

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing and Public Protection
DATE	16 th May 2023
EXEMPT	The report is public, but all Appendices are exempt under: LOCAL GOVERNMENT (SCOTLAND) ACT 1973 Schedule 7A, Part 1 para 8: ESTIMATED EXPENDITURE ON CONTRACTS
CONFIDENTIAL	No
REPORT TITLE	City Centre Multi Storey Blocks - Progress on Full Options Appraisal
REPORT NUMBER	RES/23/149
DIRECTOR	Steve Whyte
CHIEF OFFICER	Stephen Booth
REPORT AUTHOR	Ian Perry/Bill Watson
TERMS OF REFERENCE	1.1.1 oversee and make decisions relating to service delivery.

1. PURPOSE OF REPORT

- 1.1 To update the committee on progress toward the production of a full option appraisal of the city centre multi storey blocks as instructed by Council at its budget meeting on 10th March 2021.

2. RECOMMENDATION(S)

That the Committee :-

- 2.1 Notes the contents of the attached Appendices 11 A, B, C and D - Building Survey Reports; and Appendix 11 E - Life Cycle Options report;
- 2.2 Instructs the Chief Officer Corporate Landlord to undertake an extensive consultation exercise with tenants, owners and other stakeholders, and instructs the Chief Officer Corporate Landlord to report these findings to this Committee in the summer of 2024, with recommendations as to potential decisions that may then be made.

3. CURRENT SITUATION

- 3.1 At its meeting on 17 January 2023 this committee considered the "Housing Improvement Group – Update Report".

The instructions from this committee included a requirement that the Chief Officer – Corporate Landlord review the Housing Revenue Account's (HRA's) non-traditional housing stock to identify properties that will be unable to meet

future environmental or other standards and report back to the Communities, Housing and Public Protection committee on progress in November 2023.

It is noted that each of the multi-storey blocks, within the city, are of non-traditional construction. It is further noted that it is anticipated that there may be a range of particular and acute challenges in delivering future environmental and other standards, in relation to the city centre multi-storey blocks.

- 3.2 At its meeting on 10th March 2021 Council instructed that a full option appraisal of the city centre multi storey blocks be undertaken so as to consider future development and investment opportunities.
- 3.3 In implementing this instruction a range of detailed technical appraisals and surveys have been undertaken including an assessment of the life cycle costings, buildings surveys, energy assessments and modelling, mechanical and electrical installation surveys, external structural surveys and new build replacement analysis. This information has informed the report.

Property Summary:

Block name	No. of storeys	Date designed and built	Age (Years)	No. of flats	No. Privately owned flats
Gilcomstoun Land	11	1959 to 1963	58+	75	34
Marischal Court	19	1959 to 1966	55+	108	8
Virginia Court	9	1959 to 1966	55+	48	12
Seamount Court	19	1959 to 1966	55+	126	38
Porthill Court	9	1959 to 1966	55+	72	13
Thistle Court	16	1971 to 1975	46+	126	47
Greig Court	19	1973 to 1978	43+	144	26
Hutcheon Court	15	1973 to 1978	43+	140	28

- 3.4 These blocks were built to the thermal and fire standards of their time of design.
- 3.5 These blocks were built of reinforced concrete. Reinforced concrete has a finite life of, typically, between 50 and 100 years. Regular maintenance will allow an extended economic life to be achieved. Pollution and marine environment will, however, shorten the economic life that can be achieved. As part of the maintenance of these buildings regular external structural surveys are undertaken to manage this risk. Recent surveys have demonstrated deterioration of the reinforced concrete, with some repair works having been undertaken. This is most pronounced to the five oldest blocks.
- 3.6 The properties are now around 60 years old and like other properties of this age and type have increasing maintenance challenges. This includes communal drainage systems, communal electrical systems, lift replacement programmes, ventilation and other servicing requirements, the safe management of asbestos and the operation of bin stores, chutes and common areas.

- 3.7 Standard (SHQS), March 2011, defined the minimum standard that properties owned by local authorities were expected to achieve by April 2015. In certain respects, it has proved impractical to fully meet these standards to these blocks and, therefore, exemptions have been claimed based on technical, disproportionate cost and legal reasons.
- 3.8 Energy efficiency in social housing
- The Energy Efficiency Standard for Social Housing (ESSH) aims to improve the energy efficiency of social housing in Scotland. ESSH was introduced in March 2014 and set a first milestone for social landlords to meet for social rented homes by 31 December 2020.
 - A second milestone (ESSH2) was confirmed in June 2019, for social rented houses to meet by December 2032: all social housing must meet Energy Performance Certificate (EPC) band B (Energy Efficiency rating), or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology and necessary consent; and
 - The Scottish Government has advised that “no social housing below EPC band D should be re-let from December 2025, subject to temporary specified exemptions”.
 - The flats within the eight blocks currently have various energy rating, depending on their locations within these blocks. While some flats have an energy performance (EPC) of D, some flats within exposed locations have energy performance poorer than this.
- 3.9 Historic Environment Scotland informed the Council on 19th January 2021, that these eight city centre blocks had been listed under the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997, Buildings of Special Architectural or Historic Interest.
- Gilcomstoun Land (LB52522);
 - Porthill and Seamount Courts (LB52524);
 - Virginia and Marischal Courts (LB52523);
 - Thistle Court (LB52531);
 - Greig and Hutcheon Court (LB52525).
- 3.10 Following an appeal by the Council, the Scottish Government delisted the following blocks, on 22nd Feb 2022: Thistle Court (LB52531); and Greig and Hutcheon Court (LB52525)
- 3.11 The internal areas of the individual residences within Porthill, Seamount, Virginia and Marischal Courts and Gilcomstoun Land have been excluded from their listing.
- 3.12 There is a heightened awareness around all aspects of fire safety within multi-storey buildings by all stakeholders who continue to monitor government guidance, lesson learned and other improvements that can be made to such properties.

3.13 City Centre Masterplan

Marischal and Virginia Courts are within the area of the City Centre Masterplan Boundary. The other six blocks are outside this Boundary, but immediately adjacent.

3.14 The City Centre Masterplan envisages making city centre living a more attractive proposition and responding to the strong demand for housing.

3.15 High Rise Condition Survey Reports (Appendices 11 A, B, C and D) advise that:

- These blocks need significant investment to return them to a satisfactory, status-quo standard (i.e. prior to consideration of the investment required to future environmental and other standards).
- The external fabric of each of these blocks was observed to be in a generally poor condition.
- Some roof coverings were observed to be in a poor condition.
- Internal finishes were observed to be in a poor condition.
- The mechanical, plumbing and electrical services were of a condition commensurate with age, i.e. requiring planned investment.

3.16 Life Cycle Cost Options Report (Appendix 11 E)

As noted in 3.5, reinforced concrete buildings have a finite life. This report describes the costs associated with a number of options for extending the life of these blocks for up to another 30 years: when it is anticipated that there may be a requirement to review the viability of these blocks again (due to the further aging of these blocks).

3.17 In order to evaluate this information, the following strategic options have been considered:

Option 1 – (maintaining the current, status-quo arrangements) to include:

- Backlog repairs
- Capital works in line with life cycle requirements

Option 2 - (medium level of investment) to include:

- Backlog repairs
- Capital works in line with life cycle requirements
- Provision of communal (district) heating
- Works anticipated to target a minimum of EPC D to each flat (such as thermal upgrading of under-crofts and roof)
- Revised letting Standard audit and upgrading works, as required

Option 3 - (high level of investment) to include:

- Backlog repairs
- Capital works in line with life cycle requirements
- Provision of communal (district) heating
- Works anticipated to target a minimum of EPC C to each flat (such as thermal upgrading of under-crofts, roof, upgrade infill panels to balconies, and internal wall insulation to residual external wall and concrete frame areas)
- Fire safety upgrading measures

- Revised letting Standard audit and upgrading works, as required

Option 4 - (very high level of investment) to include:

- Backlog repairs
- Capital works in line with life cycle requirements
- Provision of communal (district) heating
- Works anticipated to target an EPC B to each flat (such as thermal upgrading by over-cladding)
- Fire safety upgrading measures
- Revised letting Standard audit and upgrading works, as required
- Decant of tenants during works

Option 5 - (Demolition / Replacement) to include:

- Repairs and capital works reduced to urgent only
- Progressive decanting and buy-back
- Demolition
- Replacement with new build to an EPC A “Gold Standard” Accommodation

3.18 The Life Cycle Cost Options Report (Appendix 11 E) advises that, over the next 30 years, each of the identified strategic options will result in a number of different expenditure requirements, with the following provisional magnitude totals (net of VAT and other noted exclusions):

Option 1 – cost per flat – £270k to £350k

Option 2 – cost per flat – £300k to £380k

Option 3 – cost per flat – £330k to £430k

Option 4 – cost per flat – £380k to £480k

Option 5 – cost per flat – £420k to £450k

3.19 In order to progress to a full options appraisal, it is now proposed that consultations be undertaken with the stakeholders, including our tenants, the private owners and other stakeholders.

3.20 Officers propose engaging experienced and skilled consultants to undertake these consultations, which are intended to ensure that the views of these stakeholders are reported to the Council. It is anticipated that will include providing the offer of support and assistance to stakeholders, so as to ensure their effective engagement.

3.21 The consultation processes would seek stakeholders’ views on both the investment required to sustain the buildings, options around how this funding could be met, along with assessing the quality of homes available, quality of living experience and the full the range of non-financial benefits and dis-benefits associated with the options.

3.22 Officers propose engaging with other local authorities, tenants and owners’ representative groups to establish best practise.

3.23 It is proposed that the findings of the recommended stakeholder consultation be reported to this Committee in the summer of 2024, along with recommendations as to potential decisions that may then be made.

4. FINANCIAL IMPLICATIONS

4.1 The proposals within this report will require the employment of a number of specialist consultants. A budget for this expenditure is allowed for within existing budgets.

5. LEGAL IMPLICATIONS

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

5.2 The proposed full options appraisal will consider and report on the Legal implications of each of the Strategic Options.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

6.2 The proposed full options appraisal will consider and report on the environmental implications of each of the Strategic Options.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	NA			Yes
Compliance	This report, and any subsequent works that arise from it, may give rise to compliance issues	The consequence of each option against compliance criteria will have a significant bearing on how each	M	Yes

	see, in particular, items 3.7, 3.8 and 3.9	Strategic Option is considered.		
Operational	This report, and any subsequent works that arise from it, may give rise to customer care issues see, in particular, items 3.7 and 3.8.	The consequence of each option against customer service criteria will have a significant bearing on how each Strategic Option is considered.	M	Yes
Financial	It is understood, however, that previous and current levels of re-investment have not kept pace with <ul style="list-style-type: none"> - the requirements of the age of these properties; and - the maintenance of modern standards of accommodation. 	It is envisaged that the Council will conduct this appraisal in an open and transparent manner and offer the Council and the private owners a range of financial options from which to base the final scheme decision, for each block separately.	M	Yes
Reputational	This report, and any subsequent works that arise from it, will result in very significant reputational risks amongst stakeholders, including: <ul style="list-style-type: none"> - Tenants - Private owners - Historic Environment Scotland 	It is envisaged that the Council will conduct this appraisal in an open and transparent manner. It is also envisaged that the Council will arrange for the tenants and private owners, from these blocks, to be supported and assisted so that they may engage effectively during the proposed consultation process.	H	Yes
Environment / Climate	This report has no direct environmental implications Once an action plan for these blocks has been decided upon, the subsequent works	If Strategic Options 1, 2, 3 or 4 are, in due course, selected, measures will be undertaken to avoid the asbestos containing materials giving rise to a risk to	M	Yes

	<p>may result in environmental risks. These risks will, however, not be outwith what is normal for this type of project.</p>	<p>health (to residents, visitors and work persons).</p> <p>If Strategic Options 1, 2, 3 or 4 are, in due course, selected, measures will be proposed to reduce the carbon emissions from these blocks through normal living activities.</p> <p>If Strategic Option 5 is, in due course, selected measures will be undertaken to reduce the carbon emissions through the activities of demolition and replacement.</p> <p>If Strategic Option 5 is, in due course, selected the activities of demolition and replacement will generate waste, which is to be reduced and re-cycled, as much as is practical.</p>		
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8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2022-2023</u>	
	Impact of Report
<p>Aberdeen City Council Policy Statement</p> <p><u>Working in Partnership for Aberdeen</u></p>	<p>The proposals within this report support the delivery of the following aspects of this policy statement:-</p> <ul style="list-style-type: none"> transforming our city, making it a better place for people to live, work, raise a family and visit.

	<ul style="list-style-type: none"> • helping people hit by the cost of living crisis, alleviating poverty and improving the quality of life for our citizens • striving to achieve Net-Zero, while seeking to ensure a Just Transition which is fair, both economically and socially, for the citizens of Aberdeen • ensuring that the current housing stock is fit for the future and brought up to the highest standards where possible
Aberdeen City Local Outcome Improvement Plan 2016-26	
Prosperous Economy Stretch Outcomes	The proposals within this report support the City Centre Masterplan, by setting out steps towards making city centre living a more attractive proposition which, in turn, is expected to support a number of employment sectors.
Prosperous People Stretch Outcomes	The proposals within this report support improved healthy life expectancy by setting out steps towards achieving reductions in fuel poverty and housing that is affordable.
Prosperous Place Stretch Outcomes	The proposals within this report support reducing Aberdeen's carbon emissions by setting out steps towards achieving more energy efficient housing.
Regional and City Strategies	<p>The proposals within this report support the following Policy Programmes:</p> <ul style="list-style-type: none"> - Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 - Energy Efficiency Standard for Social Housing

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Not required, but will be required as part of the presentation of the proposed full options appraisal

Data Protection Impact Assessment	Not required, but may be required as part of the presentation of the proposed full options appraisal
Other	Not applicable

10. BACKGROUND PAPERS

- 10.1 A Tenant's Guide to the Scottish Housing Quality Standard, Scottish Government, March 2011
- 10.2 New Tenancy - letting standard, Aberdeen City Council
- 10.3 The Energy Efficiency Standard for Social Housing post 2020 (EESH2), Scottish Government Guidance for Social Landlords

11. APPENDICES

- (A) High Rise Condition Survey Report, Thistle Court, February 2023, Faithful and Gould
- (B) High Rise Condition Survey Report, Hutcheon Court, February 2023, Faithful and Gould
- (C) High Rise Condition Survey Report, Porthill Court, February 2023, Faithful and Gould
- (D) High Rise Condition Survey Report, Marischal Court, February 2023, Faithful and Gould
- (E) High Rise Residential Accommodation, Life Cycle Cost Options Report, 3rd March 2023, Faithful and Gould

12. REPORT AUTHOR CONTACT DETAILS

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