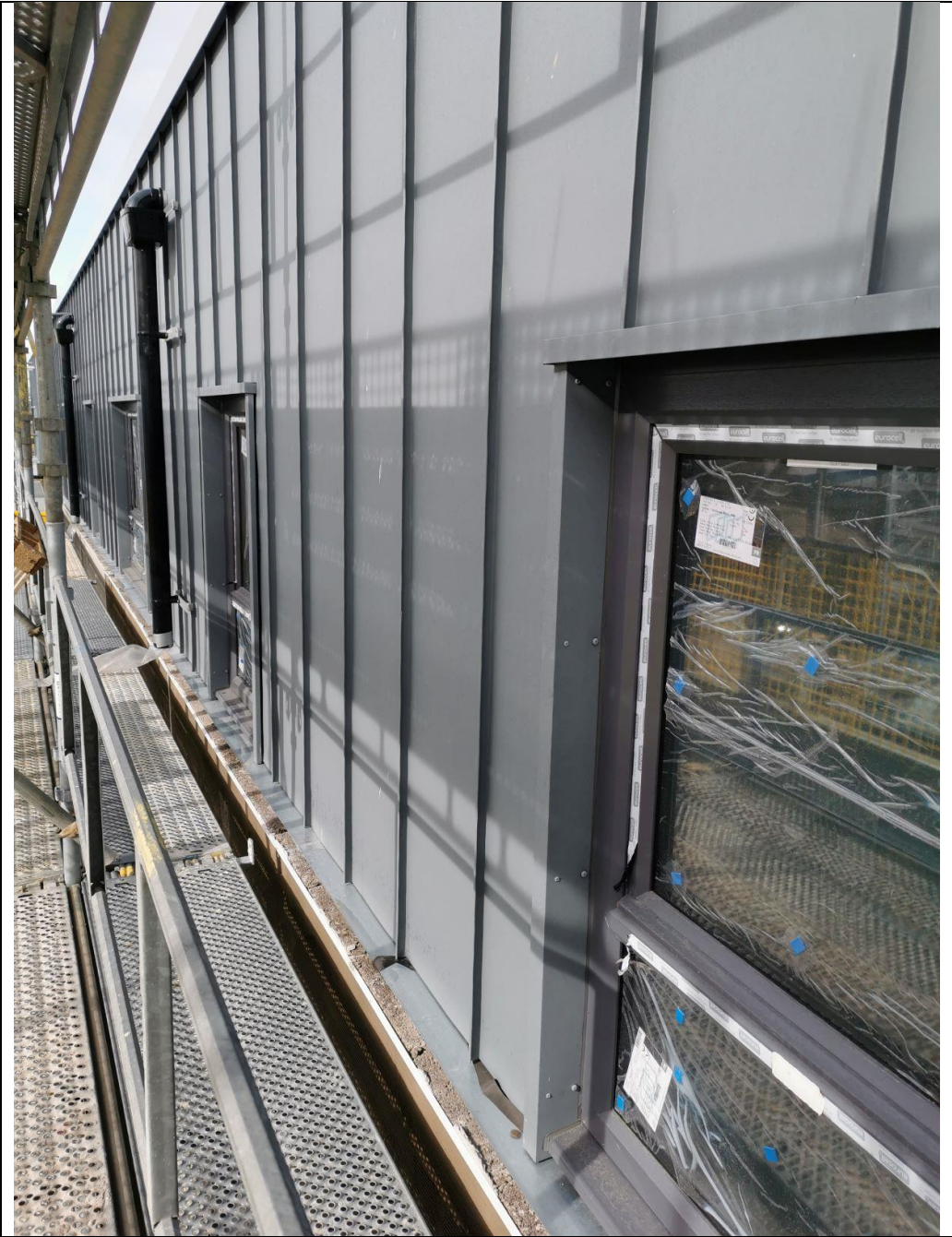
Appendix 3 Site progress photographs: 7 April 2021



Block 1 Overview



Block 1 Prep for Concrete Pour



Block 2 West Elevation Cladding



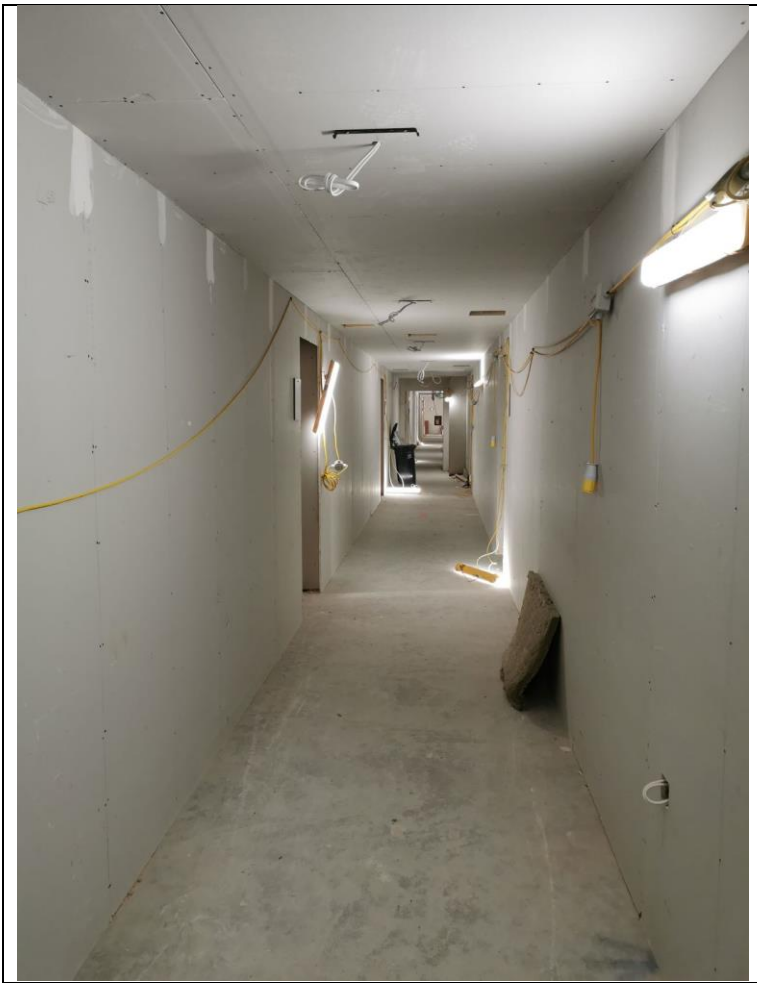
Block 2 Render Basecoat to West Elevation



North Elevation District Heating Installation to Block 2



Block 2 4th Floor Corridor



Block 3 3rd Floor Corridor

Block 2 4th Floor Corridor

Block 3 3rd Floor Corridor



Block 4: External