

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	3 June 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Summerhill new build Council housing progress report
REPORT NUMBER	RES/19/276
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

To update the Committee on progress of the Summerhill new build Council housing project.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 notes the progress achieved in the procurement of the Summerhill new build Council housing project, and
- 2.2 Instructs the Chief Officer Capital to provide a further update on progress at the next Capital Programme Committee in September 2019.

3. BACKGROUND

Project Introduction

- 3.1 At its budget meeting on 6 March 2018 the Council resolved, "to instruct the Director of Resources to report back to the City Growth and Resources Committee on 19 June 2018 with business cases for the delivery of 2,000

Council houses in conjunction with private developers, as appropriate, working within an affordable capital investment sum of £250 million and that each business case must demonstrate the long term affordability and sustainability of the Council's Housing Revenue Account."

- 3.2 At its meeting on 23 May 2018, this Committee agreed to proceed with the Summerhill site as a Council house build project to deliver 369 homes consisting of 1,2 and 3 bedroomed flatted apartments for social rent based on the current design proposals and that this be added to the capital programme.
- 3.3 The Council at its Budget Meeting on 5 March 2019 gave approval for the Chief Officer – Capital, to award the contract for the Summerhill procurement to develop the site as detailed in the report.
- 3.4 The Summerhill project will set the standard for the Council's new build housing programme providing an enhanced living environment and improved choice for local people.

Works Proposals

- 3.5 The development comprises 8 blocks of flats using 2 principle block forms to maximise daylighting and solar gain. These blocks are set in a hierarchy of quality open space designed with a network of paths to maximise access to all residents.
- 3.6 Direct access is provided to the Lang Stracht thereby improving accessibility to public transport into the City. Along with quality open space, all flats benefit from having either a private balcony space or juliet balcony with east, south or west aspect to maximise amenity value.
- 3.7 The project benefits from full Fibre To The Premises (FTTP) into each flat provided by British Telecom in addition to a separate landlord duct into each flat to improve digital connectivity options including the potential for other providers, eg City Fibre. Three car club spaces with cars are also included.
- 3.8 The proposed heating systems using Combined Heat & Power (CHP) by Aberdeen Heat and Power assists the Council in reducing its carbon footprint and will also make a major contribution to reducing fuel poverty for residents. Opportunities for men's sheds, Early Learning Centre programmes, Amazon lockers etc will be explored where appropriate.
- 3.9 The construction contract will include a comprehensive programme of Community Benefits with a total of 104 outcomes which will be monitored and reported on a quarterly basis. This includes apprenticeships, short and medium term school placements, school, further and higher education engagement activities.

- 3.10 It is proposed to set up a local resident's association to encourage local representation and participation in the future management and maintenance of the development. Events to engage with local Small to Medium Enterprises (SME) and 3rd sector organisations are planned including "meet the buyer" events to assist and stimulate the local supply chain.
- 3.11 It is proposed to set up a small 'project group' with local school children and community representatives to oversee this programme. The Community Benefits programme for Summerhill sets a template for future new build Council housing projects.

Current status

- 3.12 A single tender was submitted to the Council and a considerable amount of work has progressed on final design in order to achieve viability.
- 3.13 The site was transferred from the Council's General Fund to the Housing Revenue Account (HRA) prior to 31 March 2019. Initial site preparation works comprising removal of trees has taken place in readiness for a main contract site start.

Headlines / key issues of the moment

- 3.14 A proposal to change the phasing of the construction of the eight blocks to achieve economies in the construction process with resultant costs savings is being considered resulting in an approximate 3 year build period.
- 3.15 The tenderer has advised an alternative contractor design foundation solution for the site, the merits of which are also being investigated along with potential cost savings. Additional site investigations have recently been carried out to inform these proposals.
- 3.16 In parallel with the above, a feasibility study is being carried out along with Aberdeen Heat and Power to investigate the potential for changing from individual combi gas boilers to a district heating or Combined Heat and Power solution. This will make a major contribution to carbon reductions and additional savings in terms of life cycle costs. Subject to viability, it is expected that this work will be included within the proposed main contract.
- 3.17 An updated business case will be required based on the total project costs taking into account the final position on the final design. The business case will be required to demonstrate viability and funding proposals for the project. An approach may be made to the Scottish Government for funding support.
- 3.18 Given the changes to project design and specification, especially in relation to foundation design, it is prudent to allow these issues to be purified before awarding a construction contract in order to mitigate against potential claims.

3.19 To support the delivery of the overall capital housing programme a project management team have been appointed from Faithful & Gould. This was done utilising an existing procurement framework.

Interdependencies update

3.20 The project includes a new culvert connection to the Denburn. This was previously to be carried out independently of the main housing contract. However the decision has been taken to include this within the main new build housing contract to assist with planning and coordination and to achieve economies.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report. The construction contract will be awarded following completion of the updated business case and proven viability.

4.2 The construction cost for the Summerhill project is still being negotiated with the single bidder.

4.3 The total project cost is supported by funding from the following sources:

- (a) Public Works Loan Board borrowing
- (b) Second homes Council tax discount
- (c) Developer contributions for affordable housing
- (d) Scottish Government funding (to be applied for)

Gross Budget	Spend to date
TBC	£4.8m

4.4 The spend to date includes land price and design team costs.

5. LEGAL IMPLICATIONS

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

6. MANAGEMENT OF RISK

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

7. OUTCOMES

Local Outcome Improvement Plan Themes
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	Impact of Report
Prosperous Economy	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	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	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.
Enabling Technology	The Council recognises that enabling technology is central to innovative, integrated and transformed public services. There are no direct implications arising from the recommendations in this report. However all houses to be delivered by this programme will promote the Council's digital connectivity objectives by providing private landlord ducting into each property to allow landlord controlled installations. FTTP (fibre to the premises) will be provided via external suppliers.

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Tenant consultation does align to networking, communication and learning opportunities that support customer service design e.g. early intervention and prevention, data management and are aligned to good customer service.
Organisational Design	This promotes quality relationships between tenants and the Council - a landlord. This is a core aspect of the interim structure of the Early Intervention and Community Empowerment structure and culture.
Governance	This continues robust management of the HRA account.
Workforce	Housing Revenue Account should align with workforce principles e.g. flexibility and empowerment.
Process Design	Housing Revenue Account should be effective in enabling the most efficient method to provide housing to the 22,000 tenancies
Technology	Housing Revenue Account priorities should

	maximise effective use of technology.
Partnerships and Alliances	Housing Revenue Account priorities should maximise the opportunity benefit of partnering eg rapid rehousing.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	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.
Data Protection Impact Assessment	Privacy impact assessment (PIA) screening has been undertaken and a PIA is not necessary.
Duty of Due Regard / Fairer Scotland Duty	The new Council House Building Programme will improve and increase choices for households in meeting their housing needs in this sector of the housing market.

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.

10. APPENDICES (if applicable)

11. REPORT AUTHOR CONTACT DETAILS

John Wilson
 Chief Officer - Capital
 johnw@aberdeencity.gov.uk
 01224 523629