

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	1 December 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 Developer led sites.
- 1.4 Outline progress for the procurement tender process for Greenferns and Greenferns Landward.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 note the progress to deliver the programme of social housing sites across the city. Refer to Appendix 1.
- 2.2 note that individual project progress reports would be submitted at the appropriate times to the Capital Programme Committee for the Council Led sites at Craighill, Kincorth and Tillydrone.

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 150 units at Wellheads - Phase 1 handover in March 2021 and Phase 2 handover in November 2021.
- Purchased 168 units through the buy-back scheme. A further 57 units are currently approved with a further 137 units currently under consideration.
- Has entered 6 construction contracts; comprising Building Contracts, Development Agreements and Pre-Construction Services Agreements for (Summerhill, Wellheads, Kincorth, Craighill, Kaimhill (awaiting planning approval) and Tillydrone) to deliver 1068 units.
- Progressed 2 Developer Led Schemes (Auchmill and Cloverhill) by 2 developers which were recommended following the Invitation to Participate in Negotiation (ITPN) process, totalling an additional 628 Units.
- Commenced the technical appraisal for a site located within the Grandhome Masterplan.
- Developed Kincorth, Craighill, Tillydrone and Kaimhill designs to RIBA Stage 4 and entered into Pre-Construction Services Agreements with preferred contractors.
- Achieved Planning permission for developments at Craighill, Kincorth and Tillydrone.
- Commenced site starts at Kincorth, Craighill, and Tillydrone with site set up and enabling works being undertaken.
- Undertaken a procurement exercise to appoint consultants for Greenferns and Greenferns Landward Masterplan areas which could accommodate further development.
- Undertaken an Options Appraisal Paper for a potential development located at 206 Union Street (28 units).

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 within 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. Coordination meetings are ongoing between the design teams for each site to ensure consistency. Input from the main contractors is also being provided on a regular basis to contribute to the design development.

Current Status Council Led Sites

- 3.6 The Outline Business Cases (OBC's) have been completed for the Council led projects at Kincorth, Craighill, Kaimhill and Tillydrone. Full Business Cases (FBC's) are now being developed for these sites.
- 3.7 RIBA Stage 4 (Design Development inclusive of Planning Application submission) is complete for the Craighill, Kincorth, and Tillydrone sites.
- 3.8 Planning application has been submitted for the Kaimhill site and awaits approval following presentation to the Planning Committee on 9 December 2021. The Kaimhill site is allocated for social housing in the 2022 draft Local Development Plan and therefore justification is being provided along with the Planning application to support the development being progressed in advance of the proposed LDP being approved and actioned.
- 3.9 A decision-making exercise was carried out to gauge the listed contractors appetite, capacity, and capability for the various works. The outcome of this exercise led to two options; either a Scotland Excel Housebuilder Framework tender mini-competition or selected direct awards based on understanding of capability and preference. In consultation with procurement colleagues the preferred option taken forward was 'direct award'.
- 3.10 The outcome of this procurement exercise resulted in the appointment of 3 main contractors across the 4 direct sites. The main contractors appointed are as follows:
Craighill – Robertson Construction East Ltd. (Urban Union)
Kaimhill – Bancon Construction (subject to planning approval)
Kincorth – Robertson Construction East Ltd. (Urban Union)
Tillydrone – Chap Construction
- 3.11 Designs are progressing with input from each contractor throughout Stage 4 and site starts commenced on the following dates:
Craighill – site set up commenced on 20 September 2021.
Kincorth – partial site set up commenced on 27 September and cabins arrived on site on 7 October 2021.
Tillydrone - site set up commenced on 27 September 2021.
- 3.12 With regard to the Grandhome site which was submitted as part of the Invitation to Participate in Negotiation (ITPN) process, the council is in discussion with a contractor/ developer who has an option on the Grandhome site. Discussions are to commence to review the Stage 3 Design information and assess against the ACCHP High-Level Requirements.

Next Steps for Council Led Sites

- 3.13 Formal planning approval was received in September and October for all of the sites, except Kaimhill. The Kaimhill site planning submission will be submitted for consideration at the December 2021 Planning Committee.
- 3.14 A procurement exercise for Greenferns was undertaken in Q3 2021 to establish a design team to progress the development through RIBA Stages 2-4. A recommendation paper has been prepared for consideration to ensure value for money is achieved and the most effective delivery strategy is selected for the two developments.

Next steps for Developer Led Sites

- 3.15 The Wellheads development is progressing well; 67 units are now occupied. The remaining 83 units are under offer following handover in November 2021. The next 77 units are due to be handed over in early 2022 and the final phase with 56 units is due to be handed over in Spring 2022. Leading up to the next sectional handover a lesson-learned exercise is being undertaken to see what improvements can be made for the next phases. This will involve representative from the contractor, council's advisors, capital team, building repairs, housing management and hopefully tenants.
- 3.16 The OBC has been drafted for the Developer led site at Cloverhill, the Stage 4 design report is due to be issued at the end of October 2021.
- 3.17 The Grandhome site formed part of the initial procurement exercise. A Stage 3 report is due from the developer and will be reviewed the ACCHP Technical consultants for compliance with the ACCHP High-Level Requirements.
- 3.18 The next steps programmed 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	Completed
Cloverhill Pre Award Services Agreement (PASA) Period	Q1 2022	Ongoing
Preferred Bidder Status - Grandhome	Q4 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 Following the amendments to the Building (Scotland) Regulations in March 2021, resulting in a change to the regulations, it was determined by the ACCHP Board that fire suppression systems and L1 fire alarm systems should be included in all direct sites included in the Housing Programme. 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 and any other Covid-19 related cost impacts.	H	Work with legal, finance and procurement teams to understand and address contractual 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	
<p>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;</p>	<p>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.</p>
Aberdeen City Local Outcome Improvement Plan	
<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>
Regional and City Strategies	
<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>
UK and Scottish Legislative and Policy Programmes	
<p></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>

Legislation which places a range of statutory duties on the Council, Planning (Scotland) Bill	
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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. REPORT AUTHOR CONTACT DETAILS

Name	John Wilson
Title	Chief Officer Capital
Email Address	JohnW@aberdeencity.gov.uk
Tel	01224 523629

11. APPENDICES

Appendix 1: ACCHP Location Map of Housing Sites

