

**Council House Building Programme
Progress Update August 2020**

Report by Kevin Anderson, Executive Director Place

Report for Noting

1 Recommendations

Council is recommended to:

- a) Note the content of this report and the progress made on Phases 2 to 4.
- b) Note the new sites proposed to complete Phase 3 and Phase 4
- c) Note the proposals to acquire houses from private developers
- d) Note the projected costs/budget expenditure appended to this report

2 Purpose of Report

To update the Council on the status of the social housing programme on approved sites and proposed new sites for building programme and other initiatives for the target delivery.

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3 Housing Building Programme and Planned Works

3.1 Council Housing Programme – Phase 1 & 2 Sites

Phase 1 provided 864 additional houses within Midlothian over a period of 7 years with a total budget of £108,700,000 and this is now complete.

Phase 2 targeted providing a further 412 additional homes within Midlothian.

With a budget of £77,121,000 funded from the Housing Revenue Capital Account enhanced with Scottish Government grant funding, current analysis now indicates an updated figure of 488 homes being deliverable under the Phase 2 budget.

A total of 297 of these homes have already been constructed from the Phase 2 Budget as set out below

Completed Phase 2 Sites

Ref	Location	Number of Units	Cumulative
2	Woodburn Ct, Dalkeith	14	14
37	Pentland Way, Penicuik	62	76
9	Craigiefield, Penicuik	17	93
18	Eastfield Drive, Penicuik	17	110
42	Jackson St, Penicuik	14	124
60	Edgefield Road, Loanhead	41	165
SITES COUNTING TOWARDS 1000 UNIT TARGET - IN ORDER OF COMPLETION			
51a	Stobhill Road, Gorebridge	37	37
51b	Stobhill Road, Gorebridge	32	69
108	Polton St, Bonnyrigg	18	87
41	Complex Care, Penicuik	12	99
119	Millers, Shawfair	23	122
23	Woodburn Terrace, Dalkeith	10	132
		TOTAL	165+132=297

The remaining 191 homes to be constructed from the remaining Phase 2 budget comprise the following:

Ref	Location	Number of Units	Cumulative
115	Castlelaw Terrace, Bilston	8	8
47	Kirkhill Rd, Penicuik	21	29
134	Paradykes /Barratts, Loanhead	21	50
110	Clerk St, Loanhead	28	78
144	Barratts, Roslyn	13	91

39	Crichton Ave, Pithead	10	101
118	Bellway - Danderhall, Shawfair	47	148
117	Cockpen Terrace (Hopefield Yard), Bonnyrigg	16	164
146	Bellway - Wester Cowden, Dalkeith	27	191

3.2 Council Housing Programme - Phase 3 & 4 Sites

Phase 3 & 4 funding combined comprises £136,258,000 (£42,208,000 for Phase 3 and £94,050,000 for Phase 4). Current projections are targeting a potential further 745 additional homes within Midlothian.

It should be noted that the exact number of sites and homes will be subject to some variation as the project evolves, sites are confirmed or rejected and procurement initiatives progress and designs develop but the planned sites are as set out below.

Ref	Location	Number of Units	Cumulative	Phase
147	Rosewell (Stewart Milne/Millers)	25	25	3
C450	Buccleuch St (excludes Retail units), Dalkeith	10	35	3
128	Mac&Mic, Shawfair	48	83	3
140	Dalhousie Mains - Springfield, Bonnyrigg	70	153	3
122	Former Co-op site, Bonnyrigg	21	174	3
116	Newmills Road (former Dalkeith HS), Dalkeith	92	266	4
51c	Stobhill Road, Gorebridge	25	291	4
131	Burnbrae Rd Hopefield - Coop, Hopefield	20	311	4
53	Morris Road, Newtongrange	79	390	4
109	Conifer Road, Mayfield	72	462	4
130 (1)	Newbattle HS (Phase 1), Newtongrange	70	532	4
C398/114	Dundas Highbank (Extra Care) St Marys, Bonnyrigg	31	563	4
32/34	Newbyres, Gorebridge	75	638	4
112	High St (depot)(Phase 1), Bonnyrigg	40	678	4
130 (2)	Newbattle HS (Phase 2), Newtongrange	0	678	4
tbc	Newton Church Road, Danderhall	12	690	4
46	Mauricewood /Deanburn Affordable Housing (Cala), Penicuik	55	745	4

The total of Phase 2, 3 & 4 homes is currently estimated at 1233, comprising 488 from Phase 2 budget and 745 from the Phase 3&4 budgets.

Progress during 2020 continues with 125 homes currently being constructed on site with a further 462 homes planned to commence before the end of 2020. Of these, four sites are procured in contract with a developer (procuring the affordable element), which in addition with the already completed site for 23 units in Shawfair – provides 131

homes. It is hoped that further ongoing negotiations with developers regarding several sites may add to this.

Overall programme status for sites not yet completed is as set out below:

Currently on site or to commence in 2020:

Ref	Location	Currently on site	Starting in 2020	Start on site
115	Castlelaw Terrace, Bilston	8		n/a
47	Kirkhill Rd, Penicuik	21		n/a
134	Paradykes /Barratts, Loanhead	21		n/a
110	Clerk St, Loanhead	28		n/a
144	Barratts, Roslyn		13	Jan-20
39	Crichton Ave, Pithead		10	Jul-20
118	Bellway - Danderhall, Shawfair	47		Jan-20
117	Cockpen Terrace (Hopefield Yard), Bonnyrigg		16	Oct-20
146	Bellway - Wester Cowden, Dalkeith		27	Oct-20
tbc	Rosewell (Stewart Milne/Millers), Rosewell		25	tbc
C450-Site 26	Buccleuch St (excludes Retail units), Dalkeith		10	Dec-20
128	Mac&Mic, Shawfair		48	Oct-20
140	Dalhousie Mains - Springfield, Bonnyrigg		70	Sep-20
116	Newmills Road (former Dalkeith HS), Dalkeith		92	Nov-20
53	Morris Road, Newtongrange		79	Sep-20
109	Conifer Road, Mayfield		72	Dec-20
	Total 587	125	462	

Sites to commence after 2020:

Ref	Location	Estimated Units	Cumulative	Site Start	Site Finish
122	Former Co-op site, Bonnyrigg	21	21	Q2 2021	Q2 2022
51c	Stobhill Road, Gorebridge	25	46	Q1 2021	Q1 2022
131	Burnbrae Rd Hopefield - Coop, Hopefield	20	66	Q2 2021	Q4 2022
130 (1)	Newbattle HS (Phase 1), Newtongrange	70	136	Q2 2021	Q4 2022
C398/114	Dundas Highbank (Extra Care) St Marys, Bonnyrigg	31	167	tbc	tbc
32/34	Newbyres, Gorebridge	75	242	Q2 2021	Q4 2022
112	High St (depot)(Phase 1), Bonnyrigg	40	282	tbc	tbc
130 (2)	Newbattle HS (Phase 2), Newtongrange	0	282	n/a	n/a
tbc	Newton Church Road, Danderhall	12	294	tbc	tbc
46	Mauricewood /Deanburn Affordable Housing (Cala), Penicuik	55	349	tbc	tbc
tbc	Shawfair (Barratts)	33	382	tbc	tbc
121	Stobhill Depot (Phase 2), Gorebridge	0	382	tbc	tbc

142	Shawfair, Danderhall (Stewart Milne)	28	410	tbc	tbc
145	Auchendinny, Penicuik (Stewart Milne)	98	508	tbc	tbc
143	Bilston Phase 2 (Taylor Wimpey)	50	558	tbc	tbc
6/24/25	D'Arcy Road, Mayfield	50	608	tbc	tbc

Specific Site updates:

- Site 26 – 32/38 Buccleuch Street, Dalkeith – delivering 10 homes. Demolition of existing building completed. Likely site start in December 2020.
- Site 32/34 Newbyres – delivering 75 homes - delayed due to ongoing IMT requests for further ground gas testing and monitoring requirements outwith the control of Midlothian Council. It is intended that recent design solution proposals will allow commencement of works on site in 2021.
- Site 51C Stobhill – 49 homes – full Design Team appointed. Site start anticipated in 2021.
- Site 109 Conifer Road, Mayfield – 72 homes –held up due to Scottish Water infrastructure capacity issues which outwith Council control – now resolved – and ground remedials solution in place – the revised date of commencement is late 2020.
- Site 116 Newmills Road, Dalkeith – 92 homes comprising 40 extra care flats and 8 extra care bungalows together with 44 new homes for rent. Contractor appointed under two stage tendering with enabling works (not requiring planning) starting on site earliest November 2020. Main works to follow on. Budget for this project has increased from £17.162m to £18.817m (due to S75 costs, provision of Electrical Charging units and provision of fire suppression systems).
- Site 114 Old Dundas/St Marys PS site – Intermediate Care Facility and Day Care centre, plus 30 Extra care homes planned on combined site – currently under design development – demolition scheduled to commence asap after St Marys relocation to new Hopefield PS, but delayed due to possible use of Primary School as a result of Covid-19 requirements, along with a possible additional floor on to the initial proposed design. Site Investigations will follow – main works now expected to start on site expected mid 2021.
- Site 117 Hopefield Yard, Bonnyrigg – 16 homes Site start anticipated October 2020
- Site 122 81 High Street, Bonnyrigg – delivering 20 homes – demolition completed. Site investigation to follow on. Start on site envisaged June 2021
- Site 128 Shawfair, delivering 48 homes under a design & build contract arrangement with MacTaggart & Mickel – site start to be confirmed but anticipated Autumn 2020
- Site 130 Phase 1 Old Newbattle HS site – delivering 75 homes – still at early design stage – only just appointed remainder of Design Team - likely start on site Summer 2021
- Site 131 Hopefield, Burnbrae, Bonnyrigg - retail unit plus planned 20 homes – commencement on site expected March 2021

- Site 140 Dalhousie Mains, Bonnyrigg - delivering 70 homes under a design & build contract arrangement with Springfield Homes – site start to be confirmed but anticipated mid-2020
- Site 450 Buccleuch Street, Dalkeith – 10 houses plus 2 retail units – delayed as a result of possible residential in lieu of retail on the ground floor. Likely site start early 2021.

It is anticipated that the bulk of the larger sites listed above will be procured via a two-stage tender process with a Design and Build procurement method. The benefits of this are

- 1) Reduced tendering costs – making it more attractive to the marketplace – gaining greater interest and more competition/better value
- 2) The introduction of the contractor at an earlier stage in the design process using a collaborative approach addressing technical challenges and speedier programme delivery.

The procurement solution will however be assessed for each site to ensure the most suitable method is adopted. In some instances directly procured Design Teams acting for the Council may develop the design sufficiently to issue design & build tender documents based on a developed design but transferring risk to the contractor with bills for pricing to allow suitable post contract management. Utilisation of the Scotland Excel (SXL) Housing Framework is also being explored. A site will be chosen to pilot this as an alternative delivery solution (Bonnyrigg High St, Co-op site). In addition, where it may be deemed more suitable, smaller sites or sites that may involve refurbishment could potentially be tendered via traditional bills of quantities and tender pricing.

NOTE: It should be noted that a masterplan is proposed for the former Newbattle High School site (Site 130 **Phase 2**) to identify the options for a mix of tenures on this site in addition to 75 new council housing units (**Site 130 Phase 1**). This will be co-ordinated with the Learning Estates Strategy. A mixed tenure housing solution provides a more sustainable approach to place making.

3.3 Sites for development following Council building closures

- Site 121 Stobhill Depot affordable provision (50 homes) - any plans for this site are currently on hold until review of Stobhill Masterplan is completed.
- Site 112 High Street (Garage), Bonnyrigg (40 homes) – requires a new depot/garage to be completed before becoming available.
- Site 114 (St Mary's Primary School), Bonnyrigg (30 homes) - referred to above. Note possible requirement to retain the Primary School for learning space as a result of COVID impacts.

3.4 Proposed Affordable Housing Provision from External Developers

As noted above it is proposed to either enter into land purchase/Design & Build contracts with these developers or purchase completed houses from external developers as a procurement route to achieve completed homes as soon as possible.

Sites with Developers for completed home purchases (turn-key) or Land Purchase/Building D & B Contracts are located at:

Sites progressing 2020

- Site 118 Danderhall, Shawfair – Bellway (47 homes)
- Site 128 Shawfair - Mactaggart and Mickel (48 homes)
- Site 134 Paradykes Loanhead – Barratt Homes (21 homes)
- Site 140 Dalhousie Mains, Bonnyrigg – Springfield (70 homes)
- Site 144 Roslin – Barratt (13 homes)

Future potential sites (tbc)

- Site 146 Wester Cowden, Dalkeith – Bellway (27 homes)
- Site TBC Shawfair – Barratt (33 homes)
- Site TBC Shawfair – Stewart Milne (28 homes)
- Site TBC Auchendinny – Avant Homes (units tbc)
- Site TBC Penicuik – Cala (units tbc)

Zero Carbon

In compliance with the Council's Climate Emergency Declaration , the design briefs have been amended to target a Zero Carbon approach and we are currently pursuing a requirement to meet Passivhaus standards, an internationally standard to achieve low and Zero Carbon design and construction requirements and also address fuel poverty as heating demand is minimised. All projected costs for future developments include an allowance of 6% to accommodate this.

3.6 Grant Funding

Officers continue to pursue available grant monies to assist in land purchases/construction of Council housing in Midlothian. More detail on grant funding is available in Midlothian's Strategic Housing Investment Plan. Regular meetings with the Scottish Government are undertaken to update the programme and ensure spend is maximised.

The level of grant funding opportunities within the Housing Programme (July 2020) is currently at £15.093m.

The Scottish Government have advised that the 2020/2021 funding limit for the East of Scotland currently stands at £9.809m with the Council's projected funding at £7.908m.

4 Report Implications

4.1 Resource

All the costs of employing the necessary members of staff are included in the project budgets.

4.2 Digital

Building Information Modelling is being utilised to deliver the projects. Models exist for the generic house types and flat types. It is proposed that these models will be used for the completion of all Phases. Additional technology has been adopted for Site 116 Newmills Road allowing 3-dimensional “fly through” of the site and buildings thus allowing staff and public a better understanding of how the completed development will look. This has already been presented at a recent Planning Public Consultation which was well received by the public.

4.3 Risk

The current projection for completed homes from construction sites (both developer and Council contracts), on or before May 2022, currently totals 865 (excluding any buy-backs), a shortfall of 135 units on the Council's 1000 unit target. The Newbyres development has been held in abeyance for over two years due to IMT requirements/gas/remediation measures and the current forecast is that only 40 of the 75 unit site will be completed pre May 2022. Approaches have been made to a number of developers to investigate purchasing more homes however the Covid 19 situation has resulted in many of the developer staff involved being placed on furlough and there has been little progress as a result. The focus in the next few months will be on addressing this. Whilst every effort is being made to achieve it, there is a clear risk that the 1000 unit target will not be achieved. Delays caused by the Scottish Water Capacity issues/ Ground Remedials/ site availability and Covid 19 outbreak have been the main issues. The risk of failure to achieve the Council's target of 1,000 homes by March 2022 due to lack of available sites and availability timescales is being mitigated as much as possible by the proposed purchase of sites, the purchase of completed houses from Developers and open market acquisitions. While there is a clear recognition that there will be a delay in starting and completing projects in the current five year programme and speculation about medium and long term impacts of the pandemic including the implications for the design of infrastructure we have progressed a quick review rather than a complete redraft to be able to progress this work through making changes to the Capital programme including Housing and to take advantage of off the shelf opportunities or second hand purchases directed at meeting recovery objectives and supporting economic activity.

Covid-19

In general the sites under construction or about to commence have all been affected directly by the shutdown. Social distancing measures have not had as significant impact on programmes as first thought (one contractor advising a 5 week slippage on an 18 month programme).

Further easing of the restrictions which could reduce impact on the overall programme also need to be considered however there remains a risk of further spikes and potential shut downs.

No financial adjustment has been given to any housing contractor as a result of the shutdown or social distancing measures as the Council contracts did not accommodate any such action. Whilst there is extensive legal debate in the industry regarding this, the Council's stance remains unchanged until such time as any case law or similar suggests otherwise. With the regard to cost impact on future tendered contracts as a result of social distancing measures, the current economic recession is expected to reflect lower pricing in the market place and as such these should be self-cancelling to a large degree.

Pre-construction activities during the shutdown were mitigated as Council construction staff continued to work remotely with their design team consultants to progress these projects as much as possible. Some delays due to inability to progress site enabling works or investigations and consultant staff on furlough did have impact on some projects.

The Planning Department have however advised that applications may take longer to process with an approx. timescale of 4 months for new applications.

A brief update on the impact of Covid on current active projects as advised by contractors is below.

- Site no 47 – Kirkhill Road – delay due to the shutdown – 13 weeks lockdown. Thereafter the soft start progress was impacted by the social distancing and slow return from subcontractor and suppliers from furlough. At this moment of time contractor is not able to provide an accurate assessment of that impact on actual completion dates.
- Site no 134 – Paradykes/Barratt – 6 weeks for social distancing, 13 weeks due to the lockdown.
- Site no 110 – Clerk Street – delay due to the shutdown – 13 weeks lockdown. Thereafter the soft start progress was impacted by the social distancing and slow return from subcontractor and suppliers from furlough, at this moment of time contractor is not able to provide accurate assessment of that impact on actual completion dates.
- Site no 144 – Roslyn/Barratt – 6 weeks for social distancing, 13 weeks due to the lockdown.
- Site no 39 – Crichton Avenue – 13 weeks delay in start due to the lockdown and an estimated further 4-6 weeks due to the social distancing measures
- Site no 118 – Danderhall/Bellway – there is no delay in completion dates even with 13 weeks of lockdown, contractor reduced time gap between 4 phases to achieve planned completion dates.
- Site no 117 – Cockpen Terrace – still in design stage so any delays to social distancing measures are not possible to assess at the moment

- Site no 146 – Wester Cowden/Bellway – works not started. Delay of 13 weeks due to the lockdown. Any delays to social distancing measures are not possible to assess at the moment.
- Site no 53 – Morris Road – at the moment only enabling works/water diversion are carried out on site, Covid -19 impact on programme is 14 weeks due to the lockdown. Social distancing is not affecting this work.

4.4 Ensuring Equalities

An Equalities Impact Assessment was completed for Midlothian Council's Strategic Housing Investment Plan 2020/21 – 2024/25. This document, which is updated annually, sets out all new affordable housing investment plans in Midlothian (including assessing need and demand for housing including specialist housing provision).

4.5 Additional Report Implications

See Appendix A

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Themes addressed in this report:

- Adult Health Care and Housing
- Sustainable Growth

A.2 Key drivers addressed in this report:

- ☒ Holistic Working
- ☐ Hub and Spoke
- ☒ Modern
- ☒ Sustainable
- ☒ Transformational
- ☒ Preventative
- ☒ Asset-based
- ☒ Continuous Improvement
- ☐ One size fits one
- ☐ None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- ☒ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☒ Efficient and Modern
- ☒ Innovative and Ambitious
- ☐ None of the above

A.4 Delivering Best Value

There is a need for housing investment and the solutions detailed in the report gain Best Value for Midlothian Council on the basis of technical capability and cost.

A.5 Involving Communities and Other Stakeholders

Consultations internally and externally continue to be carried out with all appropriate stakeholders ensuring input/comment on the proposed layouts / house types and mix. This will be undertaken for the additional sites.

A.6 Impact on Performance and Outcomes

The proposed works support the Council's Local Housing Strategy and accord with Midlothian Council's Corporate Priorities.

A.7 Adopting a Preventative Approach

Reviewing and utilising different procurement options in order to promote early delivery.

A.8 Supporting Sustainable Development

The new build housing programme will comply with all current building regulations and follows best practice in line with the Council's policies on the environment.

In compliance with the Council's Climate Emergency Declaration, the design brief has been amended to target a Zero Carbon approach and we are currently pursuing a requirement to meet Passivhaus standards, an international standard to achieve low and Zero Carbon design and construction requirements and also address fuel poverty issue as heating demand is minimised. All projected costs for future developments include an allowance of 6% to accommodate this.

Future involvement of Building Maintenance and other stakeholders in any of these initiatives is fundamental to their success and the merits of each site will be addressed.