

CLYDEBANK HOUSING ASSOCIATION LTD.

TO: Management Committee (28-Jan-2020)

DATE: 24.01.2020

FROM: Chief Executive

SUBJECT: Development Report - Agenda Item 18 (Decision Required)

Purpose of Report

The purpose of the report is to update the Management Committee on our development programme, to allow consideration of the information and any recommendations and arrive at decisions where required.

Potential impact on tenants and service users/Tenant Consultation requirements

There is no adverse impact on tenants and other service users as a result of information and decisions required in this report. There is ongoing consultation with Linnvale and Drumry Community Council in respect of this development.

Potential impact to tenants and future service users has already been reviewed and considered at previous meetings in terms of proposed rent levels for the new properties and the potential access to new build stock. The Association design standards have been agreed in line with current legislation, WDC requirements and CHA future maintenance costs.

Value for Money

CHA considers Value for Money in all aspect of its business including: -

- Managing our resources to provide quality services and homes to meet the needs of customers and the local community.
- Delivering the right service at the right time at the right cost.
- Planning for and delivering year on year improvements on our services based on customer priorities.
- Getting the most out of our assets and staff by operating efficiently and effectively.

The provision of new homes via our development activity demonstrates Value for Money in terms of delivering homes at affordable rent levels, ensuring an efficient standard of specification and close monitoring of overall costs.

Risk (Appendix 4)

Our development risk register is appended to this report for consideration and update

Legal/constitutional Implications (Reference to Model Rules)

Relevant legislation, e.g. Building Standards

There are no adverse legal implications as a result of this report and/or any decision required.

Relevant CHA Objectives:

- To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.

- To work in partnership with others, supporting our tenants and other customers, to maximise opportunities for physical and socio-economic regeneration in Clydebank.
- To ensure local decision making and community control, we will encourage our tenants and other customers to influence our policy and participate in decisions, which may affect them.
- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

Relevant SHR Regulatory Standards of Governance and Financial Management

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these objectives.
- The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decision on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The RSL conducts its affairs with honesty and integrity.
- The governing body and senior officers have the skills and knowledge they need to be effective.

The Management Committee will require confirming that the contents of this report and decisions required do not constitute a breach, material or otherwise, of the above Standards and there is no requirement to report a Notifiable Event to the Regulator.

Equalities

No protected group is adversely affected by the proposals, recommendations or updates within this report. Our commitment to equal opportunities and fairness applies irrespective of factors such as race, sex, disability, age, gender reassignment, marriage & civil partnership, pregnancy & maternity, religion or belief and sexual orientation.

a) **General**

Memorandum of Understanding – [REDACTED] (Update)

Per my previous report, the proposed changes to the Memorandum of Understanding as agreed by the Management Committee have been forwarded to [REDACTED] for consideration and we await a response. [REDACTED]
[REDACTED]
[REDACTED]

b) **Queens's Quay Development (37 units) (Decision Required)**

Updated information in relation to this development is as follows: -

• **General Update**

- The Development Agreement between [REDACTED] and Clydebank HA – currently being finalised by our solicitor – [REDACTED] of overall works costs per Scottish Government (SG) Offer of Grant.
- Novation Agreement – transfer of land from [REDACTED] agreement imminent.
- DHN undertaking – signed off last month but with one further amendment in relation to the connection agreement costs.
- Additional [REDACTED] funding explored and secured in terms of increased costs in relation to environmental warranties/indemnities, increased DHN connection costs and other costs which have materialised since the [REDACTED].

- CCG contractual close now scheduled for Friday 31 January 2020.
- Overall, the signs are positive and there is a continued commitment to get the development on site. I will be able to confirm on Tuesday both [REDACTED] position and that of our solicitor in terms expected contractual close and the conclusion of outstanding legal negotiations.

- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

- **Legal Fees –**



[REDACTED]

[REDACTED]

- **Private Finance** – CAF Bank has confirmed that the loan facility has now been officially sanctioned and preparation of the final paperwork is in progress. Due to the site start delays and the need for the private finance drawdown now being later in the year (after the Housing Grant has been fully utilised), to avoid non-utilisation fees, we have moved financial close back to August 2020. It is important to note that this will impact on having the security that the loan facility is finalised until then.

We have received confirmation from our Valuers JLL, that our 44 properties at [REDACTED] provide sufficient security for the £2.109m loan.

- **Contracts Register**



Details of spend to date against the Offer of Grant is detailed in **Appendix 1**.

Decisions required

- 1) To agree for Chief Executive to sign off final Development Agreement
- 2) To agree increased [REDACTED] fee
- 3) To agree to progress the development if the Management Committee is satisfied that all outstanding items/legal formalities are resolved by [REDACTED] and we/our solicitor are satisfied with the final Development Agreement between [REDACTED]

c) **Dumbarton Road, Dalmuir –**

[REDACTED]



We have not received a response from the developer since the last meeting in relation to the composition of the development in terms of flats and houses.

d)

[REDACTED]



Linnvale (25 units+) (Update)

Draft Programme

We are working towards our draft programme as detailed in **Appendix 2**.

Acquisition

We have been working on valuation queries from [REDACTED] in relation to the additional land which is available at Attlee Avenue. Avison Young have





been instructed to update their valuation report to consider [REDACTED]

[REDACTED] We have received an updated valuation at [REDACTED] and will now begin negotiations with [REDACTED]. The costs associated with the additional land, once agreed, will be incorporated in to the full tender application to the Scottish Government as the acquisition application stage passed when the [REDACTED] was acquired in March 2019.

Design for Planning

The project architects have been progressing discussions with the planning authority in relation to scheme design and storey heights. There is general support for a 3 rather than 4 storey building and a meeting was held with the Planners, ourselves and our Architects to discuss further prior to the detailed planning application being submitted. The revised proposals (now 24 units) were well received by the Planner and once final comments are received from the team leader, our planning application will be formally submitted, hopefully on 31 January.

Updated proposals, as a direct response to the planners, will be available at the meeting which includes the following house mix/further information: -

- The units have reduced to 24 Flats (8 stacks of 3). This has lost a stack of 1 bedroom flats and the new housing mix is:
 - 4 x 1 Bed / 2 Person
 - 3 x 2 Bed / 3 Person Wheelchair
 - 12 x 2 Bed / 4 Person
 - 2 x 3 Bed / 5 Person
 - 3 x 3 Bed / 6 Person
- The refuse and cycle store has moved from the back of the site to within the blocks and within a new 1 storey refuse store between the 2 main wings. This is because the planners wanted better use for the amenity space at the rear, and a better visual connection to the play park. This movement of the store is the primary reason for the further reduction of unit numbers.

Contractor Selection

The Association undertook a review of the options available including running a mini competition using another organisation's contractor framework. This was to enable the Association to directly engage with preselected contractors, which are familiar to the association and/or their agents and design team, who have already proven quality and price in order for them to be added to the framework.



Upon review of [REDACTED] documents, it was realised that a direct award was allowable and would minimise the preselection process. Of the three preferred Contractors identified from [REDACTED] approved list, [REDACTED] provided the best value for money in [REDACTED] pricing assessment and all members of the design team have good experience of this Contractor so [REDACTED] were approached on the basis of negotiation towards a direct call off and contract award. Once the updated proposals are finalised, the contractor will make a decision as to whether to participate.

Technical Design

It was originally envisaged that the technical design would be undertaken once the preferred contractor is in place, however opportunity to accelerate the design development prior to contractor involvement was realised within the budget allocated in CHA's Acquisition offer of grant. Following Management Committee approval last month, Coltart Earley & Cowal Design have now been instructed to progress with Stage 1 Building Warrant design. By progressing to stage 1 building warrant submission, the Contractor will still be able to refine the design and achieve cost savings and make amendments, if required, to improve buildability but the level of design prepared before their appointment would be further advanced, allowing the contractor to price more accurately which will help in working towards the full funding application.

[REDACTED]



[REDACTED]

[REDACTED]

Insurance



[REDACTED]

[REDACTED]

[REDACTED]

Cover for the perils of fire, lightening aircraft and explosion (FLEA) plus Property Owners Liability (POL) is in place.

There have been no further incidences of vandalism or water ingress.

Funding

Scottish Government Housing Grant was claimed for the purchase price of the land, associated costs and consultancy fees in the sum of c. £227k and has been received. Please refer to **Appendix 3** (Contracts Register) for current expenditure against current offer of grant.

The Scottish Government has confirmed that funding for this development has been approved from their Charitable Bond Fund. In terms of process there is no difference to the Association apart from grant drawdown which can be made in full as soon as the project receives tender approval. We have forwarded our draft programme to the Scottish Government and we are regularly updating them as to progress.

Community Consultation

The design team will request to attend the /February meetings of the Linnvale and Drumry Community Council when formal planning application has been submitted.

e) Other Sites

No update.

f) Development Risk

Our current new build development risk register is detailed in **Appendix 4**. Risk is continually monitored and assessed and there are no proposed additions.

Appendix 1 - Queens Quay Contract register



PROJECT Queens Quay (37 Units)					
COST AND FINANCE RECONCILIATION					
DATE: 24/01/2020					
Project Costs	Notes	Actual Spend to date	Total Costs per Offer of Grant	Amount remaining	
		£	£	£	
Capital Works		†			
Pre-Tender costs inc. SI (inc. VAT), Planning, BW, Energy calcs, premier guarantee					
Architect (inc. VAT)					
Acquisition Costs including Sols-VAT & Valuation					
Development Agent (Gregor Cameron) inc VAT					
Employer Agent NBM inc					
Engineer - G3 Scott Bennet inc					
Fire Consultant (inc VAT)		†			
Landscape Architect (inc					
M&E Consultants - Hulley & Kirkwood (inc.					
COW (inc. VAT)		-	17,866	17,866	
Legal Fees (Loan)-CHA cost		-	-	-	
PD/CDM (inc					
DO inc VAT					
Capitalised Interest		-			
Additional Costs agreed					
Total Costs	-	229,717	6,825,009	6,595,292	
FINANCE					
Housing Association Grant (HAG)		229,717	4,684,712	4,454,995	
Private Loan		-	2,109,000	2,109,000	
C.H.A. agreed contribution MC 27.06.19		-	31,297	31,297	
Total Finance		229,717	6,825,009	6,595,292	
		-			



Clydebank Housing Association

Period Highlight

B. H. A.

ACTIVITY	PLAN START	PLAN END	PLAN DURATION	PERCENT COMPLETE
Contractor Selection - Under Review				
Contractor Selection Process	13/12/2019	12/01/2020	30	100%
Contractor Returns & Evaluation	12/01/2020	16/01/2020	4	0%
Contractor Interviews	21/01/2020	22/01/2020	1	0%
Final Scoring	22/01/2020	23/01/2020	1	0%
Appointment - Preferred Contractor	23/01/2020	30/01/2020	7	0%
Clerk of Works - Delay Till Closer to Site Start - TBC				
Quick Quote Preparation	13/01/2020	15/01/2020	3	0%
Quick Quote Published	16/01/2020	29/01/2020	14	0%
Quick Quote Evaluation	30/01/2020	03/02/2020	3	0%
Decision and Appointment of Clerk of Works	03/02/2020	04/02/2020	1	0%
Statutory Approvals				
Site Sketches/ Design Development to Planning	10/09/2019	09/12/2019	90	100%
Design Option Confirmed	12/12/2019	12/12/2019	1	75%
Pre-Application Discussions	13/12/2019	10/01/2020	7	50%
Detailed Planning Application Submission	20/01/2020	20/01/2020	1	0%
Detailed Planning Consent Decision	20/01/2020	13/04/2020	84	0%
Preparation of Stage 1 Warrant Application by Design Team	20/01/2020	17/02/2020	28	0%
Stage 1 Warrant Decision	17/02/2020	30/03/2020	42	0%
Stage 2 Contractor Progresses to Warrant Design	17/02/2020	30/03/2020	42	0%
Stage 2 Building Warrant Decision	30/03/2020	11/05/2020	42	0%
Funding				
Contractor Tender Received	02/03/2020	07/03/2020	5	0%
EA Tender Report & HTR Prepared	07/03/2020	14/03/2020	7	0%
Tender Application Preparation	14/03/2020	16/03/2020	2	0%
Tender Application Submission	16/03/2020	16/03/2020	1	0%
Tender Application Decision	16/03/2020	30/03/2020	14	0%
Construction Phase				
Pre Start Meeting	06/04/2020	07/04/2020	1	0%
Site Start	27/04/2020	28/04/2020	1	0%
Target Completion Date	30/03/2021	30/03/2021	336	0%

Appendix 3 – [REDACTED] Contract Sheet (Finance)



PROJECT [REDACTED]					
COST AND FINANCE RECONCILIATION					
DATE:	24/01/2020				
Project Costs		Notes	Actual Spend to date	Total Costs per Offer of Grant	Amount remaining
			£	£	£
Capital Works			-	-	-
Developer Design Fees inc [REDACTED]				[REDACTED]	[REDACTED]
Demolition Costs			1	[REDACTED]	[REDACTED]
Acquisition Costs including Sols & Valuation [REDACTED]				[REDACTED]	[REDACTED]
Development Agent [REDACTED] [REDACTED]				[REDACTED]	[REDACTED]
Employer Agent inc VAT			-	-	-
Capitalised Interest			-	-	-
Planning/ Building Warrant			†	[REDACTED]	[REDACTED]
SI & Topo			[REDACTED]	[REDACTED]	[REDACTED]
Premier Guarantee			-	-	-
COW (inc VAT)			-	-	-
Total Costs		-	234,565	378,670	144,105
FINANCE					
Housing Association Grant (HAG)			233,425	378,670	145,245
Private Loan			-	-	-
C.H.A.			1,140	-	1,140
Total Finance			234,565	378,670	144,105

Appendix 4

Risk Assessment – Proposed Design and Build/Partnership Development opportunities

Risk management – the evaluation of risks relating to our organisation's mission and strategic objectives. No construction project is risk free. Risk can be managed, minimised, shared, transferred or accepted but cannot be ignored.

The Queens Quay, Linnvale Church and Dumbarton Road proposed developments are directly linked to the fulfilment of the following strategic objectives.

- To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.
- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.
- To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction.
- To work in partnership with others, supporting our tenants and other customers, to maximise opportunities for physical and socio-economic regeneration in Clydebank.
- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

Levels of risk are assessed and categorised as follows: -

Risk Likelihood /Frequency	L	(1 = Low Probability, 5 = High Probability)
Risk Consequence /Severity	C	(1 = Lowest Risk, 5 = Highest Risk)
Risk Score /Ranking	S	Likelihood (L) x Consequence (C)
Control Adequacy	OK	Satisfactory (S = 01-10) – 3 yearly review
	MON	Monitor (S = 11-20) – Annual review
	!	Unsatisfactory/Urgent (S = 21-25) – Continuous review/regular reporting to Committee

Risk Categories

Political/Legislative
Professional
Financial/ Economic
Contractual
Environmental
Competitive

Technological
Tenant/Customers/socio-demographic



			Pre-Control Measures					Post Control Measures				
Risk ID no.	The Risk and what can happen - Cause	Effect	Likelihood	Consequence	Severity	Control Adequacy (Urgent !, Monitor, OK)	Control Action/ Strategies to mitigate risks	Likelihood	Consequence	Severity	Revised Control Adequacy	Review/ Action Plan
	Project Negotiation Stage											
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[illegible]

[illegible]

7	F d a	
8	L o v	
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							Plan checks					
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