

CLYDEBANK HOUSING ASSOCIATION LTD.

TO: Management Committee (20-Aug-2020) **DATE:** 20.08.2020
FROM: Chief Executive
SUBJECT: Development Report - Agenda Item 13 (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 5)

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

Programming Meeting with Scottish Government and West Dunbartonshire Council (WDC) – 25 June 2020 (Update)

I attended the scheduled meeting on 25 June during which our current and proposed development programme was discussed. Updates on the Queens Quay and Linnvale Church were given as well as an update on our proposed development with [REDACTED]. We also introduced the [REDACTED] site and WDC indicated that they had already held discussions to develop the site with [REDACTED]. WDC has since confirmed that their negotiations with [REDACTED] have ceased which now means we are able to progress with our negotiations.

I also raised whether there would be the possibility of receiving a contribution via Housing Grant in relation to purchasing existing properties in our area of operation to increase our affordable housing stock. Although it was pointed out that WDC's Affordable Housing Supply Programme (AHSP) allocation was tight/oversubscribed in the next couple of years, there may be scope to fund some off the shelf purchases if slippage occurs.

Discussion also centred on both formalising the Memorandum of Understanding in relation to our strategic partnership with [REDACTED] and the possibility of further partnership working with [REDACTED] on their/our future developments. [REDACTED] confirmed that they are keen to formalise our strategic partnership and as soon as a formal signing/PR event can be organised this would be done. In relation to further partnership working, [REDACTED] is also keen to explore CHA's involvement in their future developments.

SHIP – WDC Call for Sites (submitted to WDC on 03 August 2020)

Following the discussions at the above meeting, a Call for Sites document was issued by WDC in order that their Strategic Housing and Investment Plan (SHIP) can be updated. The following was submitted and further discussions will likely take place with WDC before the SHIP is finalised in the coming months: -

Project Address	Developer	Unit numbers/Type*	Tenure	Additional grant required to achieve higher greener standards funded outwith RPA	Estimated / Actual Approval Year	Estimated / Actual site start year	Estimated / Actual completion year	TOTAL AHSP SG GRANT (£m)	Confirm Project Meets Design Standard	Comments
Queens Quay	CCG	33 GN + 4 WC adapted	Social Rent	Yes	2018/19	2020	2021	4,684,712	Yes	
Dalton Avenue	CBRL	22 GN + 2 WC adapted	Social Rent	Yes	2020	2020	2021	378,167	Yes	Site start due September 2020
[REDACTED]	[REDACTED]	c. 90 GN with 10% WC adapted	Social Rent	Yes - Passivhaus	2021	2022	2024	[REDACTED]	Will comply	Estimate based on 90 units at benchmark
[REDACTED]	[REDACTED]	18 GN with 10% WC adapted	Social Rent	Yes	2021	2021	2022	[REDACTED]	Will comply	Estimate based on 18 units at benchmark
Potential off-the shelf purchases	N/A	[REDACTED] GN	Social Rent	Yes	2021	2021	2022	[REDACTED]	N/A	Estimate based on contribution of [REDACTED] per unit from AHSP

b) Queens's Quay Development (37 units) (Update)

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

- **Site mobilisation** - CCG commenced remobilisation and pre-start prep on Monday 1st June and the development is now well underway - a revised programme is awaited.

A Press Release has been prepared by Cube (final version awaited) and I have sent over our quote as follows: -

Clydebank HA said: "we are delighted to be working in partnership with both Cube Housing Association and West Dunbartonshire Council on this prestigious new build housing development in the heart of our town. We are thankful to both the Scottish Government and our lenders CAF Bank for their financial support to enable the provision of our 37 much needed homes for rent. With over 700 applicants currently on our waiting list, these homes will be a welcome addition to our affordable housing stock".

Cube had intended to have a photo opportunity at the site last Friday but realised that it would not be viable to keep the photo socially distanced. They hope to organise an event in the coming months when restrictions are less strict and we can have more representatives from each of the partners in attendance.

- **Private Finance** – The previously agreed Security document will be returned to CAF Bank when the security paperwork has been completed and the signed Key Commercial Terms will be returned in advance of private finance drawdown.

Financial close has been pushed back to October/November 2020 to minimise non-utilisation fees. The loan was sanctioned in December 2019 and we are required to start using the facility within 12 months of that date.

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

c) [REDACTED] (Update)

There has been no update since the last meeting when the developer indicated that Covid-19 had had an adverse impact on their business and that they were concentrating on their current sites. We will hopefully have caught up with the developer before the meeting and will have something to relay to you then.

d) Former St. Cuthbert's Church – Linnvale (24 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 the level of funding support that can be attributed to the project and offers of grant have been received from both the Scottish Government and Allia. The Government funding will be split into two parts; AHSP grant already received for acquisition and early design costs in the amount of £378,166.87, and the balance of £2,827,760.00, which will be from a charitable bond (Allia) and will be received as a single payment on tender acceptance.

The balance of project costs funded from Private Finance will be [REDACTED].

A breakdown of funding and total costs is detailed below: -

	Total for scheme	Total per unit
Housing Grant/Charitable Bond	£3,205,927	£133,580
Private Finance requirement	£1,374,490	£ 57,270
Total Costs/per unit	£4,580,417	£190,850
	=====	=====

Private Finance

The Head of Finance and Corporate Services will gauge initial interest/request private finance quotes from various approved banks as detailed in our Treasury Management Policy for the required c. £1.4m loan facility as soon as we have secured the whole site.

Acquisition from Church of Scotland/Buy back Clause

The extension to the buyback option was agreed to [REDACTED] by the Church Solicitors (original date 31 March). The Management Committee agreed that although we had not yet purchased the small piece of land from [REDACTED] (terms agreed), that the buyback clause should not be invoked as the formal offers of grant had been received and this was the final condition which had to be met in terms of the clause. The Association therefore fully concluded the purchase on 30 June 2020.

Acquisition – small piece of triangular ground from [REDACTED]

We have agreed heads of terms, including purchase price, with [REDACTED] in regards to the purchase of their land and a draft offer has been issued to [REDACTED] for review. The [REDACTED] have recommended that the sale of the site is approved [REDACTED] at the next meeting which is now to be held on the [REDACTED].

Design for Planning

Planning approval was achieved on 10 June.

The approval includes the following conditions: -

- 4m entrance radius to increase to 6m which has already incorporated
- Prior to the commencement of development with the site, details of the location and design of an electric charging point(s)/unit(s) to serve the development shall be submitted to and approved in writing by the Planning Authority. The approved car charging point(s)/unit(s) and associated infrastructure shall thereafter be installed in accordance with the approved details at a timescale agreed by the Planning Authority and maintained as such thereafter.

- Prior to the occupation of the development, the developer shall install the necessary infrastructure to enable the full development to be connected to the existing fibre optic network, where available in West Dunbartonshire, and in accordance with the relevant telecommunications provider's standards.
- Parking should be reviewed after 12 months to make sure that it is sufficient- this is based on a recommendation from the Roads service. If it does turn out that there is a problem then it has been suggested that we look at losing some of the landscaping to form additional spaces, but we would hope that this would not be required.

The conditions may have cost implications, however, we will explore funding opportunities for the installation of electric charging points to minimise any savings having to be made elsewhere in the contract.

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 contractor has now been formally appointed following confirmation that the price quoted had been held and receipt of the offer of grant. Link Group has approved the request to call of their framework so to formalise their appointment, CHA will publish a contract award notice on Public Contracts Scotland in due course.

Community Consultation

As discussed at our last meeting, representations were made by the Community Council with regards to their concerns about the location of the entrance to the site and these were expressed at the recent Planning Committee meeting.

I will make contact again with the Community Council in due course to keep them up to date with progress.

e) Other Sites (Decision required)



Following an approach from a developer in June, a meeting is being arranged for 02 September to further discuss the proposed development and timescales. It has been intimated to the developer that we will be trying/aiming to secure planning and site purchase before the end of March 2021, funding permitting. The developer has been issued with CHA's and WDC's design guides. An employer's agent will require to be appointed and it is proposed that we again use [REDACTED] to appoint. A full proposal will be available for next month's meeting.

A reminder of the location and draft layout for the site is attached at **Appendix 4**

The developer is still in the process of agreeing missives [REDACTED].

The original scheme consists of - 18 units; 6 x 1 bedroom and 12 x 2 bedrooms; 127% parking; 3 storey + amenity space.

f) Development Risk

Our current new build development risk register is detailed in **Appendix 5**. Risk is continually monitored and assessed and there is one addition in relation to  .

Appendix 1 - Queens Quay Contract register

PROJECT Queens Quay (37 Units)					
COST AND FINANCE RECONCILIATION					
DATE: 21/08/2020					
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	-	£	6,825,009	5,680,263	
FINANCE					
Housing Association Grant (HAG)		1,129,452	4,684,712	3,555,260	
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		1,144,746	6,825,009	5,680,263	
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Appendix 2 – Linnvale Church Programme

Clydebank Housing Association

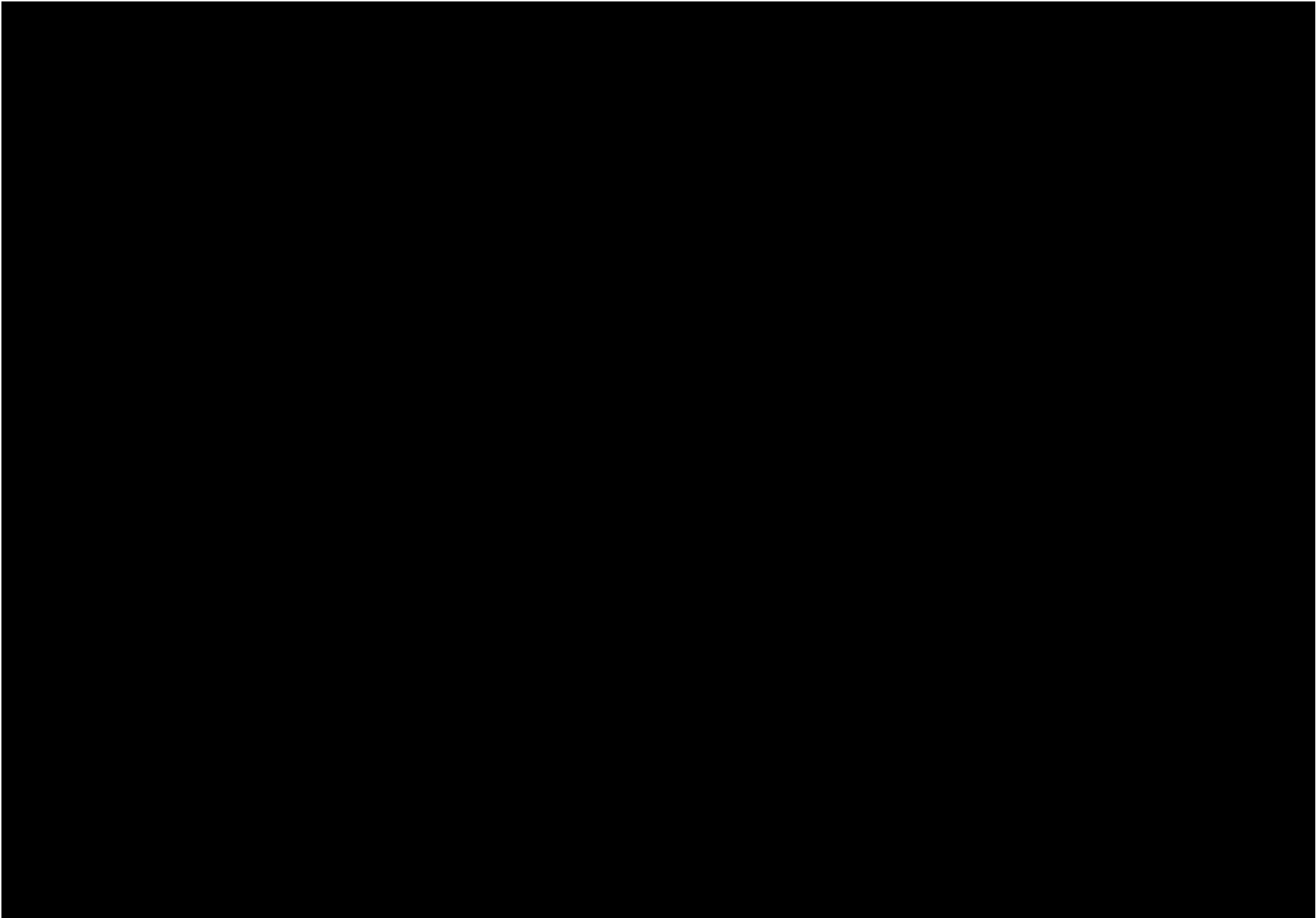
Dalton Avenue

Period Highlight

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 – Linnvale Church Contract Sheet (Finance)



PROJECT Linnvale Church-Dalton Avenue						
COST AND FINANCE RECONCILIATION						
DATE: 21/08/2020						
			Actual	Total Costs		
Project Costs		Notes	Spend to	per Offer of	Amount	
			date	Grant	remaining	
			£	£	£	
Capital Works			-	-	-	
Developer Design Fees inc VAT			█	█	█	
Demolition Costs			-	█	█	
Acquisition Costs including Sols & Valuation Fee			█	█	█	
Development Agent (Gregor Cameron) inc VAT			█	█	█	
Employer Agent inc VAT			█	-	█	
Capitalised Interest			-	-	-	
Planning/ Building Warrant			█	█	█	
SI & Topo			█	█	█	
Premier Guarantee			-	-	-	
COW (inc VAT)			-	-	-	
Architect Fees			█	-	█	
Legal Fees (other)			█	-	█	
Total Costs		-	█	378,670	-	36,632
FINANCE						
Housing Association Grant (HAG)			389,291	378,670	-	10,621
Private Loan			-	-	-	-
C.H.A.			22,294	-	-	22,294
Total Finance			411,584	378,670	-	32,914



Appendix 5

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   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											
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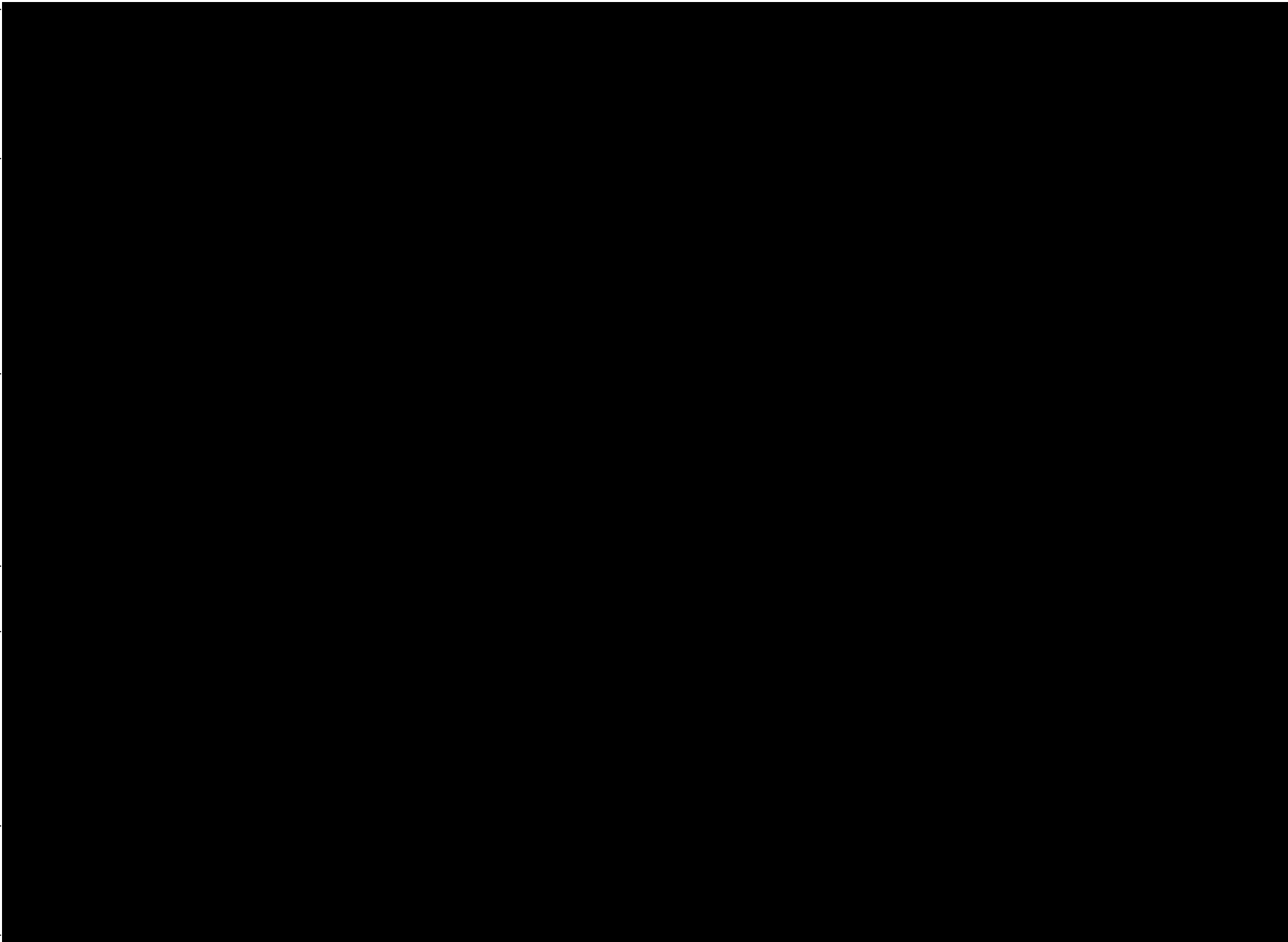
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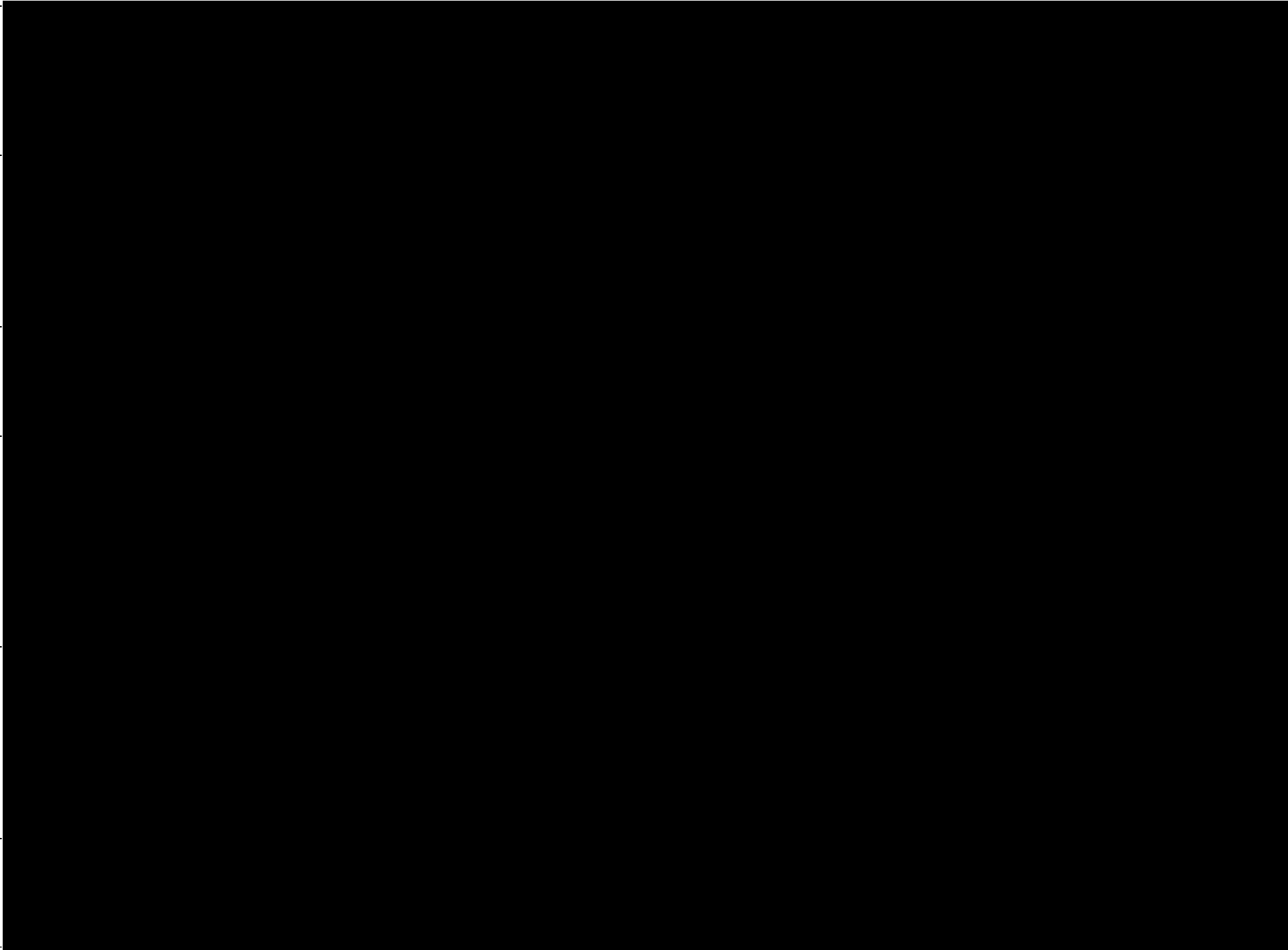
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