

## ABERDEEN CITY COUNCIL

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COMMITTEE	Capital Programme
DATE	23 September 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Wellheads Road New Build Housing Progress Report
REPORT NUMBER	RES/20/130
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

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### 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 The Site was in lockdown following the Covid-19 outbreak on the 24 March 2020, upon return to work on the 15 July 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.
- 3.5 Upon the return to site, the Contractor is making good progress, however a revised construction programme is under review outlining the Covid-19 impact on the handover dates.

- 3.6 Construction to Block 3 and Block 4 are progressing ahead of programme, timber kit has commenced on Block 4 and steelwork has commenced on Block 3. Foundations and structural steel erection on Block 2 are now complete. Block 4 is 3-4 months ahead of programme, and Block 2 is 6-7 months ahead, as the lag between blocks has been reduced.
- 3.7 Quality Assurance audits are continuing throughout the duration of the Contract to ensure consistency in quality across the overall Housing Programme.
- 3.8 The construction programme is under review to capture the impact of the Covid-19 lockdown, this may have revised completion dates, once confirmed Capital Officers will liaise with Housing Officers to coordinate the possession of the units. Phased delivery plan is as previously outlined below:

<b>Activity</b>	<b>Status</b>
Execution of Contract	Completed
Mobilisation	Completed
Block 4	Commenced
Block 3	Commenced
Block 2	Commenced
Block 1	Commenced

- 3.9 Following receipt of the revised programme, the Sectional Completion dates will likely need to be revised. The current four Sectional Completion dates contained within the Development Agreement are as follows:

Block 4	Spring 2021	67 Units
Block 3	Autumn 2021	83 units
Block 2	Winter 2021	77 units
Block 1	TBC	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**

- 3.10 Following return to site the Contractor is currently assessing his considered impact that the Covid-19 pandemic had had on his construction programme. Once the programme is issued, there will be a better understanding on the impact of the Sectional Completion Dates. It should be borne in mind that there remains a risk of future national or local lockdowns will impact upon labour and material availability and subsequently impact upon the overall timeframes.

## Interdependencies Update

- 3.11 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	£16.045m

- 4.3 In lieu of the Covid-19 outbreak and the impact it is having, Officers are currently carrying out negotiations with the Contractor, and this budget may need to be revised.
- 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 There is risk that, as the Wellheads Road Housing project design develops it may not be able to be consistent with the current wider programme objectives. This is a result of timing, as the vision was being developed when the agreement was signed. Where design changes can be implemented it should be noted that there may be an impact on cost and programme.
- 6.4 Inclement weather
- 6.5 Supply chain insolvency/liquidation

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	Impact of Covid-19 on the projects under design/construction and potential future impact upon delivery of units	H	Ensure lessons learned from current sites, embed float within programmes and closely monitor and liaise with the contractual parties.
<b>Compliance</b>	Failure to comply with project protocols	L	Increase site visits and monitoring of the construction works.
<b>Operational</b>	Staff both internal and external	L	Maintain home working where possible (design). Review business continuity plans.
<b>Financial</b>	Increased project costs, supplier risk	H	Work with legal, finance and procurement teams to understand and address contractual impacts.
<b>Reputational</b>	Late delivery of the 2000 units  COVID-19 outbreak on a construction site	H  H	Clearly communicate with key stakeholders regarding the impact of Covid-19 upon the delivery of units  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
<b>Environment / Climate</b>	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

<b>Impact of Report</b>	
<p><b>Aberdeen City Council Policy Statement</b> 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 Summerhill which when delivered will support a number of inter-related policy statements within the Council delivery Plan.</p>
<b>Aberdeen City Local Outcome Improvement Plan</b>	
<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 providing choice and opportunities which would otherwise not be available.</p>
<p>Prosperous Place Stretch Outcomes</p>	<p>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.</p>
<b>Regional and City Strategies</b>	
<p>Strategic Development Plan; Local Development Plan</p>	<p>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.</p>
<b>UK and Scottish Legislative and Policy Programmes</b>	
<p>Legislation which places a range of statutory duties on the</p>	<p>The report sets out the progress achieved to deliver the new Council housing across the city, all in accordance with the required legislation.</p>

## 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.

## 10. APPENDICES

Appendix 1: Location Map  
Appendix 2: Site Map

## 11. REPORT AUTHOR CONTACT DETAILS

<b>Name</b>	John Wilson
<b>Title</b>	Chief Officer, Capital
<b>Email Address</b>	<a href="mailto:JOHNW@aberdeencity.gov.uk">JOHNW@aberdeencity.gov.uk</a>
<b>Tel</b>	01224 523629

## Appendix 1 – Location Map



## Appendix 2: Site Layout Plan



