

CLYDEBANK HOUSING ASSOCIATION LTD.

TO: Management Committee (29-Sep-2020) **DATE:** 24.09.2020
FROM: Chief Executive
SUBJECT: Development Report - Agenda Item 12 (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**

West Dunbartonshire Council (WDC) Memorandum of Understanding (Update)

As highlighted last month, our Memorandum of Understanding in relation to our strategic partnership with WDC would be formalised as soon as an official signing/PR event can be organised.

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

We still await feedback from WDC regarding our Strategic Housing Investment Programme (SHIP) submission – details below: -

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]										
Potential off-the shelf purchases			Social Rent	Yes	2021	2021	2022		N/A	Estimate based on contribution of [REDACTED] per unit from AHSP

a) **Queens's Quay Development (37 units) (Decision required)**

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 and the revised programme indicates a February 2022 completion date.
- **Private Finance** – The previously agreed Security document will be returned to CAF Bank when the security paperwork has been completed (this is imminent) and the signed Key Commercial Terms will be returned in advance of private finance drawdown.

As reported last month, 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.

The Head of Finance & Corporate Services has been in contact with CAF Bank, the lender providing the c. £2.109m of private finance for the Queens Quay development. Given the time delay on the construction for 9 weeks when the site was closed during lockdown, options have been provided in regards to financially closing the loan and to minimise the payment of non-utilisation fees. Our Development Consultant has confirmed that the first draw-down of private finance

would not be expected until August 2021 based on our monthly development expenditure which is currently being funded by Housing Grant income.

Option 1 –

[REDACTED]

[REDACTED]

[REDACTED]

Risks



Benefits

□ □ □ □ □

Option 2 –

Risks

Benefits

10/10/2016

Option 3 –

[REDACTED]

Risks

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Benefits

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Decision required

The Management Committee is asked to consider these options, based on the risk of extending the offer of funding against the savings to be made on the non-utilisation fees. The Head of Finance and Corporate Services will be speaking to CAF Bank again prior to the meeting and will discuss the likelihood or not of the worst case scenario risks transpiring as in [REDACTED]. This will allow the Management Committee to make an informed decision at the meeting.

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

b) Dumbarton Road, Dalmuir – [REDACTED]s (Update)

There has been no update for a couple of months since 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.

c) Former St. Cuthbert's Church – Linnvale (24 units) (Update)
Draft Programme

The latest programme is detailed in **Appendix 2**. This will be updated in the coming weeks.

Acquisition – small piece of triangular ground from [REDACTED]

I am delighted to report that at its meeting on Wednesday 16 September 2020, [REDACTED] gave authority to proceed with the purchase.

The purchase is now in the hands of our solicitors and it is hoped that the transaction will be completed in the next couple of weeks. The Association will pay [REDACTED] for the land and the amount is included in the offer of grant.

Acquisition from Church of Scotland/ [REDACTED]

[REDACTED]

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.

A reminder that the Scottish Government has confirmed the level of funding support that can be attributed to the project and that offers of grant have been received from both the Scottish Government and Allia and accepted by the Association. 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 £1,374,490.

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

	Total for scheme	Total per unit
Housing Grant/Charitable Bond	[REDACTED]	[REDACTED]
Private Finance requirement	[REDACTED]	[REDACTED]
Total Costs/per unit	£4,580,417 =====	£190,850 =====

Once the purchase of the land from  is concluded and we have a firm “on site” date, the Association will complete the Settlement Form contained in the accepted Offer of funding issued by Allia. The purchase and settlement of the land is required before works commence on site and before Allia are able to release the approved sum of Charitable Donation funding (up to 4 weeks prior to the confirmed programmed site start date).

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 now that the whole site is secured.

Design for Planning

Planning approval was achieved on 10 June 2020.

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 will now be formally appointed following confirmation that the price quoted had been held and a suitable Offer of Grant has been received. 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


I will make contact again with the Community Council in the coming weeks now that we have secured the whole site and further information as to programme can be shared.

d) Other Sites

Proposed   – Design and Build (Decision required) 

An initial meeting was held on 02 September with the developer to further discuss the proposed design and build development and timescales.

The developer has now concluded missives with  and is aware that we are aiming to secure planning and site purchase before the end of March 2021, funding permitting. Both the Association’s and WDC’s design guides have been issued and the developer is working on draft layouts. Another meeting is scheduled for 30 September 2020.

Per my report last month (albeit I did not cover at the meeting), an employer’s agent would require to be employed and it was proposed that we again use the existing  to appoint.

Following my email of 27 August to the Management Committee, it was agreed that as we had successfully used these Frameworks before to appoint consultants and in order to progress discussions with the Developer as quickly as possible and avoiding having to go through a full procurement process, that we should use this procurement route for the proposed development.

The Management Committee agreed to appoint [REDACTED]
[REDACTED], in principal and subject to a report which would include further information and costings from the Framework, to be presented and considered for formal approval at the next meeting.

The [REDACTED] allows RSLs to use a Direct Award call off procedure to appoint consultants who have already passed the quality and price selection procedure for the Framework. The competitive fees are set as part of the Framework agreement and the Association would normally only consider working with consultants who we have past experience of, given there would be no direct quality assessment by us in this instance.

Of the three consultants on the Framework, we have only had past experience of [REDACTED] I have detailed below the fees (percentage of works cost) for each consultant

The rates associated with the consultants offering **Employer's Agent** services on the Framework are as follows:

[REDACTED]



The Association has no experience of working with [REDACTED]
[REDACTED]

For information, the Association recently awarded the Employer's Agent role for Dalton Avenue to Martin Aitken Associates who won a competitive tender with a fee representing [REDACTED]. The other tenders received during this competitive process ranged from [REDACTED] and the industry standard would be anywhere from **0.7% to 1.2%** so we are satisfied that the fee of [REDACTED] represents value for money.

Based on the information above, I would recommend the formal appointment of [REDACTED] for this proposed development.

The Association also requires to appoint a **Principal Designer** for this project and I propose that we also make a direct award call off from the [REDACTED].

The rates for **Principal Designers** on the Framework are as follows:

[REDACTED]

Based on the information, I would also recommend the formal appointment of [REDACTED] for this proposed development.

This value of procurement for both appointments is below the threshold for regulated procedures under the current Regulations and will not have to be published.

Location Plan and Scheme Design

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

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

e) 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 this month.

Appendix 1 - Queens Quay Contract register

PROJECT Queens Quay (37 Units)			
COST AND FINANCE RECONCILIATION			
DATE: 24/09/2020			
Project Costs	Notes	Actual Spend to date	
		£	
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	-	1,312,886	6,825,009 5,512,123
FINANCE			
Housing Association Grant (HAG)			
Private Loan			
C.H.A. agreed contribution MC 27.06.19			
Total Finance		1,312,886	6,825,009 5,512,123
		-	

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:	24/09/2020			
				Actu
Project Costs		Notes		Spen
				dat
				£
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		-	415,302	378,670 - 36,632
FINANCE				
Housing Association Grant (HAG)				
Private Loan				
C.H.A.				
Total Finance			411,584	378,670 - 32,914

[REDACTED]



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	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
1												
1b												
2												

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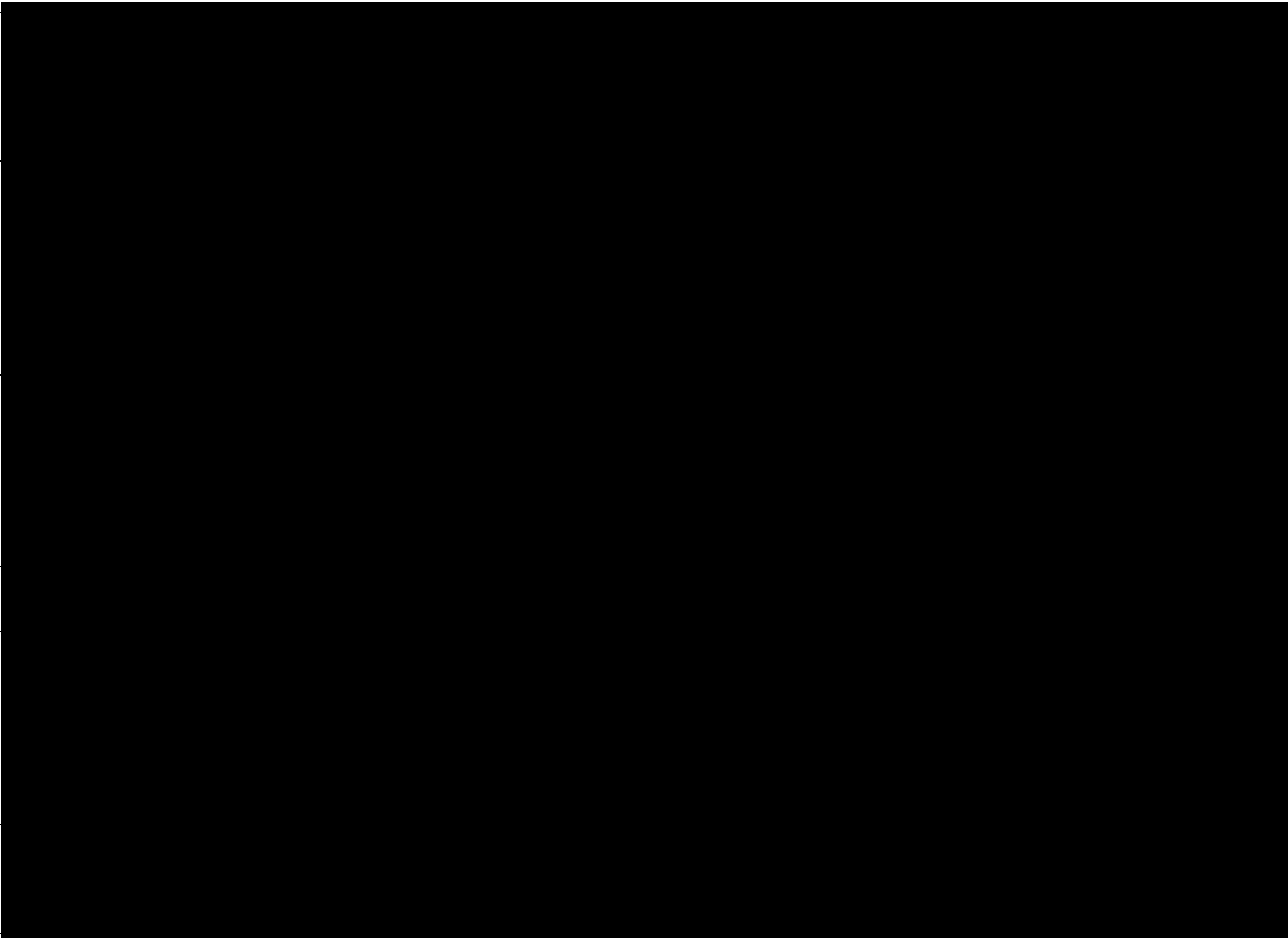
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