

## ABERDEEN CITY COUNCIL

---

<b>COMMITTEE</b>	Strategic Commissioning Committee
<b>DATE</b>	30 April 2018
<b>REPORT TITLE</b>	Proposed procurement of council housing development partners.
<b>REPORT NUMBER</b>	RES/18/019
<b>DIRECTOR</b>	Resources
<b>CHIEF OFFICER</b>	Corporate Landlord
<b>REPORT AUTHOR</b>	Stephen Booth
<b>TERMS OF REFERENCE</b>	3.4

---

### 1. PURPOSE OF REPORT

This Report presents an opportunity for the Committee to consider alternative mechanisms to deliver Council Housing and seeks approval to invite proposals from landowners in Aberdeen for the construction of Council housing on their land.

### 2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Agree to the strategic commissioning principle that the Housing Revenue Account (HRA) could exercise the right to purchase completed units from land owner/developers or enter into other agreements where such units can be delivered on commercially viable rates at best value and in accordance with an approved specification, financial model, procurement/legal model, business plan and to meet a recognised need; and
- 2.2 Authorise the Chief Officer Corporate Landlord working with the Head of Commercial and Procurement Services to undertake market engagement with landowners in Aberdeen in relation to proposals for the construction of Council housing on their land in an open, transparent, non-selective and non-discriminatory manner.

### 3. BACKGROUND

- 3.1 At its budget meeting on 6th March 2018, the Council reaffirmed its commitment to proceed with a programme of Council house building to boost the supply of much needed affordable housing in the city. At this time a budget of £250 million was allocated.

- 3.2 The current Council house waiting list reported through the housing register at the 1st April 2018 is 6,236 inclusive of 1,455 on the transfer list, providing a net requirement of 4,781
- 3.3 In order to deliver the level of units required officers recommend that a range of delivery methods will be required. Whilst it is envisaged that the majority of units are likely to be delivered through a council build programme there may be an appetite amongst landowners to provide units. There may be particular advantages to the Council in this model if it can bring forward sites in high demand/ need areas and if the construction risks can be passed to the developer/ landowner.
- 3.4 Since the 6<sup>th</sup> March the Council have been approached by a number of developers suggesting a development solution along these lines. Opening this concept to the wider market and undertaking market engagement will ensure that the council is acting in an open, transparent, non-selective and non-discriminatory manner and that best value can be achieved from any future transactions. Subject to recommendation 2.2 being approved, market engagement events and ongoing dialogue will be undertaken across the provider market.
- 3.5 The detail of any proposals will be developed into individual business cases and reported to future meetings of the Capital Programme Committee. Such business cases will consider a range of issues including:-
- Financial Affordability including life cycle costs
  - Specification
  - Housing mix and type
  - Local demand patterns
  - Links to wider regeneration and local outcomes
  - Balance of risk and return
  - Track record, ability to deliver and delivery timescales
  - Quality of site and supporting infrastructure and services.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The financial implications are limited at this time although resources will be required to undertake due diligence should any developers/ landowners bring forward scheme's.
- 4.2 The full financial implications will be presented as a full business case to the Capital Programme Committee. This will consider all capital and revenue implications.

## 5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report. The relevant Function(s) will continue to work within procurement legislation to protect the interests of the Council.

## 6. MANAGEMENT OF RISK

- 6.1 All the risks in relation to this procurement will be assessed at Business case stage. There is limited risk at this stage in inviting landowners to put forward proposals.

	<b>Risk</b>	<b>Low (L), Medium (M), High (H)</b>	<b>Mitigation</b>
<b>Financial</b>	Will be assessed at business case stage. No financial commitments will be entered into in advance of an agreed business case.	n/a	
<b>Legal</b>	Will be assessed at business case stage. No legal commitments will be entered into in advance of an agreed business case.	n/a	Opening this concept to the wider market and undertaking market engagement will ensure that the council is acting in an open, transparent, non-selective and non-discriminatory manner.
<b>Employee</b>	Will be assessed at business case stage.	n/a	
<b>Customer</b>	Will be assessed at business case stage.	n/a	
<b>Environment</b>	Will be assessed at business case stage.	n/a	
<b>Technology</b>	Will be assessed at business case stage.	n/a	
<b>Reputational</b>	The Council not being able to deliver additional Council houses. Will be further assessed at business case stage.	M	The project will have a robust financial model and professional project management.

## 7. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	The proposals may result in outcomes which improve the housing supply with advantages to the wider economy.
<b>Prosperous People</b>	The supply of affordable housing has an impact on people and their quality of life.
<b>Prosperous Place</b>	Deliver of new high quality housing is a primary aim of the council and the LOIP.
<b>Enabling Technology</b>	none

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	not required
<b>Privacy Impact Assessment</b>	not required
<b>Duty of Due Regard / Fairer Scotland Duty</b>	not applicable

## 9. BACKGROUND PAPERS

None

## 10. APPENDICES (if applicable)

None

## 11. REPORT AUTHOR CONTACT DETAILS

Name : Stephen Booth  
Title: Chief officer – Corporate Landlord  
Email Address: stbooth@aberdeencity.gov.uk  
Tel: 01224 522675