

CLYDEBANK HOUSING ASSOCIATION LTD.

TO: Management Committee (28-May-2020) **DATE:** 24.04.2020
FROM: Chief Executive
SUBJECT: Development Report - Agenda Item 11 (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 reports, 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.


 [REDACTED]

This information would definitely be useful for our Business Plan review in relation to our future strategy/direction in terms of development but we are unlikely to receive a definitive answer any time soon given the current pandemic and other priorities which are quite rightly taking precedence.

b) Queens’s Quay Development (37 units) (Decision Required)

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

o **General Update**

 The Development Agreement and Offer between [REDACTED] and Clydebank HA and the District Heat Network Agreement between Clydebank HA and [REDACTED] were concluded and signed following the email request for agreement to the Management Committee on 16 March 2020 (detailed below).

 [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

As indicated in my email to you on 16 March, confirmation to proceed was received from the following 9 Management Committee members: -

By email

- Kimberley Tennant
- Joe O'Donnell
- John Calderwood
- Doris Smith
- Cllr. Marie McNair

By phone

- John Hillhouse
- Paul Shiach
- Catherine McGarrity
- Laura Breeze

The revised offer of grant has not yet been received from the Scottish Government and has likely been delayed due to the current pandemic.

- **Site mobilisation** took place on Monday 02 March with work starting on site as scheduled on 16 March. However, confirmation that the site closed on Monday 23 March was received from Cube HA on 27 March due to the pandemic. The site remains closed.
- **Private Finance** – Preparation of the final loan agreement and security paperwork is in progress and will be available for May's Management Committee meeting. [REDACTED]

[REDACTED]



[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]



As pointed out at our meeting in February, 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 unnecessary non-utilisation fees, we moved financial close back to August 2020. However, as a result of further delays due to Coronavirus, we have been liaising with [Redacted] to push the drawdown date back further and they have agreed as long as this does not take place later than November 2020 as the loan was sanctioned in December 2019 and we only have 12 months from this date to use the facility.

Our 44 properties at [Redacted] provide sufficient security for the £2.109m loan and the Association will be required to raise a Notifiable Event in this regard once financial close has been reached 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) Whether to agree to the bank's standard wording to apply in the new loan agreement for Queens Quay.

c) Dumbarton Road, Dalmuir – [Redacted]
 Per my report in February, the Developer has confirmed that there has been no real progress as discussions are ongoing with the owners of parts of the land package. Their intention is to still bring a large Passivhaus to fruition and Clydebank HA as the intended prime recipient for the dwellings has been reconfirmed.

d) Former St. Cuthbert’s Church – Linnvale (25 units+) (Update)
Draft Programme
 The latest programme is detailed in **Appendix 2**.

Funding

Scottish Government Housing Grant was claimed against the current Offer of Grant to 31 March 2020 for the purchase price of the land, associated costs and consultancy fees in the sum of c. £379k and has been received. Please refer to **Appendix 3** (Contracts Register) for expenditure against offer of grant.

The Scottish Government has confirmed that Charitable Bond funding has been earmarked for this development. In terms of process there is no difference from receiving Housing Grant except that grant drawdown will be made in full as soon as the project receives tender approval.

Following an initial submission of costs to the Scottish Government and a tweaking of overall works cost agreed with the contractor, we received confirmation that a formal tender submission was to be made through the HARP system. The tender submission was uploaded on 02 April. A detailed technical review of our submissions (2 submissions required as the development will span 2 financial years) is ongoing and it is hoped that formal approval will be issued shortly to allow the development to progress.



Acquisition

We have agreed key terms, including purchase price, with [REDACTED] in regards to the purchase of their land and the formal Offer is being prepared.

Design for Planning

Agreed designs are still being considered by West Dunbartonshire Planning Department and we are hopeful that a decision is imminent.

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

Our Development agents have been liaising with [REDACTED] over the past few months and have assisted in the preparation of full tender and cost information to support our funding application to the Scottish Government.



Insurance

Per my previous reports, [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.

Community Consultation

The design team were unable to attend either the March or April meetings of the Linnvale and Drumry Community Council. However, just before lockdown some representatives of the group came into the office to review and discuss the plans with me. Concerns were expressed regarding the positioning of the entrance to the carpark and the amount of trees/planting areas which could potentially facilitate additional parking. The architect will be responding to their points in the coming weeks and this will be relayed to the Management Committee.

e) Other Sites

No other sites being explored at the moment.

f) Development Risk

Our current new build development risk register is detailed in **Appendix 4**. Risk is continually monitored and assessed and there is one addition (no. 27) this month in relation to the potential impact of a pandemic (Coronavirus) on our development programme.

Appendix 1 - Queens Quay Contract register



PROJECT Queens Quay (37 Units)					
COST AND FINANCE RECONCILIATION					
DATE: 31/03/2020					
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 VAT					
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		-			
Total Costs	-	607,936	6,825,009	6,217,074	
FINANCE					
Housing Association Grant (HAG)		592,641	4,684,712	4,092,071	
Private Loan		-	2,109,000	2,109,000	
C.H.A. agreed contribution MC 27.06.19		15,294	31,297	16,003	
Total Finance		607,936	6,825,009	6,217,074	
		-			

Appendix 2 – Linnvale Church Programme

Clydebank Housing Association

Period Highlight

Dalton Avenue

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	
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 – Linnvale Church Contract Sheet (Finance)



PROJECT Linnvale Church-Dalton Avenue					
COST AND FINANCE RECONCILIATION					
DATE: 31/03/2020					
Project Costs	Notes	Actual Spend to date	Total Costs per Offer of Grant	Amount remaining	
		£	£	£	
Capital Works		-	-	-	
Developer Design Fees inc VAT		██████	██████	██████	
Demolition Costs		-	██████	██████	
Acquisition Costs including Sols & Valuation Fee		██████	██████	██████	
Development Agent (Gregor Cameron) inc		██	██████	██████ ███████	
Employer Agent inc		██	█	- ███████	
Capitalised Interest		-	-	-	
Planning/ Building Warrant		-	██████	██████	
SI & Topo		██████	██████	██████	
Premier Guarantee		-	-	-	
COW (inc VAT)		-	-	-	
Architect		██	█	██████)	
Legal Fees (other)		████	█	- ███████	
Total Costs	-	389,594	378,670	-	10,924
FINANCE					
Housing Association Grant (HAG)		389,291	378,670	-	10,621
Private Loan		-	-	-	
C.H.A.		304	-	-	304
Total Finance		389,594	378,670	-	10,924

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



