

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	June 9 th , 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Middlefield: Development Updates
REPORT NUMBER:	CHI/15/187

1. PURPOSE OF REPORT

The purpose of the report is to provide an update on the new build projects at Smithfield and Manor Walk as instructed to Officers at the FP&R committee on December 4th 2014.

RECOMMENDATION(S)

The Finance, Policy & Resources Committee is recommended to:

- a) To note the updates and progress to date for each of the developments.
- b) To note the refined costs for Manor Walk and Smithfield Council House Developments (see appendix 1 & 2)
- c) To approve the cost associated with the infrastructure works for the delivery of Combined Heating Power (CHP) to the new build sites and that Aberdeen Heat and Power Company Ltd (AH&P) are awarded the contract to undertake these works (see appendix 4)
- d) To instruct officers in the future to report to the Communities Housing and Infrastructure Committee on progress at appropriate times in the delivery of the housing projects.

2. FINANCIAL IMPLICATIONS

The current estimated development cost of the Manor Walk site and Smithfield site are as detailed in appendix 1 & 2. These costs are the revised costs (since reporting to committee in December 2014) based on a reduction in unit numbers and mix. The costs are at current day prices and would increase by 3.05% (assuming a site start date of January 2016) based on BCIS all in tender price indices. The development costs do not include consultant fees which would equate to 12%.

A Housing Grant of £46K per plot has been granted by Scottish Government in March this year. This will be factored into the overall development costs. Initial costs for Site Investigation and land transfer of Smithfield and Manor Walk has been claimed from this grant to date.

3. OTHER IMPLICATIONS

- 3.1 Legal – no immediate implications arising directly from this report, however future involvement will be imperative throughout all stages of this project.
- 3.2 Health and Safety – Any new build proposals will require health and safety plans in accordance with Construction, Design and Management legislation.
- 3.3 Risk Management – Management of risk will be identified, monitored and mitigated in accordance with the ability to meet risk policy and programmed objectives. The Council led projects will form part of the overall new reporting and progress updates reports that will be scrutinised by CMT.
- 3.4 Resources – A fully resourced, multi-disciplinary design team is key to the successful delivery of these projects. A range of in house and external resources have been identified for both of these developments and are meeting on a regular basis to ensure programme deadlines are met.

REPORT

4 **Background**

- 4.1 Demand for affordable housing within Aberdeen currently outweighs supply. Therefore the Council and its partners must increase the supply by what ever means possible to increase the sustainability of its existing housing neighbourhoods. These sites provide an excellent residential redevelopment opportunity to help tackle these fundamental issues.

- 4.2 The provision of future high demand family housing to Middlefield is a real priority in view of the forthcoming new Haudagain upgrade and the loss of houses that will incur. This will help increase the social sustainability of the Middlefield neighbourhood and contribute positively to local regeneration.
- 4.3 Since the last update to Committee, designs have progressed in line with site investigation works in parallel with planning guidelines which has lead to a reduction in the number of units to be developed on both Smithfield and Manor Walk sites. The revised costs reflect these new numbers.
- 4.4 Smithfield School site will now accommodate 99 units (a mixture of 1, 2 3 and 4 bedroom flats and houses) and Manor Walk, 80 units (a mixture of 1, 2, 3 and 4 bedroom flats and houses). This mix reflects the current housing demand city wide and has been developed closely with our Housing Management colleagues (See appendix 1 & 2 for breakdown of numbers and types).
- 4.5 **Wider Regeneration Investment:** There is a clear understanding that opportunistic wider regeneration initiatives around the social, economic, health and education agendas are currently being developed and are included in the budgets of other Council Directorates. These initiatives will be taken into consideration when moving forward with any regeneration proposals.

5.0 Progress to Date on Smithfield & Manor Walk

- 5.1 A fully resourced, multi-disciplinary design team has been set up to deliver both of these projects. A range of in-house and external resources have been identified for both of these developments and are meeting on a regular basis to ensure these developments are delivered in accordance with the outlined programme.
- 5.2 Site investigations works have been completed on both sites and a full report is due over the next few weeks. Tender documentation is currently being prepared in line with OJEU procedures.
- 5.3 Design development work is progressing and we will continue to liaise and work closely with our Housing Management colleagues to ensure we are delivering homes that both meet the housing need and provide high quality and sustainable homes for our tenants.
- 5.4 To ensure our future homes tackle the growing issue of fuel poverty for our tenants, it is proposed that these developments will benefit from the installation of Combined Heat and Power which will provide future tenants with affordable heat and hot water. In order to deliver CHP to

both of these sites, the current network will be required to be extended which will also future proof and allow connections to be made to other buildings in the area. It is also envisaged to install telecom ducting which will ensure that residents can access superfast broadband in the future. The cost (see appendix 4) covers the overall works and connections to the sites. There are currently monies available to support these works.

Aberdeen Heat and Power Co Ltd (AH&P) was set up by the Council in 2002 to develop and manage CHP schemes, in particular schemes linked to clusters of multi-storey blocks. AH&P is a not-for-profit company limited by guarantee. It has a board of unpaid Directors and an external CHP consultant who carries out design, procurement and project management. A Framework Agreement is in place between the Council and AH&P which includes requirements that:

- AH&P's procurement is in line with the public procurement policy
- Ownership of all parts of the heating system within Council owned flats or common areas of the block reverts to the ownership of the Council upon installation
- The CHP plant is located on land owned by the Council and all mains distribution pipes run through Council owned land; and that the Council will grant AH&P a license for the long-term use of such land
- Surplus operating profits made by AH&P will be used to offset the capital costs of linking more Council owned multi-storey blocks into CHP schemes in the future.

6.0 Community Consultation

- 6.1 The Council is fully committed to community consultation, a comprehensive consultation plan for the Northfield area is currently being devised to ensure all stakeholders are consulted throughout key stages of these developments (See appendix 3 for proposed programme of events throughout May and June).
- 6.2 A range of consultation events will proceed over the next few weeks within the area where residents will be invited to provide comment on the proposed new developments. Staff will continue to attend local community group meetings and provide feedback to the residents as these projects develop.

7.0 Smarter Aberdeen

7.1 Smarter Economy (Competitiveness) & Smarter Living (Quality of Life)

We will improve access to affordable housing in both social rented and private sector, by supporting first time buyers, regenerating areas within the city and by working with developers to maximize effective use of developer contributions.

7.2 Smarter Governance (Participation)

We will seek to develop a sense of community in Aberdeen based on principles of openness, fairness, reciprocity and responsibility.

7.3 Smarter Environment (Natural Resources)

We will provide a clean, safe and attractive streetscape and promote bio-diversity and nature conservation. We will encourage wider access to green space in our streets, parks and countryside

8.0 Management of risk

The current project costs were run through the 30 Year Business Plan developed in 2013, this requires updating and will be carried out in June 2015. As the costs are subject to change there may be fluctuation in the debt affordability stated in section 2 Financial Implications.

In order to mitigate risk, strong project management of the project will be required along with Financial monitoring of the project by Finance.

REPORT AUTHOR DETAILS

John Quinn

Head of Land and Property Assets

jquinn@aberdeencity.gov.uk

Tel: 523363

Maria Thies

Project Manager

mthies@aberdeencity.gov.uk

Tel: 439295