CLYDEBANK HOUSING ASSOCIATION LTD.

TO: Management Committee (17-Dec-19) DATE: 17.12.19

FROM: Chief Executive

SUBJECT: Development Report - Agenda Item 14 (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

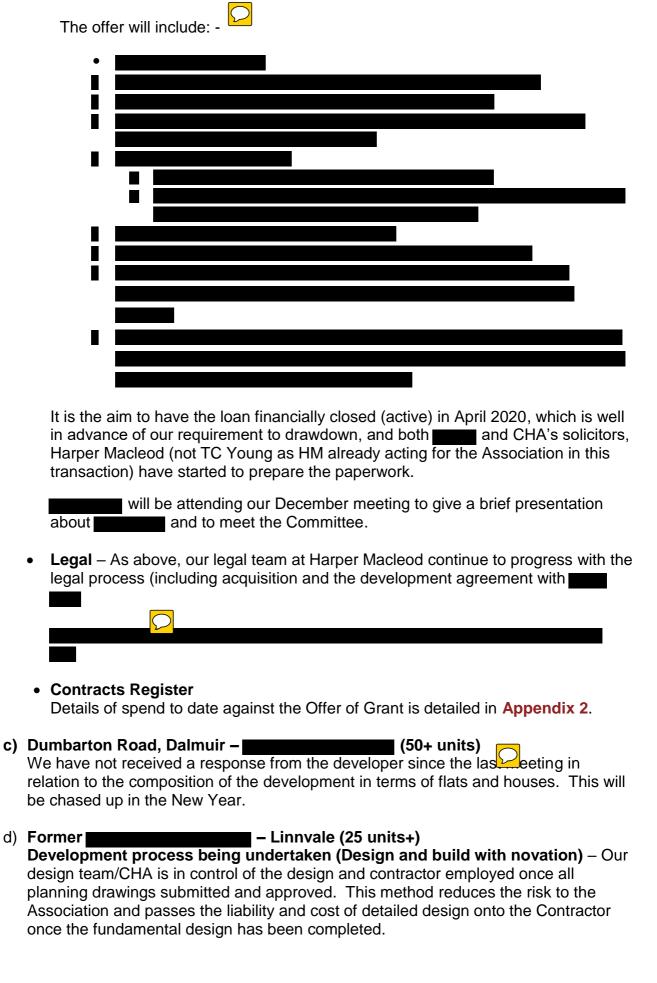
- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus 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) | Memorandum of Understanding – (Update) Per my previous report, the proposed changes to the Memorandum of Understanding as agreed by the Management Committee have been forwarded to for consideration and we await a response. |
|----|---|
| | |
| b) | Queens's Quay Development (37 units) (Decision Required) Updated information in relation to this development is as follows: - |
| | Development regreement between HA and Clydebank HA – nothing contentious and currently being finalised by our solicitor – of overall works costs per Scottish Government Offer of Grant. Novation Agreement – DHN undertaking – subject to lengthy discussions Additional to be explored in terms of potential increased costs in relation to environmental warranties/indemnities required – cost of insurance to be confirmed The outcome of further site investigations still to be reported Contractual close/site start will not be 06 January 2020 – revised date to be confirmed Overall, the signs are positive and there is a commitment to resolve |
| | outstanding issues to allow the development to commence. District Heating Network (DHN) – |
| | |
| | |
| | |
| | |
| | Decision required – Confirmation that the Management Committee is satisfied that if all outstanding items/legal formalities resolved by are satisfied with the final Development Agreement between CHA and , then we proceed with the development. |
| | Private Finance — has confirmed that the loan facility has now been officially sanctioned and will be making CHA an offer of finance, subject to completion of due diligence (i.e. arranging the necessary loan and security documentation). |



An allowance for demolition, feasibility and acquisition design fees up to planning is in the current offer of grant.

Draft Programme

We are working towards our draft programme as detailed in **Appendix 3.**

Acquisition

Clydebank HA is progressing negotiations with the valuation of the additional land which is available at Attlee Avenue. The Avison Young valuation report has been shared with the additional considerations have been requested. The costs associated with the additional land, once agreed, will be incorporated in to the full tender application to the Scottish Government.

Design for Planning

The design is being developed based on the sketches that were previously presented to committee. The latest progression of design includes amendments to the site plan and development of proposed elevations. The scheme design addresses the planning department's requirement to include a feature at the end of Livingstone Street in the form of a 4 storey curved block, similar in height to the adjacent building at Attlee Place. The design team have been advised that 4 storey massing on the site may be too much however they are now seeking feedback from the planning department who may specifically request it to achieve the 'book end' feature.

Contractor Selection

Traditional contractor procurement involves detailed design being undertaken by the client's design team before selecting a contractor using an ESPD process followed by quality, price and interviews. To help enable the programme and funding requirements, the association is now reviewing the option of running a mini competition using another organisation's contractor framework. This enables 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.

Each of the main frameworks which are open to RSLs include many of the same highest scoring contractors. The frameworks are both available and would allow mini competitions to be run with three contractors CHA choose from the list however the fee for the use of the framework is more expensive than other RSL frameworks at around 1% of the works (over £35k for this project). The framework is available to other RSLs and includes many of the same contractors but the fee is a one off cost of £250.

Please see full list of their contractors below along with for info.





Decision required

- 1) To access for this development
- 2) Decide on those contractors to go to mini competition (previous design team experience).

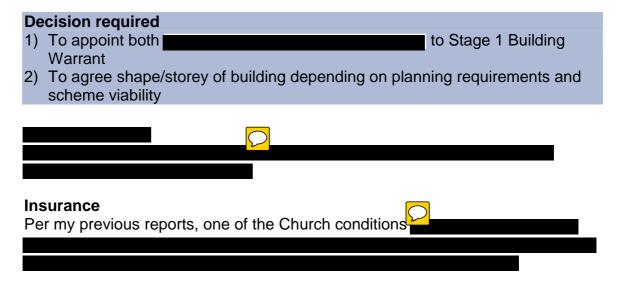
Technical Design

It was originally envisaged that the technical design would be undertaken once a preferred contractor is in place, however there is an opportunity to accelerate the design development prior to contractor involvement as CHA has a design team in place and a balance of grant available from the acquisition application which could support the next stage of design.

The consultants who have been appointed to design the scheme up to the point of achieving detailed planning consent have offered the following additional fees for taking the project up to stage 1 building warrant submission.



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 would help in working towards the full funding application.



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 4** (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

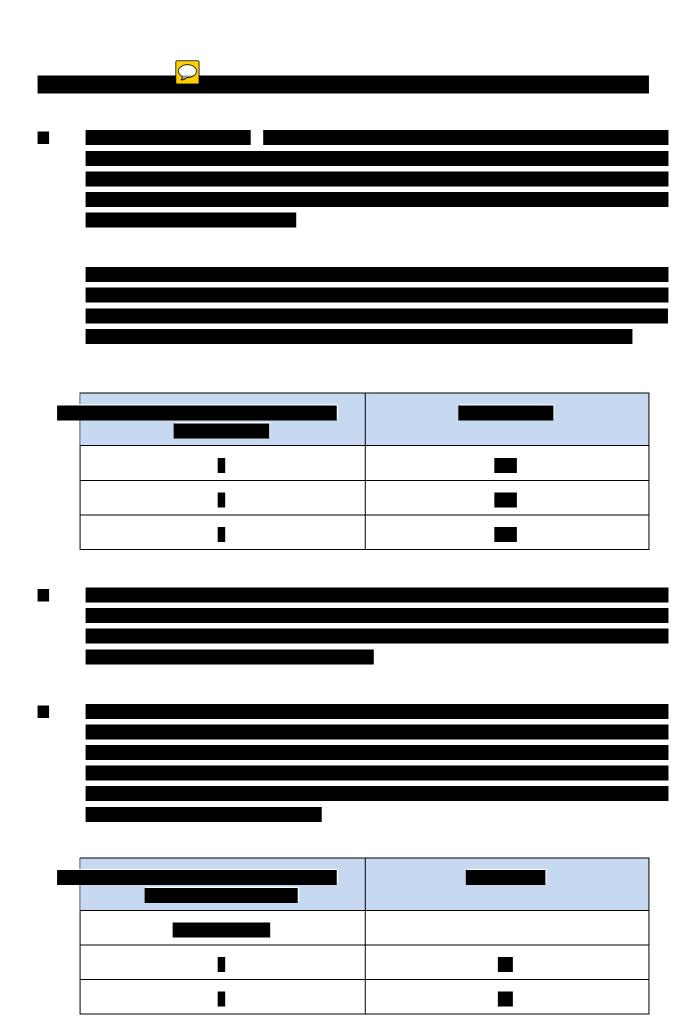
The design team will request to attend the January/February meetings of the Linnvale and Drumry Community Council when further design updates will be available.

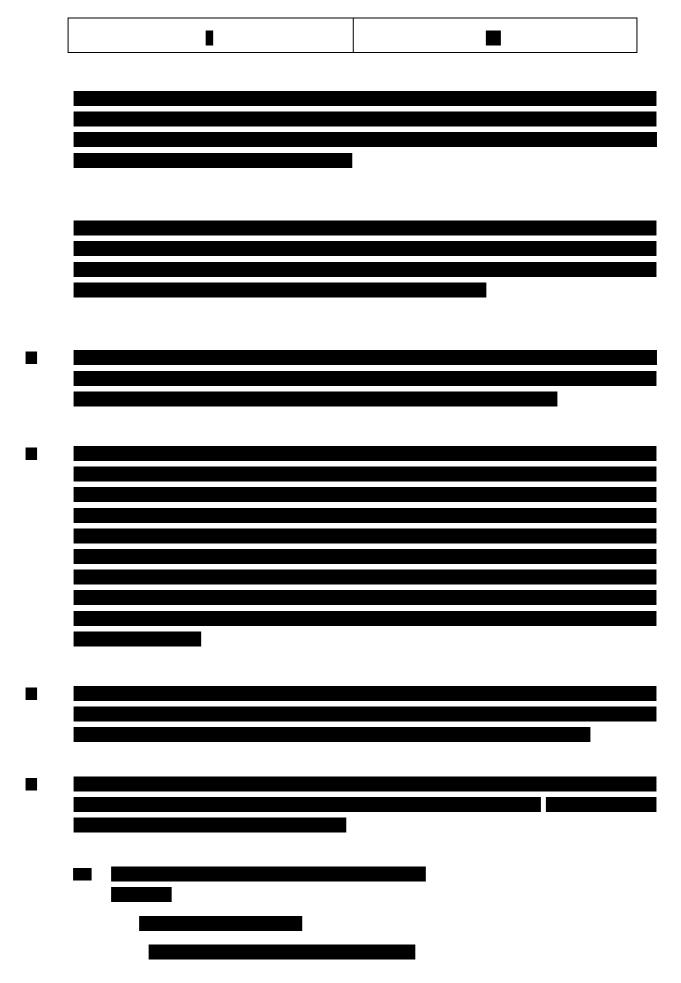
e) Other Sites

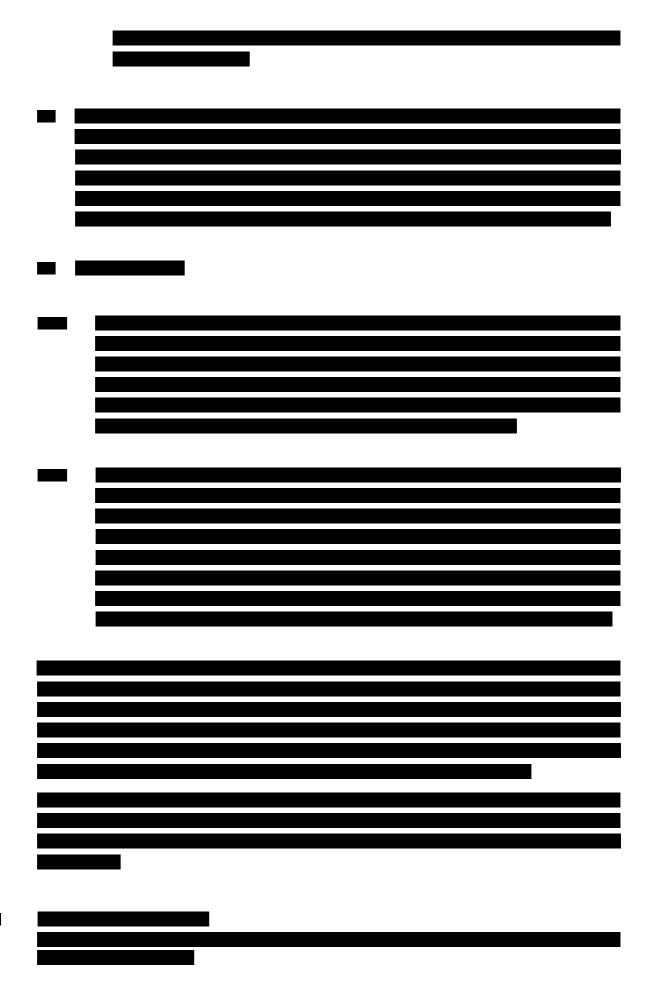
No update.

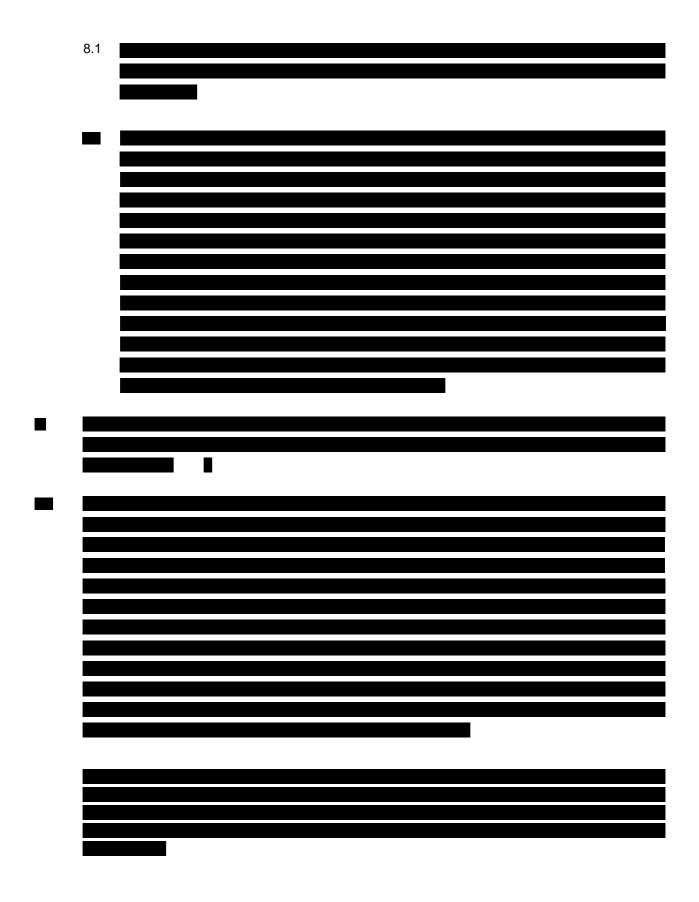
f) Development Risk

Our current new build development risk register is detailed in **Appendix 5**. Risk is continually monitored and assessed and there are no proposed additions.







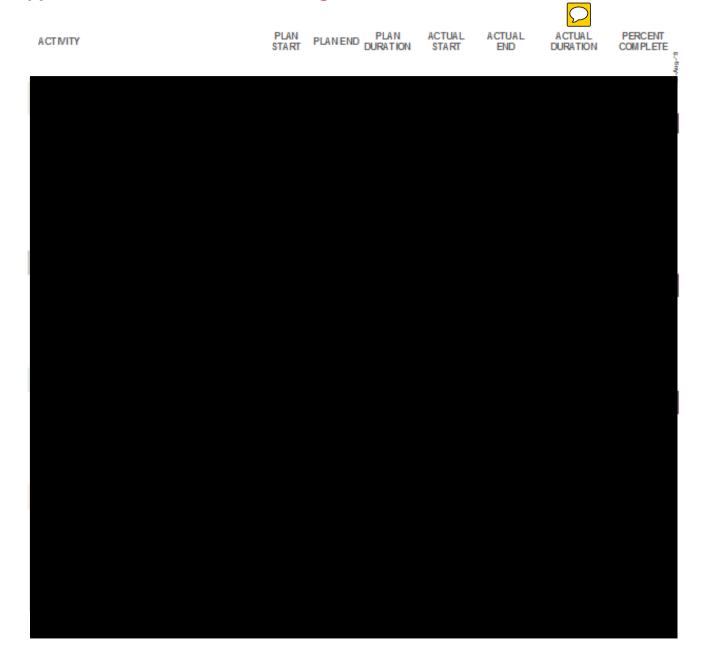


Appendix 2 - Queens Quay Contract register



| PROJECT Queens Quay (37 Units) | | | | |
|--|-------|---------|-----------|-----------|
| COST AND FINANCE RECONCILATION | | | | |
| DATE: 17/12/2019 | | | | |
| | | | | |
| Project Costs | Notes | | | |
| Capital Warks | | £ | £ | £ |
| 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 | - | 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 |
| 1 Ott 1 million | | | 0,020,009 | 0,000,202 |

Appendix 3 – Linnvale Church Programme



ACTIVITY

PLAN PLANEND PLAN ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTIVITY

PLAN PLANEND PLAN ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTIVITY

PLAN PLANEND PLAN ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTIVITY

ACTIVITY

PLAN PLANEND PLAN ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTIVITY

ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL ACTUAL PERCENT COMPLETE

ACTUAL ACTUAL



Appendix 4 – Linnvale Church Contract Sheet (Finance)

| PROJEC | T Linnvale Church-Dalton Avenue | | | | |
|---------------|-------------------------------------|-------|----------------------------|--------------------------------------|------------------|
| COST AL | ID EINANCE DECONCIL ATION | | | | |
| DATE: | ND FINANCE RECONCILATION 24/10/2019 | | | | |
| Project Costs | | Notes | Actual Spend to date | Total Costs per Offer of Grant | Amount remaining |
| | | | £ | £ | £ |
| Capital W | /orks | | - | - | - |
| Develope | r Design Fees inc VAT | | | | |
| Demolitio | n Costs | | - | | |
| Acquisitio | on Costs including Sols & Valuation | | | | |
| Developn | nent Agent (inc | | | | |
| Employer | Agent inc VAT | | - | - | - |
| Capitalise | ed Interest | | - | - | - |
| Planning/ | Building Warrant | | - | | |
| SI & Topo |) | | | | |
| Premier C | Guarantee | | - | - | - |
| COW (inc | VAT) | | - | - | - |
| Total Co | sts | - | 234,565 | 378,670 | 144,105 |
| FINANCE | = | | | | , |
| | Association Grant (HAG) | | 233,425 | 378,670 | 145,245 |
| | | | | 2.0,0.0 | |
| Private Lo | oan | | - | - | - |
| C.H.A. | | | 1,140 | - | - 1,140 |
| Total Fin | ance | | 234,565 | 378,670 | 144,105 |

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 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 | С | (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

