

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	26 May 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	New Housing Programme Delivery Update
REPORT NUMBER	RES/21/123
DIRECTOR	Steven Whyte, Director of Resources
CHIEF OFFICER	John Wilson, Chief Officer, Capital
REPORT AUTHOR	John Wilson, Chief Officer, Capital
TERMS OF REFERENCE	Remit 1.1

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 to meet the political commitment of 2000 new homes.
- 1.2 Outline progress for the Council led sites referred to throughout the report including Craighill, Kincorth, Tillydrone, Kaimhill, Greenferns and Greenferns Landward.
- 1.3 Outline Progress for Granitehill site.
- 1.4 Outline progress for Developer led sites.
- 1.5 Outline progress for the second Developer Led Scheme procurement tender process.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the progress to deliver the programme of social housing sites across the city. Refer to Appendix 1.

3. BACKGROUND

- 3.1 As an update to existing approvals, at its budget meeting on 10 March 2021 the Council resolved, to delegate authority on a number of matters to various Council Officers usually in consultation with others, to facilitate the delivery of the 2,000 new Council homes.
- 3.2 These matters predominantly related to the procurement and expenditure related to known sites but the Council also instructed Officers to investigate what other opportunities may exist with unknown developer led sites.

3.3 To date the Council has:

- Delivered 179 units at Smithfield and Manor Walk;
- Delivered 67 units at; Phase 1 Wellheads;
- Purchased 104 units through the buy-back scheme;
- Has entered 2 construction contracts (Summerhill and Wellheads) to deliver 652 units;
- Concluded a procurement exercise via the Invitation to Participate in Negotiation (ITPN) process for Developer Led Schemes, which recommended proceeding through a preferred bidder process with 3 sites proposed by 2 developers totalling an additional 723 Units.
- Following the Developer Preferred Bidder process; executed a Development Agreement for the development at Auchmill Road (92 units) and entered into a Pre-Award Services Agreement (PASA) for the development at Cloverhill to progress pre-construction services to delivery 536 units.
- Included a site at Kaimhill proposing 36 Units, this is currently being developed at RIBA Stage 2.
- Submitted Planning applications for developments at Craighill, Kincorth and Tillydrone.
- Developed RIBA Stage 1 proposal for all current committed Council Direct Sites (circa 897 units), including the wider Greenferns and Greenferns- Landward Masterplan areas which could accommodate further development.

Vision and Standards

3.4 As noted previously, for those projects across the programme which are still undergoing design development, they are being taken forward on the understanding that Gold Level technical standards are incorporated in the High-Level Requirements.

3.5 Lessons learned are being shared across the programme to try and ensure a consistent approach with regard to design development and construction.

Current Status Council Led Sites

3.6 The Outline Business Cases (OBC's) have been drafted for the Council led projects at Kincorth, Craighill, Kaimhill and Tillydrone.

3.7 RIBA Stage 3 (Design Development inclusive of Planning Application submission) is progressing for the Craighill, Kincorth, Tillydrone and Kaimhill sites.

3.8 Site Investigation works commenced at the Kaimhill site during April 2021.

3.9 External Consultants such as Landscape Architects, Acousticians and Fire Engineers have now been appointed for each direct site and designs are progressing with input from each consultant to support the Planning applications.

- 3.10 Following consideration of procurement options in consultation with procurement colleagues, the Procurement Strategy adopted for the direct sites is to appoint contractors listed on the Scotland Excel Framework.
- 3.11 Having decided on this approach, concerns were raised on the number and competitiveness of returns from utilising the Scotland Excel Framework. To inform decision-making an exercise was carried out to gauge the listed contractors appetite, capacity and capability for the various works.
- 3.12 The outcome of this exercise led to two options; either a Scotland Excel Framework tender mini-competition or selected direct awards based on understanding of capability and preference. In consultation with procurement colleagues the preferred option being taken forward is 'direct award'.
- 3.13 Early engagement is now underway with the Tier 1 Contractors for the 4 direct sites.
- 3.14 With regard to the Granitehill site, the council is in discussion with a contractor/ developer who has an option on the site. The site is zoned within the proposed LDP as a combined opportunity site and there are advantages to all parties in the sites being developed together. Discussions are ongoing with the developer/ contractor in the relation to the development mix and demand profile in this area which will allow an offer to be progressed in due course.

Next Steps for Council Led Sites

- 3.15 The expectation is formal planning submission will be considered at the June 2021 Committee for all of the sites, except Kaimhill. The Kaimhill site planning submission will be submitted for consideration at the August 2021 Committee.
- 3.16 A procurement exercise for Greenferns is due to commence in Q2 2021 to establish a design team to progress the development through RIBA Stages 2-4.
- 3.17 Whilst early engagement for the procurement for Tier 1 contractors for the direct sites is underway, the intention is to ratify this approach in in Q2 2021 leading to a construction award for all 4 sites in Q4 2021.

Next steps for Developer Led Sites

- 3.18 The Wellheads development is progressing well. The first 67 units have been completed and 65 are now occupied with a further 2 under offer. The next 67 units are due to be handed over in late Summer 2021. Leading up to the next sectional handover a lesson-learned exercise is being undertaken to see what improvements can be made for the next phase. This will involve representative from the contractor, council's advisors, capital team, building repairs, housing management and hopefully tenants.

- 3.19 The OBC has been drafted for the Developer led site at Cloverhill with the Full Business Case (FBC) for Auchmill Road being approved in February 2021.
- 3.20 For the Auchmill site (92 units) construction works have commenced on site. Going forward from this point it is proposed that the delivery of this project will be reported separately.
- 3.21 The Grandhome site formed part of the initial procurement exercise although it will be in excess to the 2000 homes reported to the budget meeting in 2021. A draft Development Agreement has been received which is currently undergoing a due diligence review, following recent consultations with the contracting parties.
- 3.22 The Developer led sites which progressed to Preferred Bidder stage have the potential to deliver 723 units across three sites (Auchmill Road, Cloverhill and Grandhome).
- 3.23 For the Developer Led ITPN Round 2, taking cognisance of lessons learned, a second tranche of developer led proposals will be sought through a tender process. A Procurement Paper has been issued to ACC Housing Programme Board with the methodology to commence a further ITPN process incorporating the lessons learned from the initial ITPN process, updating tender documentation and with enhanced Market Engagement.

The next steps programme for the Developer Led sites is as shown in the following table:

Activity	Target Date	Status
Publish Final Developer ITPN	August 2020	Completed
Initial ITPN Final Returns	August 2020	Completed
Initial ITPN Final Evaluation	September- October 2020	Completed
Development of Technical and Contractual proposals	Varies	Ongoing
Cloverhill PASA Period	October 2021	Ongoing
Preferred Bidder Status- Grandhome	TBC	Ongoing
Lessons Learned Session	May 2021	Ongoing
Developer Market Engagement Exercise	May 2021	Ongoing
Developer 2 Tender Process	Q2 2021	Ongoing

4. FINANCIAL IMPLICATIONS

- 4.1 Outline Business Cases and Full Business Cases are being approved as they are developed taking cognisance of financial viability requirements.

- 4.2 Approval of Gold Technical Standards, while having an initial up-front cost, will reduce future maintenance costs. This commitment of investment in properties does however promote better mental and physical health, and future-proof properties by facilitating adaption to suit tenants' current and future requirements.
- 4.3 By creating more energy efficient homes which meet future standards such as Energy Efficiency Standard for Social Housing (ESSH) the monthly fuel consumption for Gold Standard properties is reduced.
- 4.4 Amendments to the Building (Scotland) Regulations have recently been approved resulting in a change to the regulations (from 31 March 2021) relating to automatic fire suppression systems. The implications of the Building Regulations on the ACC Housing Programme remain to be determined. Inclusion of sprinklers within the Direct and Developer Led sites at design stage has been approved, with the requirements now being incorporated into the schemes.
- 4.5 As identified in the March 2021 budget report future projects in excess of the 2000 units will be brought forward with individual business cases.

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	M	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 in lieu of the recent Brexit agreement	H	Work with legal, finance and procurement teams to understand and address contractual

	and any other Covid-19 related cost impacts.		impacts related to the supply of labour, plant and materials.
Reputational	Late delivery of housing units	M	Clearly communicate with key stakeholders regarding the impact of Covid-19 upon the delivery of units.
	COVID-19 outbreak on a construction site	M	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.
	Resource available to ensure possession and management of new assets.	M	Ensure strategy is in place prior to Handover and ensure adequate resources are available (ACC resources). Handover strategy is currently being reviewed to enhance the process.
Environment / Climate	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

<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	This report highlights the progress being made across a wide range of potential housing sites which when delivered will support several inter-related policy statements within the Council delivery Plan.

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;	
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.
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 (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.

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.
- 9.4 City Growth & Resources 28 October 2020: New Housing Programme Delivery Update: Report No RES/20/132
- 9.5 City Growth & Resources 28 January 2021: New Housing Programme Delivery Update: Report No RES/20/132

10. APPENDICES

- 10.1 ACCHP Location Map of Housing Sites

11. REPORT AUTHOR CONTACT DETAILS

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APPENDIX 1: ACCHP Location Map of Housing Sites

