

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	16 June 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	New Housing Programme Delivery Update
REPORT NUMBER	RES/22/116
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.

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.
- 2.2 Going forward, individual project progress reports will be submitted at an appropriate time to the Capital Programme Committee for each project.
- 2.3 Review the planned delivery of the Council led sites at Craighill, Kincorth, Tillydrone, Kaimhill in light of the current forecast increase in costs across the

construction sector and report the outcome of that review to the next appropriate meeting of the City Growth & Resources committee or the Council.

3. CURRENT SITUATION

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 283 units at Wellheads (Developer led scheme).
- Purchased 269 units through the buy-back scheme.
- Has entered 5 construction contracts; comprising Building Contracts, Development Agreements and Pre-Construction Services Agreements for (Summerhill, Kincorth, Craighill, Kaimhill and Tillydrone) to deliver 785 units.
- Progressed 2 other Developer Led Schemes (Auchmill and Cloverhill) by 2 separate developers which were recommended following the Invitation to Participate in Negotiation (ITPN) process, totalling an additional 628 Units.
- Entered into Pre-Construction Services Agreements with preferred contractors for Kincorth, Craighill, Tillydrone and Kaimhill and had all four sites progress on site.
- Achieved Planning permission for developments at Craighill, Kaimhill, Kincorth and Tillydrone.
- Appointed consultants for Greenferns and Greenferns Landward Masterplan areas which will accommodate further development and commenced Stage 2 concept designs for each of the developments.
- Commenced the Masterplan / PPiP process for both Greenferns and Greenferns landward and commenced the consultation process.
- Undertaken a technical appraisal for a site located within the Grandhome Masterplan.
- Developed an Options Appraisal Paper and procured a Design Team to progress the development located at 206 Union Street, contributing an additional 28 units to the overall total.

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 Final Business Cases (FBC's) have been completed and approved for the Council led projects at Kincorth, Craighill, Kaimhill and Tillydrone and the Developer led projects of Auchmill Road and Cloverhill.
- 3.7 RIBA Stage 4 (Design Development inclusive of Planning Application submission) is now complete for the Craighill, Kaimhill, Kincorth, and Tillydrone sites.
- 3.8 Planning approval has been granted for each of the sites and all pre-commencement conditions have been discharged.
- 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
Kincorth – Robertson Construction East Ltd. (Urban Union)
Tillydrone – Chap Construction
- 3.11 Site commencement for Craighill, Kaimhill Kincorth and Tillydrone have been undertaken and enabling works are progressing on each of the sites. The contractors are progressing well with enabling works due to complete for each site as follows, which will allow the main contract works to progress:
- Craighill – Summer 2022
 - Kincorth – Autumn 2022
 - Tillydrone – Summer 2022
 - Kaimhill - Autumn 2022
- 3.12 The projects have begun to experience unprecedented market conditions as a result of the Ukrainian war and Covid-19 pandemic. Availability of labour and materials is becoming increasingly difficult and advance orders are being placed where possible to secure materials. Phasing of the developments has

been considered as part of the overall programme to ensure that labour is being utilised in the most effective manner.

- 3.13 The Design Teams for Greenferns and Greenferns Landward have now been appointed and are progressing through RIBA Stage 2 concept designs for the sites. Several ecological surveys have now been undertaken on both sites, and an Environmental Impact Assessment: Screening and Scoping document has been issued to ACC Environmental team for review and feedback.
- 3.14 In relation to the Masterplan process for the Greenferns and Greenferns Landward developments, regular workshops have been arranged with ACC Planning Team to align the project brief with expectations and progress the sites through the Masterplan Process.
- 3.15 The consultation process for Greenferns and Greenferns Landward has commenced, with public presentations and liaison ongoing to fulfil the requirements of the Masterplan process.
- 3.16 Aberdeen Heat & Power have commenced off-site works to install a new district heating network to supply the Kincorth and Craighill sites. Works are progressing well and coordination is taking place with the main contractor on the two sites.
- 3.17 With regard to the Grandhome site, the council is in discussion with a contractor/ developer who has an option to develop the Grandhome site. Discussions are ongoing to review the Stage 3 Design information and assess against the ACCHP High-Level Requirements.

Next Steps for Council Led Sites

- 3.18 Continue with the enabling works packages to conclusion and commence a review of the planned delivery of the Council led sites at Craighill, Kincorth, Tillydrone, Kaimhill in light of the current forecast increase in costs across the construction sector.
- 3.19 Finalise RIBA Stage 2 for Greenferns and Landward and progress through RIBA Stage 3 designs.
- 3.20 Aberdeen Heat & Power will provide a feasibility study to present options for consideration for the heat source for Greenferns and Greenferns Landward.

Next steps for Developer Led Sites

- 3.21 All 283 units within the Wellheads have now been handed over to ACC. A lesson-learned exercise is being undertaken to establish improvements which can be made and implemented for future projects. This will involve representative from the contractor, council's advisors, capital team, building repairs, housing management and hopefully tenants.

- 3.22 The Grandhome site formed part of the initial procurement exercise. A Stage 3 and Stage 4 report has been submitted by the Developer and has been reviewed with the ACCHP Technical consultants for compliance with the ACCHP High-Level Requirements. Discussions are ongoing to establish the next steps for this development.

4. FINANCIAL IMPLICATIONS

- 4.1 Outline Business Cases and Full Business Cases have been approved, with the development of the OBC and FBCs 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. As identified in the March 2021 budget report future projects in excess of the 2000 units will be brought forward with individual business cases.
- 4.5 An application has been made to the Scottish Government to contribute to the implementation of ground source heat pumps on the Kaimhill site. The grant funding was approved by the Scottish Government in May for the site.
- 4.6 Due consideration is being given to the current market conditions, and strategies are being developed to prevent cost escalation, to manage project budgets and mitigate the impact of macro-economic factors on this programme of works.
- 4.7 Design teams on Craighill, Kaimhill, Kincorth and Tillydrone have been working with the main contractors to identify opportunities for cost savings to mitigate the impact of increasing prices in the market. Any potential cost savings are being considered against the Gold Standard and Housing for Varying Needs requirements to ensure any proposed changes comply with requirements and that standards are not compromised.

5. LEGAL IMPLICATIONS

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

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. 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 related to the Brexit agreement, Covid-19 related cost impacts and the impact of the Ukraine War and the recent announcement of a potential recession from the Bank of England.	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 the new housing units	L	Clearly communicate with key stakeholders regarding the impact of world events upon the delivery of units.

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.
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8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
<p style="text-align: center;">Aberdeen City Council Policy Statement</p> <p>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 across the city which when delivered will support a number of 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>

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.

9. IMPACT ASSESSMENTS

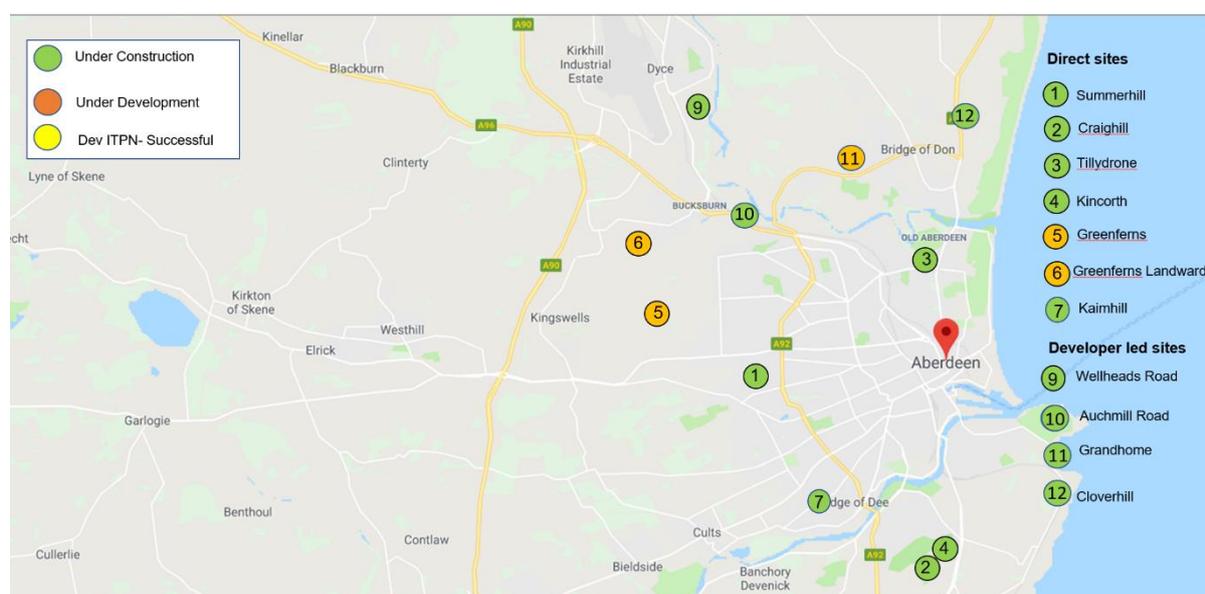
Assessment	Outcome
Impact Assessment	An Equality and Human Rights Impact Assessment (EHRIA) in connection with the Council housing building programme has been carried out on 11.4.2018 based on report no RES/18/006.
Data Protection Impact Assessment	Privacy impact assessment (PIA) screening has been undertaken and a PIA is not necessary.

10. 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

11. APPENDICES

11.1 Appendix 1: ACCHP Location Map of Housing Sites



12. REPORT AUTHOR CONTACT DETAILS

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