

## CLYDEBANK HOUSING ASSOCIATION LTD.

**TO:** Management Committee (25-Feb-2020)      **DATE:** 21.02.2020  
**FROM:** Chief Executive  
**SUBJECT:** Development Report - Agenda Item 11 (Decision Required)

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### **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] Strategic Partnership (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. This document once signed, will formalise Clydebank HA as a Strategic Partner of [REDACTED] in terms of assisting in the delivery of its development aspirations.

A Programming Meeting was held on Wednesday, 19 February 2020 with West Dunbartonshire Council, the Scottish Government, Gregor Cameron and myself in attendance. Progress on our development plans per this report were discussed.

Following the meeting, I emailed WDC to ask the question as to whether they would consider/there would likely be any further opportunities for CHA to work in partnership on any of its future proposed developments in our area of operation. I mentioned that CHA is keen to grow and work in partnership with WDC but is limited in its access to sites – up until now we have been reliant on developers approaching us/bidding for land on the open market. I suggested that the Management Committee may also consider a reciprocal agreement in relation to potential land that may come our way which could accommodate a good number of units?

This information will definitely be useful for our Business Plan review in relation to our future strategy/direction in terms of development and it would be useful to ascertain the Management Committee's thoughts on this at the meeting.

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



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

o **General Update**

- o The Development Agreement and Offer between [REDACTED] and Clydebank HA are currently being finalised by our solicitor. Couple of outstanding matters in relation to terms in a buyback situation and the maximum electrical and gas capacity conditions within the scheme.
- o Novation Agreement – transfer of land from [REDACTED] – agreement imminent.
- o DHN Heat Supply Agreement – imminent

o [REDACTED]


[REDACTED]

- Site mobilisation due on Monday 02 March with a site start of 16 March scheduled
- **Private Finance** –  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 as agreed at the last Management Committee meeting.
- Our 44 properties at  provides sufficient security for the £2.109m loan and the Association will be required to raise a Notifiable Event in this regard as offering security to a Lender constitutes a Disposal which must be reported to the Regulator.
- **Contracts Register**  
Details of spend to date against the Offer of Grant is detailed in **Appendix 1**.

**Decision required**

1) To agree for Chief Executive to upload Notifiable Event in relation to Disposal/security for Queens Quay

**c) Dumbarton Road, Dalmuir –  (50+ units)**




The Developer has apologised for not being in touch . He has confirmed that there has been no real progress as they are still in discussions with the owners of parts of the land package. Their intention to still bring a large Passivhaus to fruition and Clydebank HA as the intended prime recipient for the dwellings has been reconfirmed.



**d) Former  – Linnvale (25 units+) (Update)**






**Draft Programme**

We continue to work towards our draft programme as detailed in **Appendix 2**.

**Acquisition **

As reported last month, the Association has obtained an updated land valuation which considers CHA as Special Purchasers, as requested by . This valuation now takes into account CHA owning adjacent land and the  area being used to enhance the CHA's proposed development site and, on this basis, a figure of  was given as the land value.

 has now agreed to this value and the Scottish Government has requested a secondary acquisition application to be submitted to fund the purchase along with associated fees. 

## Design for Planning

Designs as agreed by the Management Committee last month have been submitted to West Dunbartonshire Planning Department. Further to discussions and a site meeting with the planning authority, the scheme was updated on the basis of 3 storey height across the site. It was felt that 4 storey was too much for this location and it is hoped that this reduction will help in achieving the support of the community.

The development consists of 24 units (8 stacks of 3) and the housing mix is as follows:

- 4 x 1 Bed / 2 Person
- 2 x 2 Bed / 3 Person Wheelchair
- 13 x 2 Bed / 4 Person
- 2 x 3 Bed / 5 Person
- 3 x 3 Bed / 6 Person

## Contractor Selection

The Association's agents have met with [REDACTED] to discuss taking the project forward as a direct call off from the [REDACTED] framework. [REDACTED] are keen to work with the Association and have agreed to work within the tight timescales for preparing a full tender and cost information to support the funding application.

## Technical Design


Now that the planning application drawings have been finalised and submitted, stage 1 building warrant design has commenced. Coltart Earley & Cowal Design's initial drawings have been passed to [REDACTED] for review and comment. It is envisaged that [REDACTED] will return with cost saving proposals which can then be considered by the Design Team and either implemented in the Stage 1 warrant submission or caught as part of the Stage 2 technical design.

[REDACTED]  
[REDACTED] 

## Overall Scheme Viability

I will run through our scheme financial assessment at the meeting based on the estimated costs, rents and private finance and security requirements.

## Insurance

Per my previous reports, one of the  [REDACTED]  
[REDACTED]  
[REDACTED]

Cover for the perils of fire, lightning 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 March/April meeting of the Linnvale and Drumry Community Council to update them with our plans.

### **e) Other Sites**



#### **██████████ – Kilbowie Road**

I recently sent a query to NHS Greater Glasgow Health Board in an attempt to establish a contact for the ██████████ site on Kilbowie Road to ascertain their plans for disposal of the land following the move to the new health quarter at the Queens Quay.

I received a response and the following response was received: -

*“Under the NHS Property Transactions Handbook, we must declare the property surplus to NHSGGC requirements. Following this, the availability of the property/site is trawled throughout other Scottish Government Directorates (inc. Police/Fire/More Homes et al) and they are given an opportunity to acquire the property first following set procedures. If there is no interest via the trawl, then the property can be taken forward to the open market.*


*Over the last 2-3 years, following the trawl procedures, More Homes Scotland have acquired NHSGGC sites and subsequently transferred these to Housing Associations for development. I would therefore suggest that you make contact with More Homes Scotland and also West Dunbartonshire Council’s Housing team to discuss this process further and make them aware of your interest.”*

I subsequently raised this at our recent Programming meeting and unfortunately ██████████ already has plans for the site.

### **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: 21/02/2020					
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 Fee					
Development Agent (Gregor Cameron) inc VAT					
Employer Agent NBM inc VAT					
Engineer - G3 Scott Bennet inc					
Fire Consultant (inc VAT)		-			
Landscape Architect (inc VAT)		-			
M&E Consultants - Hulley & Kirkwood (inc. VAT)		-			
COW (inc. VAT)		-			
Legal Fees (Loan)-CHA cost		-	-	-	-
PD/CDM (inc VAT)		-			
DO inc VAT (Cube)		-			
Capitalised Interest		-			
Additional Costs agreed with WDC		-			
<b>Total Costs</b>	-		<b>6,825,009</b>	<b>6,595,292</b>	
<b>FINANCE</b>					
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	
<b>Total Finance</b>		<b>229,717</b>	<b>6,825,009</b>	<b>6,595,292</b>	
		-			

## Appendix 2 – Linnvale Church Programme

### Clydebank Housing Association

Period Highlight

Dalton Avenue

ACTIVITY	PLAN START	PLAN END	PLAN DURATION	PERCENT COMPLETE
<b>Contractor Selection - Under Review</b>				
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%
<b>Clerk of Works - Delay Till Closer to Site Start - TBC</b>				
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%
<b>Statutory Approvals</b>				
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%
<b>Funding</b>				
Contractor Tender Received	02/03/2020	07/03/2020	5	0%
EA Tender Report & HTR Prepared	07/03/2020	14/03/2020	7	
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%
<b>Construction Phase</b>				
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 – Linnvale Church Contract Sheet (Finance)



<b>PROJECT</b> Linnvale Church-Dalton Avenue					
<b>COST AND FINANCE RECONCILIATION</b>					
<b>DATE:</b> 21/02/2020					
<b>Project Costs</b>	<b>Notes</b>	<b>Actual Spend to date</b>	<b>Total Costs per Offer of Grant</b>	<b>Amount remaining</b>	
		£	£	£	
Capital Works		-	-		
Developer Design Fees inc [REDACTED]					
Demolition Costs					
Acquisition Costs including Sols & Valuation [REDACTED]					
Development Agent (Gregor Cameron) inc [REDACTED]					
Employer Agent inc VAT		-	-		
Capitalised Interest		-	-		
Planning/ Building Warrant		-			
SI & Topo					
Premier Guarantee		-	-		
COW (inc VAT)		-	-		
<b>Total Costs</b>	-	<b>234,565</b>	<b>378,670</b>	<b>144,105</b>	
<b>FINANCE</b>					
Housing Association Grant (HAG)		233,425	378,670	145,245	
Private Loan		-	-		
C.H.A.		1,140	-	-	1,140
<b>Total Finance</b>		<b>234,565</b>	<b>378,670</b>	<b>144,105</b>	

## 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 <b>Likelihood</b> /Frequency	L	(1 = Low Probability, 5 = High Probability)
Risk <b>Consequence</b> /Severity	C	(1 = Lowest Risk, 5 = Highest Risk)
Risk <b>Score</b> /Ranking	S	Likelihood (L) x Consequence (C)
<b>Control Adequacy</b>	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

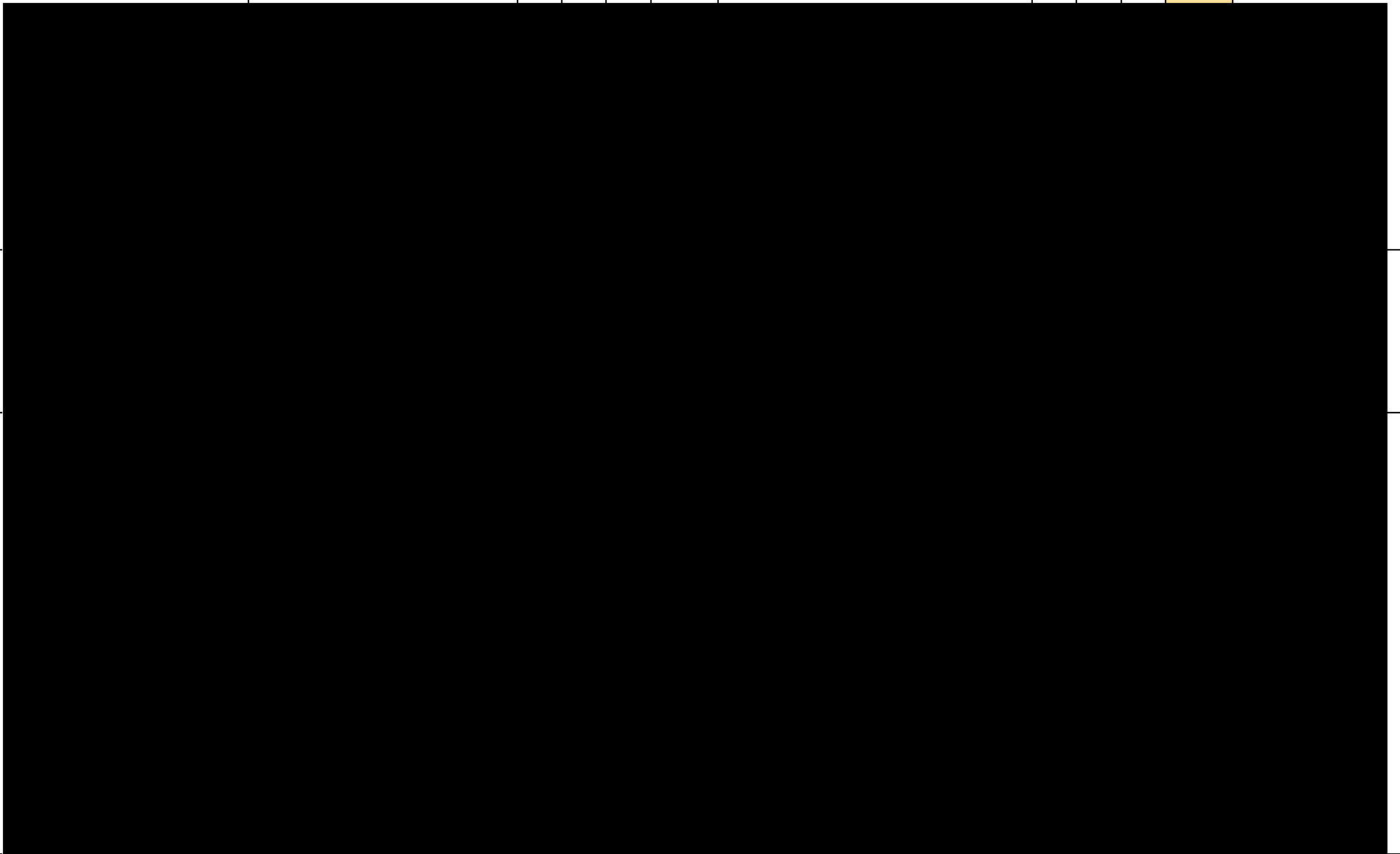
Technological  
Tenant/Customers/socio-demographic

Risk ID no.	The Risk and what can happen - Cause	Effect	Pre-Control Measures				Control Action/ Strategies to mitigate risks	Post Control Measures				Review/ Action Plan
			Likelihood	Consequence	Severity	Control Adequacy (Urgent !, Monitor, OK)		Likelihood	Consequence	Severity	Revised Control Adequacy	
<b>Project Negotiation Stage</b>												
1												
2												
3												

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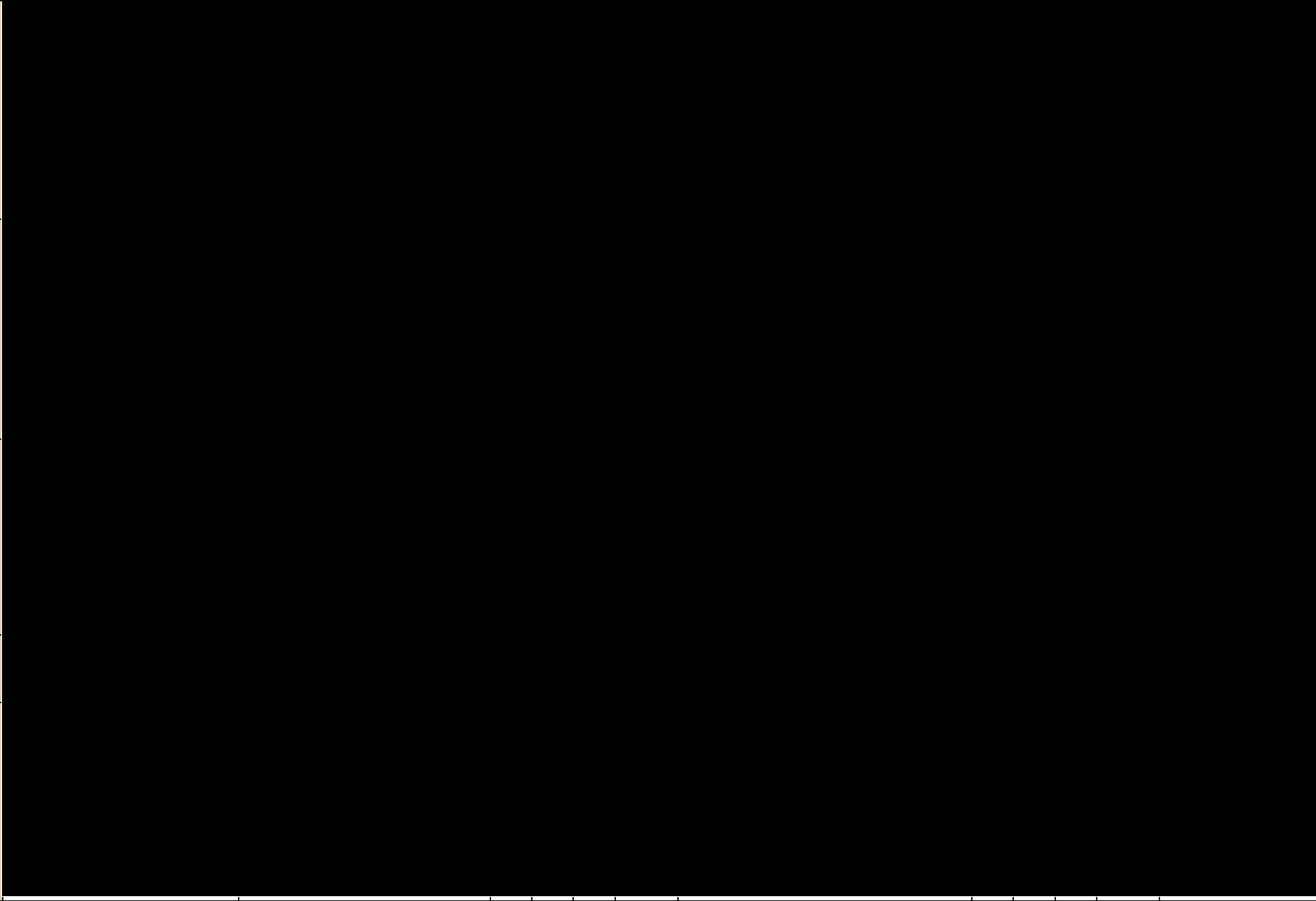


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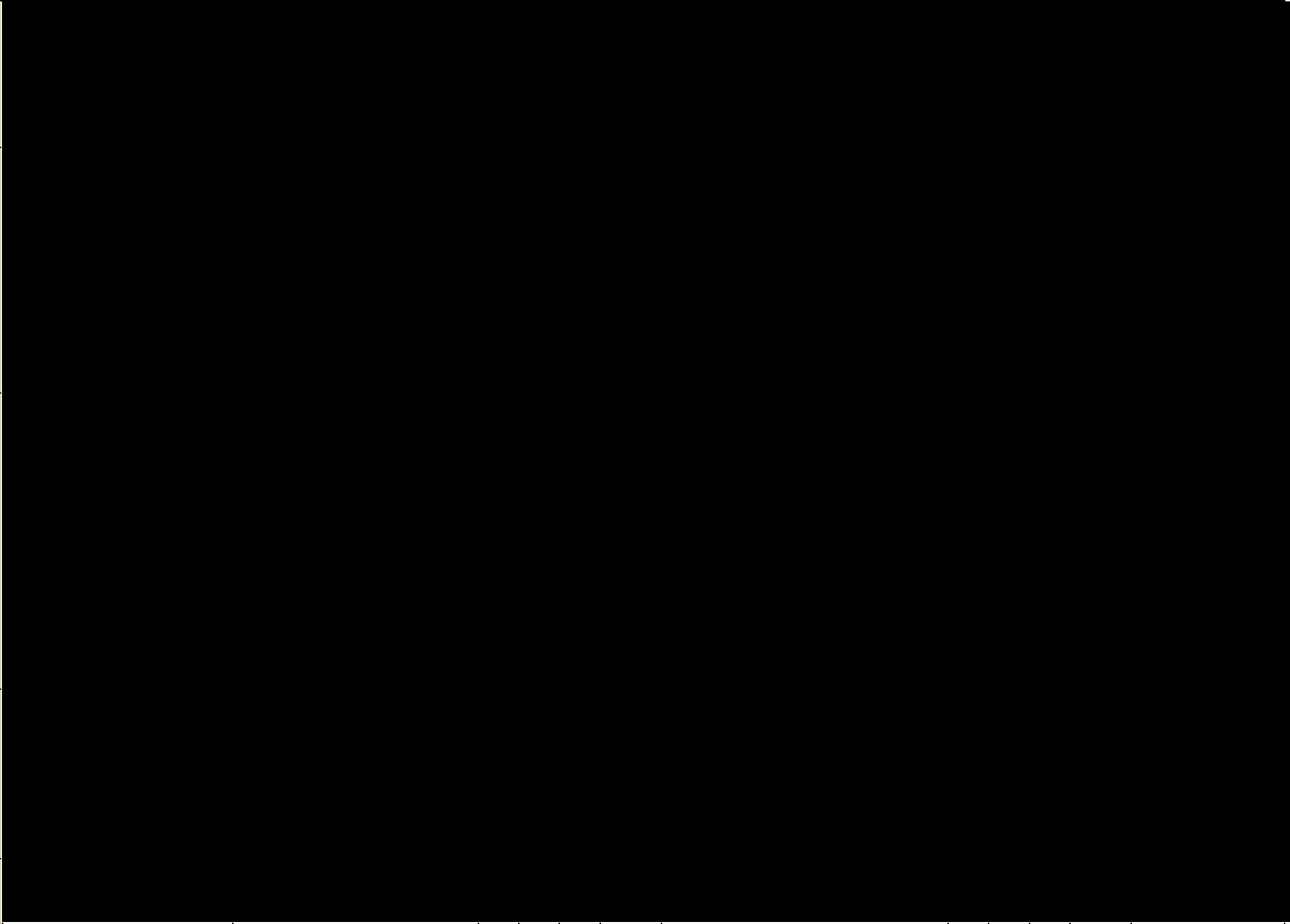
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