

**REPORT TO: SAFER AND STRONGER STRATEGIC GROUP – 21 MAY 2009**

**SUBJECT: COUNCIL NEW BUILD**

**BY: CHIEF HOUSING OFFICER, THE MORAY COUNCIL**

**1. REASON FOR REPORT**

1.1 This report presents a progress report on the development of a Council new build programme and indicates priorities to be addressed in Phase 2 of the proposed programme.

**2. RECOMMENDATION**

**2.1 It is recommended that the Safer and Stronger Strategic Group:-**

- (i) welcomes the financial assistance from the Scottish Government;**
- (ii) notes the progress achieved to date;**
- (iii) notes that a verbal report on the Communities Committee's consideration of the proposals for Phase 2 will be made to the Safer and Stronger Strategic Group; and**
- (iv) notes that the tender evaluation and detailed financial implications for Phase 1 will be presented to the Policy and Resources Committee meeting on 2 June 2009 for consideration.**

**3. BACKGROUND**

3.1 On 27 January 2009, the Council's Communities Committee noted the details of the bid that had been submitted to the Scottish Government for resources to assist in building new Council houses in Moray (paragraph 8 of the Minute refers). The bid comprised two phases of development – Phase 1 for 40 houses in Elgin and Phase 2 for 40 houses in locations to be agreed in May 2009.

3.2 At that meeting, it was indicated that some further work was required to develop the appropriate procurement route for the new build development.

3.3 The Council new build project has been developed through a small working group, chaired by the Chief Housing Officer, comprising officers from the Council's Housing Service, Planning Service and Property Services, drawing on assistance from the Procurement Section and Legal Services.

**4. PROGRESS – PHASE 1**

- 4.1 The bid for Scottish Government funding indicated that Phase 1 would commence on site during the 2009/10 financial year.
- 4.2 The Phase 1 project will provide high quality, energy efficient housing designed to meet Housing for Varying Needs accessibility standards. The housing will comply with Moray Council's Planning Policy ER2, Energy Reduction in New Developments and include provision for on site zero and low carbon equipment contributing at least an extra 15% reduction in carbon emissions beyond the 2007 Building Regulations. The mix of housing will meet the needs of broad range of households. House types range from 1 bedroom flats to 4 bedroom family houses. Two wheelchair adapted bungalows will be provided as well as six amenity bungalows for elderly people.
- 4.3 The project has been procured by way of an OJEU Restricted Tender Procedure with a pre-qualification stage leading to an Invitation to Tender to selected housing developers. As well as construction and design services, the developer is required to provide the land for the Phase 1 development. The tender evaluation process incorporated cost and qualitative criteria, with ability to deliver the project on programme being a key part of the assessment. Tenders were returned on 6 May 2009 and are being evaluated by an Assessment Panel comprising representatives of the Council's Housing, Property, Planning, Transportation and Legal services. A report on the outcome of the tender process will be considered by the Policy & Resources Committee on 2 June 2009.
- 4.4 On 9 April 2009, the Scottish Government announced the funding allocations for new build council housing. The bids were assessed by an Expert Advisory Group comprising representatives from CoSLA, ALACHO (the Association of Local Authority Chief Housing Officers) and SOLACE (the Society of Local Authority Chief Executives). This group's initial assessment was then shared and discussed with CoSLA's Shared Services Board, who then formed an agreed position and made recommendations to Ministers.
- 4.5 The decision letter received on 9 April 2009 indicated that the Council's application clearly demonstrated local need and provided a good fit with local objectives. It was judged to provide evidence of well developed plans for Phase 1. Due to high demand from across the country and the fact that Phase 2 would not be on site in the current financial year, the funding agreed for the Council was £1m for Phase 1.
- 4.6 A total of £17m was allocated in this round of funding. Fourteen local authorities received funding, ranging from £2.625m (East Lothian) to £0.450m (Orkney). The Moray Council's allocation was fifth highest (equal with North Lanarkshire). It is not yet clear how or when the remaining £8m of the funding earmarked for new build council housing will be allocated.

- 4.7 On 17 April 2009, the Government announced a further £25 million for new Council House Building. There are as yet no details on the resource allocation process or timescales.

## **5. PHASE 2 PROPOSALS**

- 5.1 At the Communities Committee meeting on 27 January 2009, it was agreed that proposals for Phase 2 of the new build project would be presented to the Committee in May 2009 for agreement (paragraph 8 of the Minute refers).
- 5.2 A small working group of officers from the Housing and Planning services and the rural housing enabler considered proposals for Phase 2. As a similar tendering methodology to Phase 1 will be required, it is recommended that the Council should not be overly prescriptive about the location of the new housing to be provided but instead should consider what the market has to offer. Recognising that there are housing pressures across Moray, it is recommended that provision is sought in at least two areas outwith Elgin. Following analysis of waiting lists, housing turnover and location of other new housing developments, it has been proposed to the Communities Committee that the Council should indicate a priority order of locations for Phase 2 of a new Council build programme. The suggested priority order is:-

- Priority 1 - Forres,
- Priority 2 - Speyside (Aberlour, Craigellachie and Dufftown area)
- Priority 3 - Fochabers/Mosstodloch and Keith.

- 5.3 The precise detail of the tender process will be further developed through the officer working group, with input from the Council's Procurement Section.

## **6. FUTURE WORK**

- 6.1 The key priority for future work will be the progression of the Phase 1 project. This will require the selection of the successful tenderer and management of the project to ensure that work begins on site in the current financial year.
- 6.2 In addition, it is proposed that work commences on Phase 2 procurement to enable the Council to take advantage of any future opportunities to gain further funding assistance from the Scottish Government.

## **7. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Development Plan/Community Plan/Service Improvement Plan**

Addressing the shortage of affordable housing in Moray is a priority identified in the Council's Single Outcome Agreement and the Local Housing Strategy.

**(b) Policy and Legal**

There are no policy or legal implications arising from this report.

**(c) Resources (Financial, Risks, Staffing and Property)**

The Council's Communities Committee considered the financial feasibility of a Council new build housing programme at its meetings on 25 November 2008 and 27 January 2009 (paragraphs 5 and 8 of the Minutes refer). The report to be presented to the Council's Policy and Resources Committee on 2 June 2009 will more fully address the financial implications for Phase 1, in the light of tendered prices.

**(d) Consultations**

The work to develop the Council new build programme has been developed through a working group of officers from the Council's Housing Service, Planning Service and Property Service, with input from the Procurement section and the Legal Service.

**8. CONCLUSION**

- 8.1 The Council new build housing project is the first opportunity that the Council has had to build new mainstream Council houses for many years. The funding received from the Scottish Government will assist in the provision of 40 houses in Elgin, as Phase 1 of a wider new build project. Proposals for a second phase of works are identified in this report, subject to the availability of funding to support these works.**

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Background Papers:	Held by CHO
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