

Finance & Resources Committee

10.00am, Thursday, 23 March 2017

21st Century Homes Small Sites Programme – Delivery Update

Item number	7.11
Report number	
Executive/routine	Executive
Wards	All

Executive Summary

The purpose of this report is to update Committee on progress with the Council's small sites affordable house building programme to redevelop seven small brownfield sites for new affordable homes.

Planning permission has been granted for three sites and applications are being considered for the remaining four. Construction work is due to start in March on two sites.

Following detailed design work, it is feasible to build an additional 17 homes (subject to planning consent), taking the number of affordable homes from 246 to 263. Additional improvements have been incorporated which will reduce tenants' cost of living and improve their quality of life through energy efficiency and increased space. The improvements will also assist in the delivery of wider Council policies.

The additional homes, improvements and Council requirements will necessitate an uplift to the project budget from £29.7m to £33.9m. An application will be submitted for Scottish Government grant funding for the additional 13 social rented homes.

Links

Coalition pledges	P8, P9, P17
Council priorities	CP4, CP9, CP10
Single Outcome Agreement	SO4

21st Century Homes Small Sites Programme – Delivery Update

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 agrees a revised project budget of £33.9m for the small sites affordable house building programme.
 - 1.1.2 agrees to apply for Scottish Government grant funding to support the delivery of an additional 13 homes for social rent across the Hailesland and Dumbryden sites.
 - 1.1.3 to refer the report to the Health, Social Care and Housing Committee for information.

2. Background

- 2.1 On [2 February 2016](#), the Finance and Resources Committee considered a report which indicated around 246 energy efficient homes would be designed and built across seven sites using the Scape framework, with an estimated three year timescale. The sites are located at: Calder Gardens, Parkgrove Terrace, Crewe Road Gardens, Dumbryden Drive, Hailesland Place, Royston Mains Avenue and West Pilton Grove.
- 2.2 The Finance and Resources Committee agreed: to place a Project Order with Willmott Dixon using the Scape framework; a project budget of £29.7m; designate the Executive Director of Place to enter into Delivery Agreements for the sites; apply for Scottish Government grant funding; and noted progress would be reported to the Health, Social Care and Housing Committee.
- 2.3 On [3 November 2016](#) the Finance and Resources Committee approved the transfer of 0.170 hectares of additional land at the former Dumbryden Primary School site to the Housing Revenue Account, providing an opportunity to develop more affordable homes on the site.

3. Main Report

- 3.1 On 14 April 2016, Council raised the Scape Project Order with Willmott Dixon Construction Ltd to initiate and govern the pre-construction activities associated

with the development of the seven sites. Their assigned sub-contractor in Scotland, Robertson Partnership Homes Ltd is currently progressing these pre-construction activities.

- 3.2 Planning applications and Stage A and B Building Warrants have been submitted for all seven sites. Planning permission has been received for the developments at Calders, West Pilton Grove and Clermiston. Stage A Building Warrants have been received for the Calders and West Pilton Grove.
- 3.3 Following receipt of planning permission, the Executive Director of Place, authorised Scape Delivery Agreements in February 2017 for the construction of the first two sites: Calders (£3.96m); and West Pilton Grove (£3.20m). Construction work is programmed to commence on these sites in March 2017.
- 3.4 Subject to receipt of the appropriate statutory consents, it is intended to enter into Delivery Agreements for the remaining five sites (Parkgrove Terrace, Crewe Road Gardens, Hailesland, Royston and Dumbryden). This is before termination of the current Scape Framework in May 2017, with the aim of completing the construction works across the seven sites by the summer of 2019.
- 3.5 The Scottish Government agreed to provide a grant of £8.745m for the small sites programme to support delivery of the 165 homes for social rent. £1,082,601.97 of the grant has already been drawn down to fund the pre-construction activities for all seven sites.
- 3.6 The project budget of £29.7m for the small sites programme was based on the findings and recommendations of the feasibility studies. However, following consultation and stakeholder engagement, a number of measures have been identified that will improve quality of homes and support delivery of a range of Council objectives. These necessitate an uplift to the project budget. The requirements are listed in full at Appendix 1.
- 3.7 The detailed design process has shown that it is feasible to build an additional 17 affordable homes (13 social, four mid market) across two of the sites: two homes on the Hailesland site; and, due to extra land becoming available, 15 homes can be accommodated on the Dumbryden site. This is the most significant cost in the revised project budget.
- 3.8 Following consultations with each of the Locality Teams the size of flatted blocks has been increased to provide two bedroom four person homes instead of two bedroom three person homes. This change offers greater flexibility in terms of allocations and accessibility for tenants and is more closely aligned with demand.
- 3.9 Photo voltaic solar generated power will be fed into individual flats, rather than to communal areas, to provide a direct tangible benefit to tenants and maximise the Energy Performance Rating (EPR) of the homes.
- 3.10 Along the eastern boundary of the Crewe Road Gardens site, a strip of land will be safeguarded for a future cycleway between Crewe Road Gardens and the shared pedestrian/cycleway path on West Granton Access.

- 3.11 Committee is asked to agree a revised budget of £33.9m for the programme in order to fund the pre-construction activities, construction works, developer contributions and the development of 17 additional homes and enhancements to the design and layout of the sites. A request will be made to the Scottish Government to provide grant funding for the additional 13 social rent homes at Hailesland and Dumbryden.

4. Measures of success

- 4.1 Delivery of 263 quality, energy efficient affordable homes on seven brownfield sites across the city.
- 4.2 Development of accessible homes, including 18 fully wheelchair accessible homes to meet a range of housing needs.
- 4.3 An amount of time set aside for community benefits includes the creation of new apprentice places (221 weeks), sustaining existing apprenticeships (336 weeks), as well as engaging with local schools, colleges and universities to provide work placements (270 weeks), NVQ qualifications (68 for existing workforce) and site visits (1,065).
- 4.4 Contributions to the value of £491k will be made to the Communities and Families and Transport services to assist in the delivery of wider Council policies, enhance investment in the surrounding areas and satisfy Planning requirements.

5. Financial impact

- 5.1 The revised cost of the pre-construction activities and construction of 263 homes on these sites as a package, under the Scape framework is £32.7m. The Council's independent cost consultant, David Adamson and Partners (DAP), has reviewed the revised costs against market rates and concluded that they are still competitive and represent value for money for the Council.
- 5.2 The total budget requirement for the Council is £33.9m which includes the sum paid to the contractor for the pre-construction and construction activities, developer contributions and all professional fees.
- 5.3 Development of the small sites will be funded from borrowing on the HRA and available Scottish Government grant funding. It will be delivered as part of the 21st Century Homes house building programme.
- 5.4 The report outlines total capital expenditure plans of £33.9m. If this expenditure were to be funded fully by borrowing, the overall loan charges associated with this expenditure over a 30 year period would be a principal amount of £33.9m and interest of £33.9m, resulting in a total cost of £67.8m based on a loans fund interest rate of 5.1%. The annual loan charges would be £2.2m.

- 5.5 It should be noted that the Council's Capital Investment Programme is funded through a combination of General Capital Grant from the Scottish Government, developers and third party contributions, capital receipts and borrowing. The borrowing required is carried out in line with the Council's approved Treasury Management Strategy and is provided for on an overall programme basis rather than for individual capital projects. Following instruction from Members, notional loan charge estimates have been provided above, which it should be noted are based on the assumption of borrowing in full for this capital project.

6. Risk, policy, compliance and governance impact

- 6.1 Monthly updates are submitted to the 21st Century Homes Programme Board.
- 6.2 Under the Scape Framework there is provision to undertake reviews at key stages of the development processes to highlight what has worked well and where improvements are required. Two such reviews have been conducted for the small sites programme: one at the end of the feasibility stage; and one prior to signing the Delivery Agreements for the Calders and West Pilton Grove sites.
- 6.3 In line with 21st Century Homes development procedures a suitably qualified and experienced construction Project Manager will manage the contract on behalf of the Council. The construction works will be closely monitored by an experienced Clerk of Works and collateral warranties will be provided by the contractor and design team.
- 6.4 A risk log is maintained by the developer and is updated jointly by the client and developer to mitigate against significant risks to the project.

7. Equalities impact

- 7.1 Development of 263 affordable homes on seven sites across the city will have a positive impact on equalities. New housing will be accessible and energy efficient with 10% of social rented housing suitable for wheelchair users.

8. Sustainability impact

- 8.1 Affordable housing will be developed on seven brownfield sites which have been earmarked for development for some time. The proposed new build homes will be built to high standards in terms of energy efficiency and sustainability and therefore reduce fuel poverty.

9. Consultation and engagement

- 9.1 Stakeholders including Community Councils, Edinburgh Tenants Federation and Ward Councillors have been informed of progress on the redevelopment of the

seven small sites. They will continue to be kept informed during the construction works.

- 9.2 Specifically, communities were invited to local public drop-in events to consider and give feedback on the proposals for each site, as detailed designs were developed, prior to submission of planning applications.

10. Background reading/external references

- 10.1 [21st Century Homes Small Sites Programme Delivery, report to Finance and Resources Committee, 2 February 2016](#)

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11. Links

Coalition pledges	<p>P8 – Make sure the city’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites.</p> <p>P9 – Work in partnership with Scottish Government to release more funds for Council homes for rent.</p> <p>P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.</p>
Council priorities	<p>CP4 - Safe and empowered communities</p> <p>CP9 - An attractive city</p> <p>CP10 - A range of quality housing options</p>
Single Outcome Agreement	<p>SO4 – Edinburgh’s communities are safer and have improved physical and social fabric</p>
Appendices	<p>Appendix 1 – List of Improvements</p>

Appendix 1 – List of Improvements

- Increase the number of affordable homes at Hailesland (two) and Dumbryden (15)
- Increase the development footprint of flatted developments to accommodate e.g. three bedroom/four person homes instead of two bedroom/three person homes
- Provision of community garden infrastructure to compensate for loss of open space (Crewe Road Gardens) and provide habitat for protected wildlife
- Additional measures to mitigate unsuitable ground conditions and contamination
- Additional landscaping requirements
- Additional surveys required to permit statutory consent
- Contribution to Children and Families actions/improvements
- Contribution to Transport Services infrastructure improvements/requirements
- Installation of eco-friendly car charging points as requested by Planning
- Feeding the photo voltaic solar generated power into each individual flat, rather than into communal areas, to maximise the Energy Performance Rating (EPR) of each flat
- Fire suppressant system to internal bin stores
- Fitting out mid market rented homes with carpets, curtains, blinds, and white goods
- Future proofing the developments for the installation of digital fibre to the premises (FTTP) infrastructure
- Allow for essential utility diversions and upgrading.