

Council House Building Programme Phases 1 and 2 Progress Report

**Report by Garry Sheret, Head of Property and Facilities Management
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1 Purpose of Report

The purpose of this report is to provide an update on the progress made on the Council's Housing Building Programmes.

2 Background

Following the Performance Review and Scrutiny Committee of 5 March 2014 it was agreed that:-

- (l) That a report on the current status of the Council House Building Programme be submitted, including information on current housing demand, including a breakdown of the categories of applicants; proposed housing mixes; sites for development; timetables for development; proposals for the use of studio flats; and other options and/or initiatives to address the shortage of rented accommodation in Midlothian.

3.1 Housing Supply

Table 1 below shows that 1,347 new affordable rented housing units have been completed in Midlothian since 2006. By comparison only 339 affordable rented units were completed in Midlothian in the previous decade (1996 – 2005). The total figure of development is also far in excess of many other Council areas – for instance the number of completions in Midlothian was more than that of Stirling and Aberdeen Council areas combined in the last decade.

Table 1: New Affordable Rented Housing Units Built in Midlothian 2006 - 2014

Settlement	Council Completed Units	Registered Social Landlord Completed Units	Total	%
Bonnyrigg/Lasswade	209	26	235	17%
Dalkeith	146	138	284	21%
Gorebridge	236	32	268	20%
Loanhead	47	-	47	3%
Mayfield	130	149	279	21%
Newtongrange	55	20	75	6%
Penicuik	117	42	159	12%
Total	940	407	1,347	100%

In addition to Midlothian's commitment to provide additional council house developments as part of phase 2, a number of initiatives are being taken forward to increase the supply of affordable rented housing in Midlothian:-

- The Scottish Government allocated grant funding of £4.7M for 2012 – 2015 but this since increased by £4.8m to a total of £9.5m. The Scottish Government has also confirmed that the minimum level of grant funding for affordable housing investment between 2016 – 2019 will be £8.6m.
- A major challenge for increasing the investment in affordable housing is the availability of private finance for housing associations in order that they can borrow money to develop affordable housing projects. To address this, Midlothian Council received approval from Scottish Ministers in July 2013 to act as a lender to local housing associations and proposals to be anticipated to come forward to use this funding facility in the future once suitable projects are identified.
- Midlothian Council has noted its interest in procuring units via the National Housing Trust model on three occasions – whilst private sector developers initially indicated they were interested in taking a National Housing Trust development forward, they later withdrew their interest.
- The Council has also promoted various Low Cost Home Ownership (LCHO) Schemes, with Housing List applicants being informed about two developments of LCHO during 2013/14.
- An Empty Homes Loan Fund has been established to assist empty home owners to bring back their properties into use for leasing to tenants as a Mid Market Rent property, it is planned that this will support bringing 10 properties back into use in 2014/15.

3.2 Housing Demand

Table 2, below, details the current Housing List, analysed into the bedroom size categories. It shows that 58% of applicants qualify for a 1 bedroom property. The proportion of applicants has increased, partly as a result of the Council's revised Allocation Policy which took into account the need to avoid allocating housing to households at risk of being affected by the introduction of the under occupancy charge for Housing Benefit claimants, which was introduced in April 2013.

Table 2: Housing Applicants, by Bedroom Size, April 2014

Bedroom Size	1 Bed	2 Bed	3 Bed	4 Bed	Total
Applicants	2,493	1,319	365	65	4,242
Percentage	58%	31%	9%	2%	100%

It was agreed by Council that the Second Phase of the New Social Housing Programme would have an altered mix from Phase 1 (which focused on meeting need for larger families waiting on the transfer list).

Consequently, the preferred housing mix for Phase 2, as shown in Table 3, has a target of 44% of 1 bedroom housing to take account of demographic change and the implications of welfare reform. In terms of the 1 bedroom units, 52 out of 172 units are proposed to be 1 Bedroom, 1 Person Units which are suitable for single people only, either being studio type flats or 1 bedroom flats with separate living and bedroom areas. To ensure sustainable communities it is not recommended that developments have higher levels of 1 bedroom properties that have been proposed for Phase 2 sites.

Table 3: Preferred Housing Mix for Phase 2 Sites

Site	Settlement	1 Bed	2 Bed	3 Bed	4 + Bed	Total
Site 37 Eastfield Drive*	Penicuik	28	22	9	3	62
Site 2 Woodburn Road*	Dalkeith	-	14	-	-	14
Site 9 Craigiefield	Penicuik	12	2	3	-	17
Site 16 Eastfield Drive	Penicuik	6	11	-	-	17
Site 42 Jackson Street	Penicuik	6	8	-	-	14
Site 60 Edgefield Road	Loanhead	16	18	5	-	39
Site 108 Polton Street	Bonnyrigg	18	-	-	-	18
Site 41 Eastfield Farm Rd	Penicuik	12	-	-	-	12
Site 101 Old Edinburgh Rd	Penicuik	-	10	6	-	16
Site 47 Kirkhill Rd	Penicuik	10	18	7	-	35
Site 57 Rosewell Rd	Bonnyrigg	30	28	11	-	69
Site 51 Stobhill Road	Gorebridge	34	29	12	3	78
Total		172 (44%)	160 (41%)	53 (14%)	6 (<2%)	391

*These sites are now completed.

3.3 Housing Phase 1

Phase 1 of the Council Housing Programme has provided 864 additional Council Homes within the Midlothian area over a period of 7 years and with a total budget of £108.7m. Construction works are completed and 4 sites remain in defects liability period.

3.4 Council Housing Phase 2

Phase 2 of the Council Housing Programme aims to deliver approximately 400 Homes within Midlothian over a construction period of 4 - 5 years with approved development budget of £63.7m. There are currently 2 completed sites now within defects period.

3.5 Framework Tender

Following the review process of Pre Qualification Questionnaires 7 Contractors were shortlisted and Invitations to Tender were issued on 4 October 2013.

The Contractors invited to Tender were:

- CCG Scotland Ltd
- Hadden Construction Ltd
- Hart Builders (Edinburgh) Ltd
- J Smart & Co Ltd
- Lovell Partnerships
- McTaggart Construction Ltd
- Wates (Scotland) Construction

To accommodate as many contractors as possible including small and local contractors the Framework of projects is organised across 3 Lots. In relation to the Tenders issued this comprised the following sites:-

Lot 1 (Small)	Site 42 Jackson Street, Penicuik (with Planning consent) Site 108 Polton Street, Bonnyrigg
Lot 2 (Medium)	Site 9 Craigiebeild Crescent, Penicuik (with Planning consent) Site 18 Eastfield Drive, Penicuik (with Planning consent) Site 51a Stobhill Road, Gorebridge
Lot 3 (Large)	Site 60 Edgefield Road, Loanhead

During the tender period a total of 43 queries were received on a variety of subjects, the most prominent being several requests to extend the submission deadline beyond the planned date of 12 December 2013. To maintain competition and receive valid tenders for the Council, it was agreed to extend the submission deadline to 23 January 2014 in the first instance.

Furthermore to respond fully to contractors queries and clarify relevant matters a Bidders Meeting took place on 12 December 2013. Three contractors participated and feedback from this was productive from each of these contractors.

Following the Bidders Meeting further queries requests to extend the deadline were received. Accordingly to maintain alignment with the Council intended delivery programme an extension no later than the end of February 2014 was granted.

Final submissions were subsequently therefore received on 27 February 2014 from two contractors:-

- CCG Scotland Ltd
- Hart Builders (Edinburgh) Ltd

3.5.1 Tender Evaluation

The exercise is primarily in relation to establishing the framework and also to use this assessment to progress with Contract Award subject to Contractors Proposal and values being acceptable. These tenders require evaluation of both quality and price in relation to Contractors Proposals responses.

3.5.2 Quality

Quality evaluation was carried out internally, using a matrix process with consensus scoring. Queries were raised with the Contractors during the process and responses have been received. Final scores were thereafter compiled based on the information available.

3.5.3 Price

In order to maintain a procurement requirement for Quality and Price to initially be kept separate. Queries arising from this were issued to the Contractors and some responses received. This information is being used to create a score which considers quality and price together.

Price checking was carried out by external provider (Hardies LLP).

It is anticipated that the Framework Tender Report will be complete in April 2014. This requires to be subject to resolution of Contractors tender information queries being resolved satisfactorily and also, no objections being received based on procurement requirements of an OJEU related standstill period allowed for in the programme, concluding the Framework by May 2014.

3.5.4 Tender Report

It is intended to appoint both contractors on to the Framework in order to maintain competition and price benchmarking.

The Council will work together with the Framework contractors to develop each site Contract Award with a view to start on site targeting as early as possible.

3.5.5 Construction Delivery Programme

As part of the Framework tender returns the contractors were requested to submit programmes for each of the 6 sites tendered.

Subject to final contract details indications are that construction work could commence in June 2014 for:

- Site 9 - Craigiebeld Crescent , Penicuik
- Site 42 - Jackson Street , Penicuik

- Site 18 - Eastfield Drive, Penicuik

The remaining 3 other separate tendered sites shown below will be developed on a staged contract award with start on site in line with the previous programme.

- Site 51a - Stobhill Road, Gorebridge
- Site 60 - Edgefield Road, Loanhead
- Site 108 - Polton Street, Bonnyrigg

Appendix A indicates the development programme following information received from the contractors during the Framework tender process.

3.6 Sites 9, 18 and 42 Generic Standard Property Types

The Head of Customer and Housing Services has confirmed and agreed with the mixes for these sites.

Previous consultations involving Housing provided approval for the House/Flat Type designs and overall proposals for each of these sites.

Planning Consents:

- Site 9 (Craigiebiel, Crescent, Penicuik) - May 2013 Planning Committee
- Site 18 (Eastfield Drive, Penicuik) - August 2013 Planning Committee
- Site 42 (Jackson Street, Penicuik) - August 2013 Planning Committee

Design Principles for Standard generic House/Flat Types for all Phase 2 sites have also been agreed with Planning and Building Control and are included in the Council Framework Tender Requirements.

3.7 Sites 51a, 60 and 108

The Head of Customer and Housing Services has also agreed the mixes for these sites.

Topographical Surveys were carried out at the following locations:-

- Site 51a (Stobhill Road, Gorebridge)
- Site 60 (Edgefield Road, Loanhead)
- Site 108 (Polton Street, Bonnyrigg)

Site Investigative surveys for Sites 51a and 60 were completed during November 2013 and final reports issued in December 2013 to the Tenderers.

3.8 Site 108 (Polton Street, Bonnyrigg previously Bonnyrigg Library)

Following Demolition Works in January 2014, the Site Investigation survey work commenced. This information was not available during the framework tender period due to the timing of the demolition and time required to start and complete the Site Investigation work. This information has subsequently been provided to the Contractors for assessment in relation to their Tenders.

Prior to separately awarding sites 51a, 60 and 108 there will be a period of time working with Contractors to prove their Contractor Design Proposals and obtain necessary consent before construction can start.

3.9 Houses for Heroes

This Charity for housing disabled ex-Service personnel in Scotland has approached the Council to identify possibilities of providing a location which could accommodate around 8 houses within Midlothian. Houses for Heroes have indicated that they would like to have a location within Penicuik due to the proximity of the Garrison located there. 2 sites were initially investigated for feasibility, these being:

- Site 101 (Old Edinburgh Road, Penicuik)
- Site 47 (Kirkhill Road, Penicuik)

It should be noted both these sites are on the Council's agreed preferred list of sites for Mainstream Housing.

Site layouts for Houses for Heroes on each of the above locations have been issued for discussion with colleagues within the Council and parallel organisations.

Discussions are ongoing separately regarding the Houses for Heroes.

3.10 Complex Care

Site 41 (Eastfield Farm Road, Penicuik) has been identified by Social Works as the preferred location for a 12 no person housing cluster unit (Social Work). A Feasibility Study was completed in December 2013 and issued to Social Work to assist in preparing their Cabinet Report.

A Cabinet Report was submitted in February 2014 by Joint Director, Health and Social Care in relation to this which was subsequently approved.

It should be noted that this site is also on the agreed, preferred list of sites for Mainstream Housing.

Further discussions with Health and Social Care colleagues are ongoing to assist consideration of how to progress the option for Complex Care.

4 Overall Outline Programme

Appendix A has been further updated following the need to extend the tender deadline return date referred to in 2.2 and this also reflects the previous agreement to develop Site 51 in two phases.

5 Report Implications

5.1 Resource

All the costs of employing the necessary members of staff are included in the approved budgets for the two phases of Council housing programme.

5.2 Risk

A programme-wide risk register was prepared and was last updated in February 2014 will be maintained. Separate Risk Registers and Issues Logs for each of the individual Builds will also be utilised.

5.3 Single Midlothian Plan and Business Transformation

Theme addressed in this report:-

- Adult health and care
- Sustainable Growth and Housing

5.4 Impact on Performance and Outcomes

The proposed works support the Council's Local Housing Strategy and accord with Midlothian Council's Corporate Priority; Objective 1a.

5.5 Adopting a Preventative Approach

Whilst reprogramming of the milestone dates has taken place this has been developed in a manner which avoids an increase to the end of project timescale.

5.6 Involving Communities and Other Stakeholders

Consultations internally and externally were carried out with all appropriate stakeholders ensuring input/comment on the proposed Layouts/House Types and mixes.

5.7 Ensuring Equalities

This report is not proposing any new services, policies, strategies or plans (or significant changes to or review of them) and therefore has not been assessed for equalities implications.

5.8 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.

5.9 IT Issues

The Council will utilise the use (BIM) Building Information Models to aid in the delivery programme strategy. BIM models exist for the generic House and Flat Types and also sites 9, 18 and 42.

The Phase 2 project is spearheading the internally use of BIM and also an online data collaboration system (called Huddle).

"Huddle" is intended to allow for instant transferring of large scale files between the project teams.

Huddle was chosen following review by the Council's IT department of the market available products, this review ensured the system meets the Government encryption level requirements.

6 Recommendations

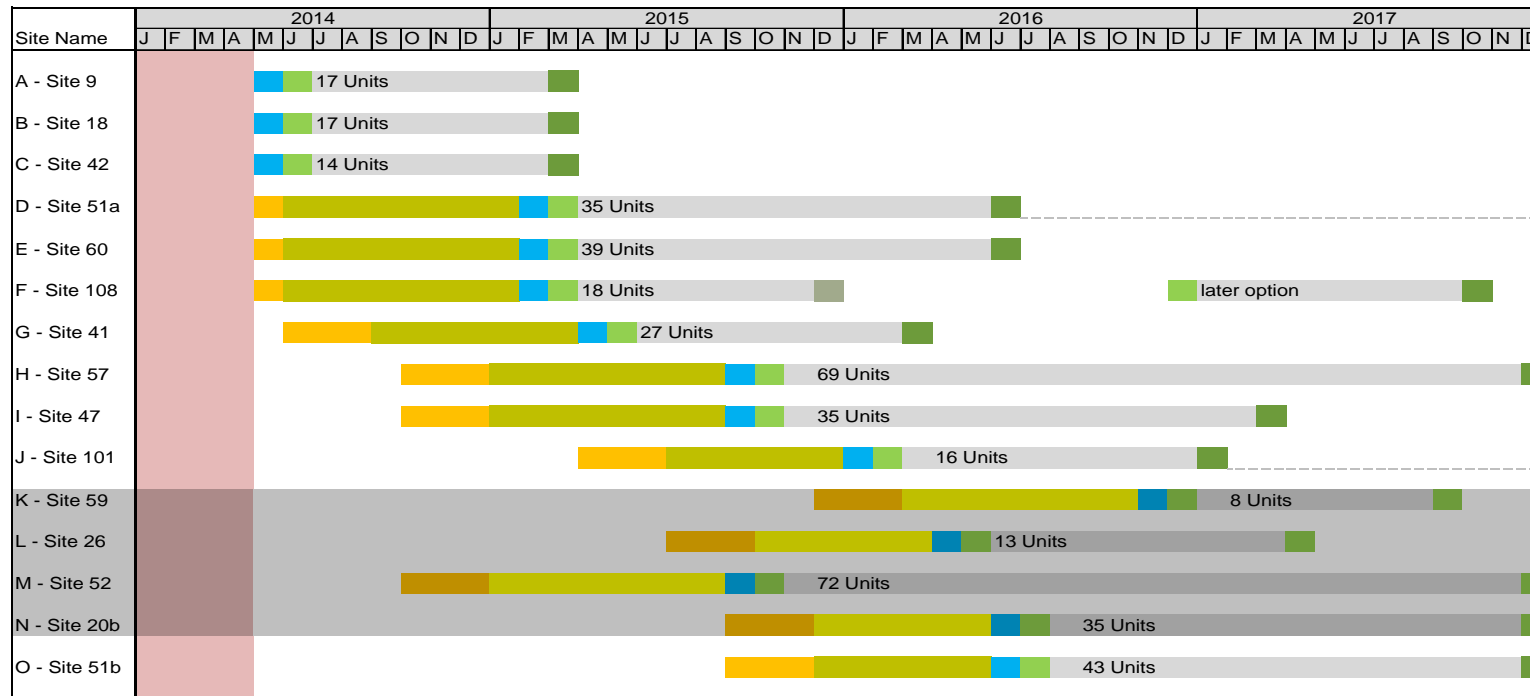
Performance Review and Scrutiny Committee is asked to note the progress updates on Phases 1 and 2.

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Contractor Framework

Potential Development Programme (for all lots)



Notes:

1. Programmed dates are subject to change and Council approval.
2. The number of units are based on current Housing mixes and are subject to change.
3. Specific sites identified are not guaranteed and may be subject to change.
4. Call off Awards are subject to acceptable tenders and legal requirements being achieved within timeframe.

