

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme
DATE	16 June 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Summerhill New Build Housing Progress Report
REPORT NUMBER	RES/22/117
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 at Summerhill new build Council housing project.

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the progress achieved in the housing project at Summerhill.

3. CURRENT SITUATION

Current Status

- 3.1 As a consequence of COVID-19 and other external factors, the programme has lost time with the Principal Contractor (CHAP Construction) currently reporting -6 weeks to Block 5, -7 weeks to Block 1, -7 weeks to Block 2, -1.5 weeks to Block 3, -1.5 weeks to Block 4, -4 weeks to Block 6 and -2 weeks to Block 8. Block 8 delays relate to the sub-structure progression hampered by recent weather conditions and as a result the superstructure works have been pushed back by two weeks. Block 7 is in abeyance until the completion of Phase 1.

Update since last report in December 2021

- 3.2 Construction Progress

Phase 1

- **Block 1** – The Lang Stracht pedestrian entrance bridge precast has been placed. All internal dwelling timber finishes have been progressed as far as possible. Stair core M & E works continue. External water, heating services & electrical services are all live. External works are progressing with car parking areas and kerbs.
- **Block 2** – The Lang Stracht pedestrian entrance bridge precast has been placed. All internal dwelling timber finishes have been progressed as far as possible. Stair core M & E works continue. External works are progressing with car parking areas and kerbs.
- **Block 5** – All timber finishes complete within the dwellings with the exception of service entry points. Dwelling decoration continues. Lowered ceilings, beam fire protection, plasterboard, painting, & timber finishes progress within the stairs & corridors. Installation of ground floor access door & screen has commenced. The courtyard steel access walkway services are near completion. The structural timber feature façade panels to the East & West elevations are complete. Electrical live testing has commenced. External water, heating services, & electrical services are all live. Installation of external façade lighting and aerial installation has commenced.

Phase 2

- **Block 3** – The Lang Stracht pedestrian entrance bridge precast has been placed. Steel balconies and handrailing are finalised. The incoming below ground Aberdeen Heat & Power infrastructure is complete. Internally, joinery 1st Fix has commenced allowing certain 1st Fix services installation to continue along with smoke taping.
- **Block 4** – “Vieo” roof works and brick cladding are in essence complete. Removal of scaffolding continues, currently circa 50% removed. Internally, joinery 1st Fix has commenced allowing certain 1st Fix services installation to continue along with smoke taping.
- **Block 6** – The balance of window installation has been finalised. Three out of the five stairwell roofs have been closed in. Commencement of stair core handrailing. Continuation of façade facing brick and stair core blockwork.

Phase 3

- **Block 8** – Substructure works have commenced.
 - **Block 7** – Not commenced yet.
- 3.3 Quality Assurance audits have continued on site and will continue throughout the duration of the Contract to ensure quality across the overall Housing Programme.

- 3.4 Revised construction programmes have been issued by the Contractor. Once handover dates are confirmed Capital Officers will liaise with the Corporate Landlord Housing Officers to coordinate the possession of the units. Phased delivery plan is as previously outlined below:

Activity	Status
Offsite culvert works	Completed
Issue second Letter of Intent	Completed
Site clearance	Completed
Let full Contract	Completed
Site start	Completed
Phase 1 [Blocks 1, 2 and 5]	Ongoing
Phase 2 [Blocks 3, 4 and 6]	Ongoing
Phase 3 [Blocks 7 and 8]	Ongoing

- 3.5 Practical Completion is anticipated as follows:

Phase 1	Autumn 2022	128 units
Phase 2	Winter 2022/23	128 units
Phase 3	Autumn 2023	113 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

- 3.6 The Contractor is considering the impact that the Covid-19 pandemic has had on the construction programme. To date, he has submitted an extension of time claim for the Covid-19 lockdown period and supply chain re-mobilisation. The works are impacted by ongoing supply chain issues due to Covid-19 pandemics impacts along with delays from supply of labour, materials and deliveries, resulting in significantly extended lead time for materials. This has been exacerbated by the implications of Brexit and more recently by the ongoing conflict in Ukraine.
- 3.7 Meetings continue to seek agreement in terms of likely cost and time impacts. The outcome of the claim negotiation with officers will be reported in due course

but it is now noted that the original programme dates cannot be achieved. An extension of time has been granted for Phase 1; further extension of time claims are being reviewed and assessed; negotiation of costs is ongoing.

- 3.8 While ongoing Covid-19 work practice requirements and supply chain issues are impacting progress on site, the contractor and design team are seeking mitigation where possible.
- 3.9 Building control have advised that all blocks must be substantially progressed prior to granting next extension to the building warrant in January 2023, otherwise new regulations that come into force October 2022 might be applied.

Interdependencies update

- 3.10 Stakeholder engagement and communications with other key parties remains ongoing, such as combined heat and power supply to the project. The contracted parties are in discussion and working closely to ensure the work by others does not impact overall project delivery.

4. FINANCIAL IMPLICATIONS

- 4.1 As noted in the June 2019 report, a single tender was submitted to the Council and since then design has been developed in order to achieve financial viability.
- 4.2 The construction costs include introduction of a Combined Heat & Power system and Denburn Culvert offsite drainage works.

The overall business case gross budget of £57.8m has been approved by ACC, however we are currently carrying out negotiations with the Contractor in lieu of the Covid-19 outbreak and this budget may need to be revised.

Gross Budget	Spend to date
£57.8m	£30.0m

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

Key Risks for Initial Construction Activities

7.1 Impact of Covid-19 delay to the programme, impact upon the site operations

7.2 Supply chain / material availability and extended lead in times.

7.3 Inclement weather

7.4 Supply chain insolvency/liquidation

7.5 Material shortage and labour shortage

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 369 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.

8. 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 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>
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.

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

- 10.1 Council 6 March 2018: Draft Housing Revenue Account Budget and Housing Capital Budget 2018/19 to 2022/23: report no CG/18/030.
- 10.2 Capital Programme 23 May 2018: Shaping Aberdeen Housing LLP – Referral from City Growth and Resources: report no RES/18/006.
- 10.3 Council 5 March 2019: Housing Revenue Account Budget 2019/20: report no RES/19/202.
- 10.4 Capital Programme 23 September 2020: Summerhill New Build Housing Progress Report: report no RES/20/131.
- 10.5 Capital Programme 28 January 2021: Summerhill New Build Housing Progress Report: report no RES/20/131.

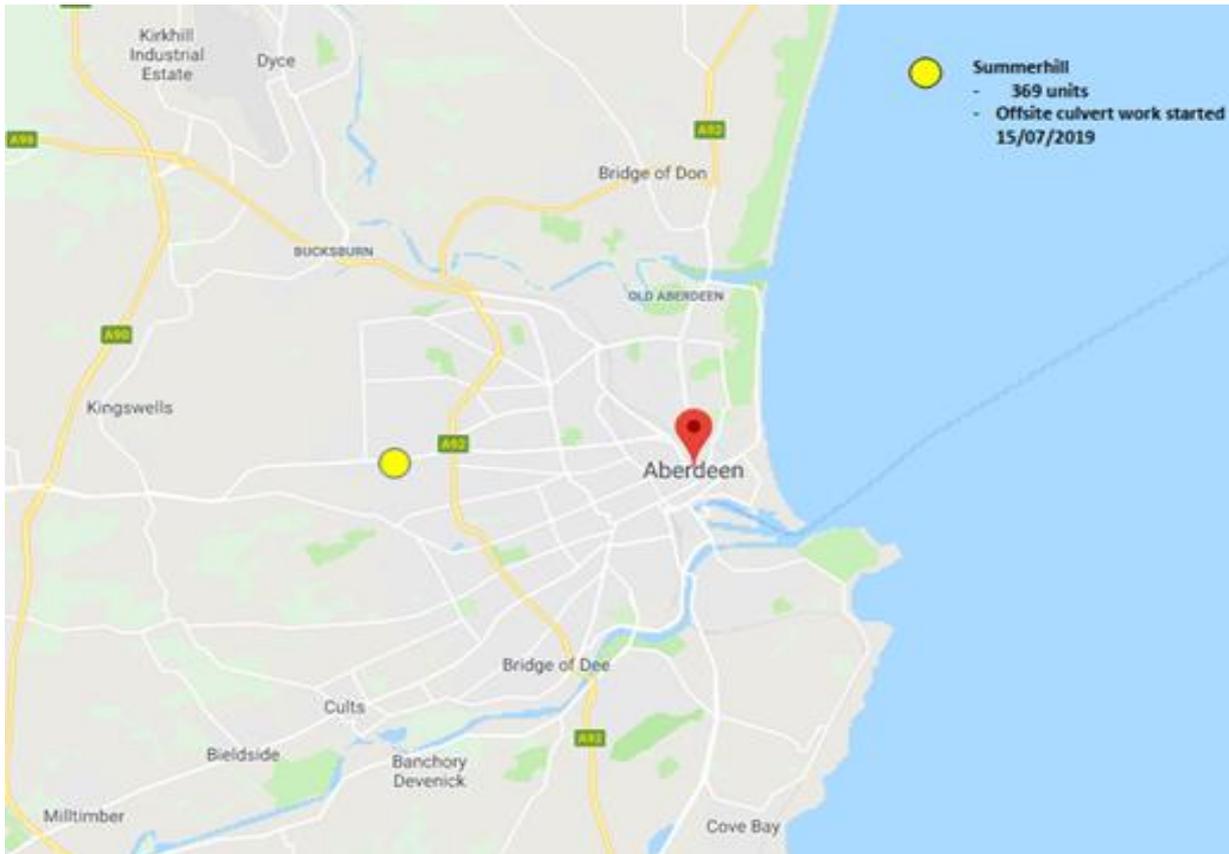
11. APPENDICES

- Appendix 1 Location Map
- Appendix 2 Site Layout
- Appendix 3 Site progress photographs

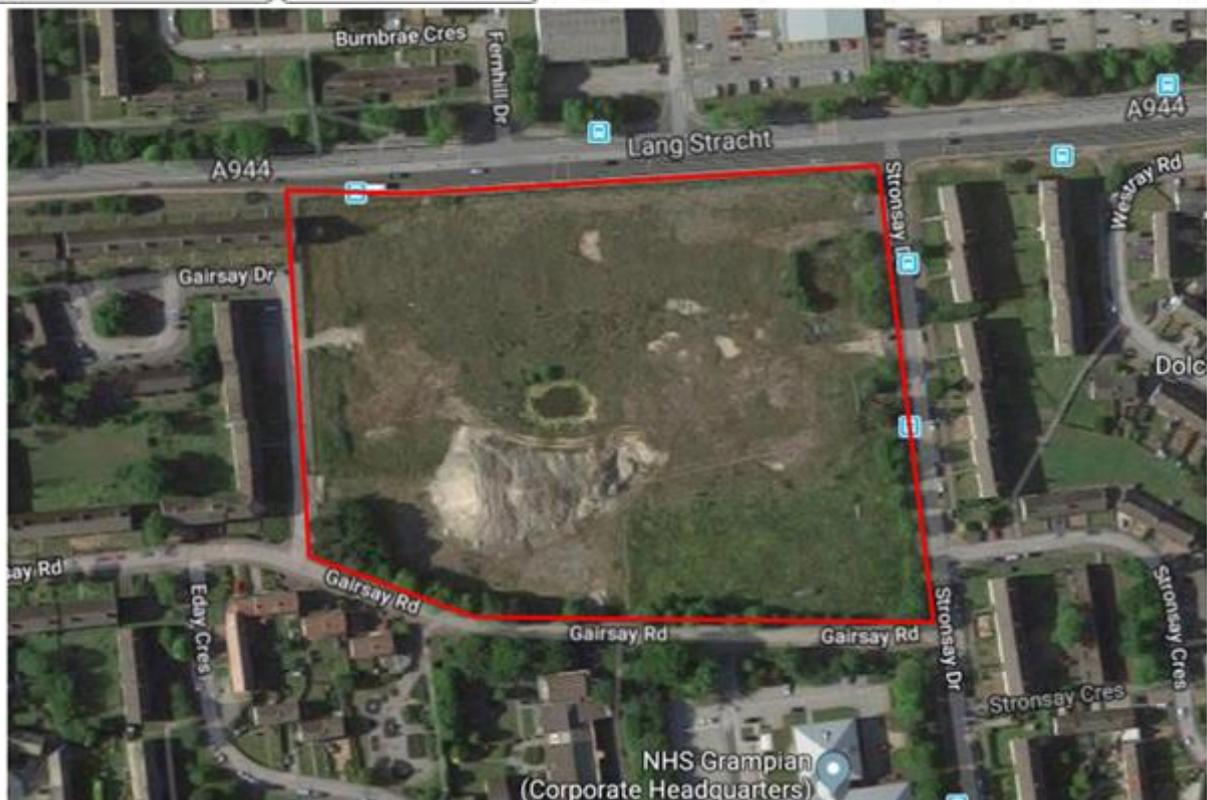
12. REPORT AUTHOR CONTACT DETAILS

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Appendix 1 – Location Map



Appendix 2 Site Layout



Appendix 3 Site progress photographs:



Blocks 1 & 2 – April 2022



Block 3 – March 2022

Block 5 – April 2022



Block 6 – March 2022



Block 8 – April 2022