

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	28 October 2020
EXEMPT	The report is not Exempt but Appendices 1 & 2 are (paras 8 & 10)
CONFIDENTIAL	N/A
REPORT TITLE	New Housing Programme Delivery Update
REPORT NUMBER	RES/20/132
DIRECTOR	Steven Whyte, Director of Resources
CHIEF OFFICER	John Wilson, Chief Officer, Capital
REPORT AUTHOR	John Wilson, Chief Officer, Capital
TERMS OF REFERENCE	4.1

1. PURPOSE OF REPORT

- 1.1 To update the Committee on the progress of works being undertaken as part of Aberdeen City Council's directly delivered new build Council housing sites and developer led schemes of building 2,000 new homes.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Instructs the Chief Officer – Capital to proceed with the 3 developer led sites contained within the report to preferred bidder status to deliver 723 units (refer to Appendix 1);
- 2.2 Agrees the Director of Resources continues to progress the sites contained within Appendix 2 subject to them meeting the technical standards approved by this Committee in February 2020 as well as the financial assessment demonstrating their affordability;
- 2.3 Instructs the Chief Officer – Corporate Landlord to hold a further “market warming” event with developers and the housing construction industry;
- 2.4 Instructs the Chief Officer – Corporate Landlord, in conjunction with the Chief Officer – Commercial and Procurement, to run a further procurement process to acquire developer led sites within the city;
- 2.5 Approves the site at Granitehill be marketed as a Council house site after due diligence with regard to governance, technical, legal and financial viability, and
- 2.6 Instructs the Chief Officer – Corporate Landlord in conjunction with the Chief Officer - Early Intervention and Community Empowerment to ensure that the delivery of all the units is phased over a period of time and ensure they are let efficiently.

3. BACKGROUND

- 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 net 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 various sites as a Council House Programme to increase the number of new build social housing units across the city based on the current design proposals and that this be added to the capital Programme.
- 3.3 The report outlines the progress for the Council led delivery sites referred to throughout the report including: Direct Tranche 1 - Craighill, Kincorth, Tillydrone, Kaimhill, Greenferns (Phase 1A) and Greenferns Landward (Phase 1A) and Direct Tranche 2 - Kaimhill.
- 3.4 In addition, the report also outlines progress for current Developer led sites, both committed and uncommitted and further market engagement to determine if further pipeline sites are available.
- 3.5 To date the council has:
- Delivered 179 units at Smithfield and Manor Walk;
 - Purchased 99 units through the buy-back scheme but with a further circa 150 units anticipated over the next 18 months (subject to market availability);
 - Has entered into 2 Contracts (Summerhill and Wellheads) to deliver 652 units
 - Undertaken a procurement exercise via the Invitation to Participate in Negotiation (ITPN) process for Developer Led Schemes and secured actionable offers of circa 723 units;
 - Incorporated within scope, and commence pre-contract activity on, the Council Led Kaimhill site, with 36 Units anticipated within the RIBA stage 1 (Preparation and Briefing)_approval;
 - Developed RIBA Stage 1 proposals for all current committed Council led Direct Sites (circa 897units), including the wider Greenferns and Greenferns Landward Masterplan areas which could accommodate further development.

Refer to Appendix 4 : ACCHP Location Map of Housing Sites

- 3.6 The full list of all sites currently being progressed (subject to Committee approval) is detailed within Appendix 2 of this report. Included within this list is the site at Granitehill (as shown within the indicative development site plan at Appendix 3 of this report).
- 3.7 The Granitehill site will provide a potential 186 units. This would be subject to planning approval and further site surveys and therefore the final number of units will vary. This is merely the best estimate at this stage and will depend on the final mix of units to be provided.

- 3.8 It should be noted that due to the COVID-19 national lockdown restrictions officers have progressed a number of aspects of the programme through the need to “re-profile” work requirements. Wherever possible works have been progressed to support the construction industry during these difficult times and procurement exercises concluded to allow the programme to continue to be met.
- 3.9 While this proved very challenging for officers it can be seen that work is now at an advanced stage in a number of areas and as the various work streams were progressed it became apparent that the target 2,000 units would be exceeded if all sites were contracted.
- 3.10 Therefore committee approval is required to allow officers to continue at pace with the development of the various sites but always adhering to the principle that any stand alone development must meet the technical standards approved by the Council and provide the Housing Revenue Account with the long term financial viability and sustainability.
- 3.11 The Committee is asked to note the accelerated progress achieved in the delivery of the social housing programme despite the challenges of Covid-19;
- 3.12 Further, it should also be noted that if all current sites be legally contracted to the total current number of anticipated units then the total number of units being delivered would be potentially over 3,000 units
- 3.13 When taken together (all sites and all procurement routes) including the procurement process in recommendation 2.2 then in excess of 3,000 units will potentially be under contract for delivery.

Current Status

- 3.14 A high-level programme was approved at the Programme Board in December 2019 and is reported on a monthly basis at the Programme Board and ultimately reported to either the Capital Programme Committee or the City Growth and Resources Committee depending on the decision required from elected members.
- 3.15 Outcomes from the Programme Plan workshops have been captured in a Programme Blueprint document which outlines how the Programme will be executed and the outcomes/benefits that are to be achieved.
- 3.16 The Programme Vision is person-centred and views the system from the citizen’s perspective to reflect the diversity of people, homes and communities across Scotland. The Vision is confirmed as follows: –

“To create sustainable integrated communities and places, delivering affordable homes designed for life, which meet citizens current and changing needs, supporting the wellbeing and resilience of our tenants.”

- 3.17 In light of the terrible COVID-19 pandemic it is maybe fortunate that the Council has shown vision and foresight to adopt the Gold Standard across its housing programme.
- 3.18 The vision includes a range of ambitions which will deliver a level of specification which alleviates some of the risks which the public are currently experiencing whilst living and working with the COVID-19 threat. Factors catered for are bicycle storage (depending on size of dwelling), office space for homeworking and dedicated green space,
- 3.19 Where people are able to work from home, they will be working in a property which delivers better energy efficiencies (helping deliver against the Council's anti-poverty strategy as well as against the council's approved energy transition vision), with better outdoor facilities that help improve physical and mental health .
- 3.20 The Housing Programme will demonstrate benefits which align with those identified in the Local Development Plan and the stretch outcomes detailed in the Local Outcome Improvement Plan (where possible). Programme Benefits and Community Benefits will be measured throughout the Programme on a continual basis. Additional project-specific benefits will be developed in due course.
- 3.21 The RIBA Stage 1 site surveys recommenced on the 10 August 2020 following a delay due to COVID-19 restrictions and are now nearing completion, with Reports on target for release in Q4. These delays arose because site access was prohibited as during lockdown, conditions were in place and the construction industry was unable to operate. All off-site works were, however, progressed where possible. These surveys will support design development across the direct sites, facilitating development of detailed technical proposals according with the site constraints. Further surveys will be required later in the Programme to achieve Planning approval permission, whilst meeting suspensive conditions.
- 3.22 Revised High-Level Requirements have been developed, which are aligned to the Vision/benefits for the Programme as approved by the Council. These requirements will ensure consistent quality across the Programme as well as addressing challenges around fuel poverty, contributing to achieving a carbon neutral footprint in line with the Council's 2020/21 budget, and achieving a higher quality of living for tenants. Additionally, all homes in the Programme will comply with Housing for Varying Needs standards.
- 3.23 Delivery of Gold Level technical standards across the Housing Programme was approved at City Growth and Resources Committee on the 6^h February 2020. These standards have been incorporated in the High-Level Requirements document and form part of both the Consultant and Developer Invitation to Tender (ITT) documentation.
- 3.24 The Design Consultants (Lead Designer, Architect, & BIM Coordinator, Civil & Structural Engineer and Building Services Engineers) have been procured and appointed for the ACC Direct sites Tranche 1 & 2, with the exception of those

for the Greenferns and Greenferns Landward: Master planning and Phase 1 Design commissions. Procurement documentation for such services is in preparation and will be concluded early 2021.

- 3.25 The Outline Business Cases (OBC's) have been drafted for the Council led projects at Kincorth, Craighill and Tillydrone and RIBA Stage 1 has been completed for the above-named projects within the OBC budgets. Housing Infrastructure Fund applications are in preparation across Tranche 1, with submission due late 2020.
- 3.26 RIBA Stage 2 (Concept Design) is nearing completion for the Craighill and Kincorth sites both of which are due to conclude early Q4 2020. Tillydrone RIBA Stage 2 has been completed within the OBC budget and RIBA Stage 3 (Spatial Coordination) activities have commenced.
- 3.27 The coming months will see the Kaimhill team commence RIBA Stage 2 activities, with the OBC drafted and brief agreed.
- 3.28 Greenferns and Greenferns Landward RIBA Stage 1 has been completed across the Masterplan area. Master Planning and progression of Phase 1A for both of the sites will commence in Q4 2020 following necessary procurement, with a brief to contribute 511 units to the programme (with the potential to deliver an additional 274 units).
- 3.29 Final Developer Led submissions were received on 27th August 2020, with each submission financially, technically and legally assessed and scored in accordance with the agreed methodology.
- 3.30 The resulting detailed recommendations as to which schemes should progress, the methodology for advancing same and areas for further consideration having been agreed with the programme board, it's anticipated that Developer Led sites will deliver circa 723 Units.
- 3.31 Three of the proposed Developer Led Sites ((A, B, C) will be taken to preferred bidder status. The remaining two bids ((D & E) did not achieve the minimum scores required to progress.
- 3.32 Letters of notification have been issued to both the successful and unsuccessful bidders, with the standstill period to expire thereafter and final detail of associated Pre-Contract documentation to be concluded shortly thereafter.
- 3.33 Feedback upon the process undertaken, and to unsuccessful bidders, will be advanced over the coming period with a view to carrying out a further Developer Led Housing ITPN (Tranche 2), in Spring 2021 subject to this Committee's approval and also noting this would result in the delivery in excess of 3,000 units – well in excess of the 2,000 originally envisaged.

Next Steps (Council Direct Sites)

Activity	Target Date	Status
Approval of Programme Level BIM Protocol	August 2020	Completed
Phase 1 Site surveys to be completed	October 2020	Ongoing – Anticipated Q4 2020
Procurement of, and Appointment of Tier 2 (Landscape Architect, Fire Engineer, Acoustician) Professionals	October 2020	Ongoing
RIBA Stage 2 for Council Direct Sites (Excel GF/GFL)	October 2020	Ongoing
RIBA Stage 3 for Council Direct Sites (Excl GF/GFL)	February 2021 – March 2021	Ongoing
RIBA Stage 2 commencement of Kaimhill (Direct Tranche 2)	October 2020	Ongoing
Design Team Procurement(s): Greenferns / Greenferns Landward - Masterplan and Phase 1A Services	January 2021	Ongoing

Next steps for Developer Led procurement

- 3.34 Following completion of the Final ITPN process none of the three successful developments is ready for ACC to immediately execute the associated Contract(s). Each requires further negotiation, variation and refinement to their proposed legal terms and progressive risk reduction through a managed design development phase to achieve such a status and mitigate residual client risk.
- 3.35 As such, as provided for within the offers received, Interim Agreements for each of the proposals will be refined with a view to governing the progress until such purification of the offers is concluded, with resultant unconditional Forms of Contract or development agreements (dependant on each proposal) anticipated over the coming months.

Next Steps (Developer Led)

- 3.36 In the case of Developer Led sites, further actions are required to take the sites designs to a sufficient level of detail to manage and mitigate residual risk to the Council and facilitate execution of the associated contract(s). These matters will be concluded over the coming months, with the relationship between the parties and liabilities managed through pre-construction

agreements and appropriate due diligence support secured and deployed to support the programme team in the preparation of documentation for execution.

The next steps of the programme in this regard are shown in the following table.

Activity	Target Date	Status
ITPN Final Returns	August 2020	Completed
ITPN Final Evaluation	September- October 2020	Completed
Issue decision letters to the ITPN parties.	October 2020	Completed
Complete Alcatel period after notification letter issued	October 2020 (10 Working days)	Completed 26 October 2020
Agreeing a PCSA's with the successful parties	October – November 2020 (may vary)	Ongoing
Development of Technical and Contractual proposals	Varies	Awaited
Execution of Developer Led Tranche 2	Varies	Awaited

4. FINANCIAL IMPLICATIONS

- 4.1 Business cases have been received from the external appointed Technical Advisors for the Council led direct sites, and these now incorporate budgets reflecting the Gold Standard previously approved.
- 4.2 Approval of Gold Technical Standards will increase capital costs in order to fulfil ACC High Level Requirements (as described and approved by Committee in February 2020), however this will also reduce future maintenance costs, commit investment in properties which promote a better mental and physical health, and future-proof properties by facilitating adaption to suit tenants' current and future requirements. This strategic approach is part of a deliberate preventative shift as envisaged by the Target Operating Model.
- 4.3 By creating more energy efficient homes which meet future standards such as Energy Efficiency Standard for Social Housing (EESSH) the monthly fuel consumption for Gold Standard properties is reduced. This represents an important milestone in the heating transition required by the energy transition vision approved by council.
- 4.4 In lieu of the Covid-19 pandemic, it is highly likely that there will be additional costs and delays on the two projects (Summerhill and Wellheads) currently under construction. The programme team are currently reviewing and

negotiating the impact of same, with agreements covering the impact to date anticipated.

5. LEGAL IMPLICATIONS

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

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	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.
Compliance	Failure to comply with project protocols	L	Increase site visits and monitoring of the construction works.
Operational	Staff both internal and external	L	Maintain home working where possible (design). Review business continuity plans.
Financial	Increased project costs, supplier risk	H	Work with legal, finance and procurement teams to understand and address contractual impacts.
Reputational	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

	Publication of New Technical Standards post Construction Contract Award	M	<p>the most valuable resources: people.</p> <p>Adopt a forward-looking approach and instruct programme team to design for anticipated life safety impacts.</p>
Environment / Climate	Targeting net zero	L	<p>Mitigating climate risks requirements by ensuring at the point of contract award that target net zero requirements are embedded into project specification requirements.</p>

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement 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;	This report highlights the progress being made across a wide range of potential housing sites which when delivered will support a number of inter-related policy statements within the Council delivery Plan.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	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. When delivering the construction, service or supplies contracts consideration will also help ensure that wider social

	and economic issues are borne in mind through community benefits.
Prosperous People Stretch Outcomes	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 Stretch Outcomes	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.
Regional and City Strategies Strategic Development Plan; Local Development Plan	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.
UK and Scottish Legislative and Policy Programmes Legislation which places a range of statutory duties on the Council, Planning (Scotland) Bill	The report sets out the progress achieved to deliver the new Council housing across the city, all in accordance with the required legislation.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An Equality and Human Rights Impact Assessment (EHIRA) 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: Executive Summary (EXEMPT)

Appendix 2: Full List of Current Sites and Status (EXEMPT)

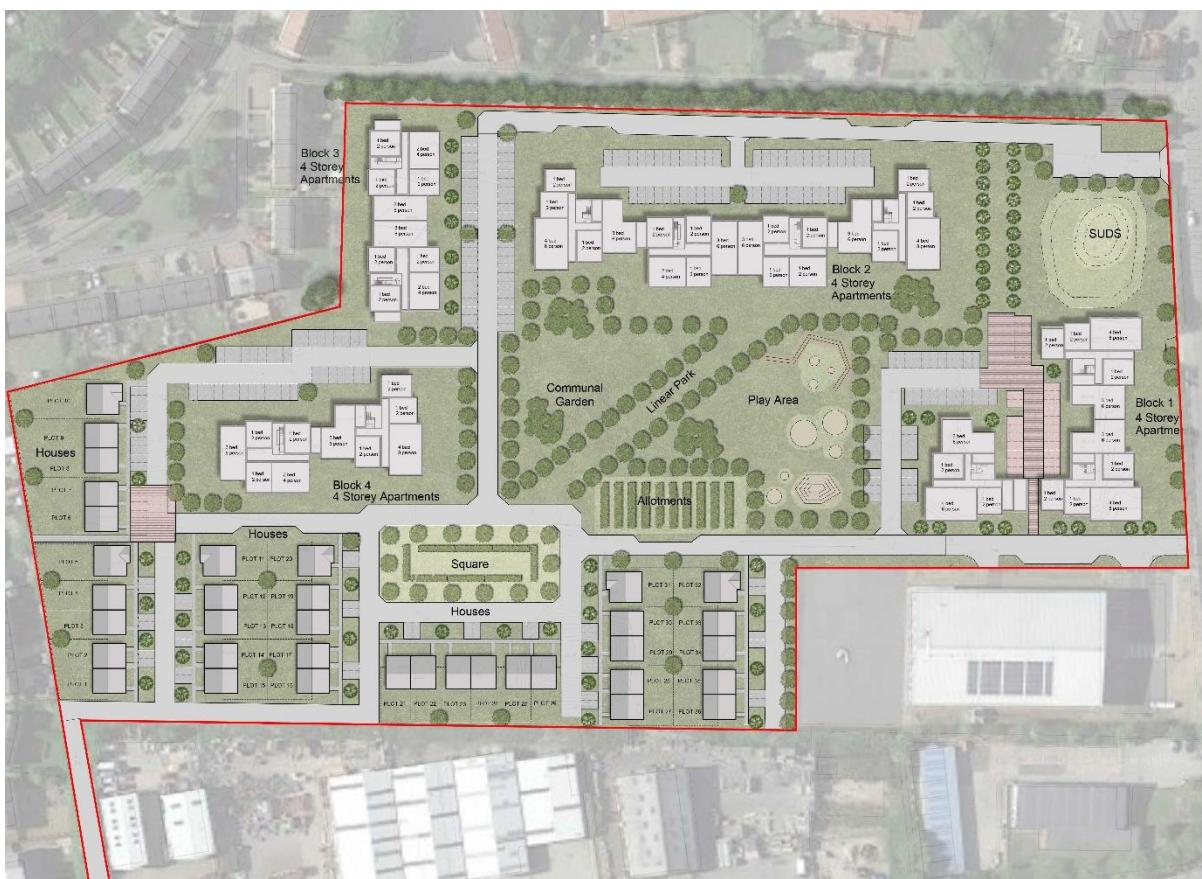
Appendix 3: Indicative Granitehill Site Development Plan

Appendix 4: ACCHP Map of all sites

11. REPORT AUTHOR CONTACT DETAILS

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APPENDIX 3: Indicative Granitehill Site Development Plan



APPENDIX 4: ACCHP Location Map of Housing Sites

