

EAST AYRSHIRE COUNCIL

CABINET – 29 SEPTEMBER 2010

KICK START COUNCIL HOUSE BUILDING BID SUBMISSION

Report by the Depute Chief Executive / Executive Director of Neighbourhood Services

1. PURPOSE OF THE REPORT

- 1.1 To advise Cabinet of the successful outcome of the submission to the Scottish Government for funding to assist in the provision of the new Council housing on two sites at Newlands Drive, and land adjacent to the Rosebank Centre, London Road, Kilmarnock in accordance with the general aims of the approved East Ayrshire Strategic Housing Investment Plans 2009/ 2010 – 2013/ 2014 and 2010/ 2011 – 2014/ 2015, to seek Cabinet authority to revise the location of the four proposed houses at London Road to the other identified Phase Three site at Newlands Drive, as identified in Appendices 1 and 2, and to seek Cabinet authority to include an area of ground in the site area for the Phase Two and Phase Three proposals at Newlands Drive, Kilmarnock, as identified on the plans attached to this report as Appendix 2.

2. BACKGROUND

- 2.1 In November 2008, the Scottish Government announced a programme of £25 million funding to encourage a new generation of Council house building. A letter was issued by the Scottish Government on 17 November 2008 inviting Local Authorities to bid for funding under the scheme.
- 2.2 The East Ayrshire Strategic Housing Investment Plan 2009/10 - 2013/ 14 was approved by Cabinet on 3 December 2008, and was submitted to the Scottish Government, to include the provision of new Council house building as follows:

Year	Sub Area	Number	Type	Cost (£)	
				Subsidy	Council* per unit
2009/ 2010	Kilmarnock Central	10	Older people	25000	100000*
2010/ 2011	Northern	10	Older people	25000	100000*
2011/ 2012	Cumnock - Auchinleck	10	Older people	25000	100000*
2012/ 2013	Kilmarnock North	10	Older people	25000	100000*
2013/ 2014	Kilmarnock South	10	Older people	25000	100000*

- 2.3 An initial funding bid was submitted on 12 January 2009 in respect of the funding identified at 2.1 above to both the Scottish Government and to COSLA on the basis of the Strategic Housing Investment Plan proposals agreed by Cabinet on 3 December 2008.
- 2.4 Although the bid was initially unsuccessful, on 26 June 2009, the Council received confirmation from the Scottish Government that its first phase submission in the sum of £0.25M for the provision of ten new Council houses had been re-considered and approved.
- 2.5 In April 2009, the Deputy First Minister announced that notwithstanding ongoing consideration in respect of the initial funding bids further applications for a second round of funding would be invited, bringing the total funding available for new Council house building to £50M.
- 2.6 On 26 June 2009, a letter was received from the Scottish Government inviting Local Authorities to bid for a second phase of funding for new Council house building, with the overall aim to maximise the number of new houses built of sufficient quality, in the right place.
- 2.7 On 11 December 2009, the Council received confirmation from the Scottish Government that its second phase submission in the sum of £1.00M for the provision of forty new Council houses had been partially approved in that an allocation of £0.75M had been approved for thirty new Council houses.
- 2.8 On 9 February 2010, a letter was received from the Scottish Government inviting Local Authorities to bid for a third phase of funding for new Council house building, again with the overall aim to maximise the number of new houses built of sufficient quality, in the right place. A third stage bid was submitted by the deadline of 30 April 2010 to both Scottish Government and to COSLA.
- 2.9 A letter dated 28 June 2010 was received from the Scottish Government to confirm that the Council's third phase submission in the sum of £0.300M for the provision of a further ten new Council houses had been approved.

3. APPROVED FIRST PHASE BID

- 3.1 The Council signed the Development Agreement with Atrium Initiatives, a subsidiary of Atrium Homes, in March 2010, in terms of the bid that was re-submitted to Scottish Government on 29 May 2009 and received approval on 25 June 2009 for the development of the site of the former St. Matthew's school at MacDonald Drive, Kilmarnock to provide ten new Council houses for older/ ambulant disabled people. Site start was achieved on 29 March 2010, in accordance with the funding requirements.
- 3.2 The Contractor is making extremely good progress on site, and is likely to complete the Phase One development ahead of the programmed timescale of February 2011. A significant number of the site personnel have been drawn from the Ayrshire area, as well as suppliers and youth trainees, through McTaggart of Dalry's apprenticeship scheme as part of the Framework

Agreement with The Atrium Group. The Youth Build Initiative, supported by East Ayrshire Council, McTaggart of Dalry, The Atrium Group, and a range of private and public sector agencies has resulted in thirty construction experience placements being achieved by young people, with a view to longer term employment opportunities.

4. APPROVED SECOND STAGE BID

- 4.1 Planning Applications have been lodged by Atrium Initiatives, a subsidiary of Atrium Homes, for the development of the sites at Creelshaugh Road, Fenwick, Newlands Drive, Kilmarnock and Lammermuir Road, Kilmarnock to provide thirty new Council houses for older/ ambulant disabled people. Site start is due to be achieved by December 2010, in accordance with the funding requirements. At the Planning Committee meeting held on Friday 10 September 2010, all three sites received Planning consent.
- 4.2 As reported to Cabinet on 21 April 2010, the project Architect assisting in the preparation of the Phase Two and Phase Three proposals has proposed that the area shown crosshatched on the attached plan as Appendix 2 and extending to 284 square metres, which is currently part of an adopted road, is included within the site layout. Following discussions with the Roads Service in designing the successful Phase Two bid for Newlands Drive, the area shown crosshatched will no longer be required once the new access road to the Phase Two development is completed. This proposal would increase the site available for the proposed Phase Three development, thereby making it more sustainable, and would remove an environmentally unattractive area close to any new proposed Council housing.
- 4.3 It is believed that the ground forming the solum of the road is held within the Housing Revenue Account, and if removed from the list of adopted roads, would revert to the Housing Revenue Account. It is now proposed to pursue the removal of the road from the list of adopted roads to facilitate the Phase Two and Phase Three proposals for Newlands Drive.

5. APPROVED THIRD STAGE PROPOSALS

- 5.1 The approved third stage bid currently provides for two further sites to be developed commencing on site by March 2011, rather than as set out in the approved Strategic Housing Investment Plan 2010/ 2011 - 2014/ 2015, in response to the bid criteria for the third phase bid proposals.
- 5.2 The balance of the site at Newlands Drive, Kilmarnock, shown hatched and cross-hatched on the attached plan as Appendix 2, that has already received approval for the development of Phase Two Council housing, and Planning Consent, is to be developed for six further Council houses, given that the balance of the site is already contained within the Strategic Housing Investment Plan 2010/ 2011 – 2014/ 2015 for development.

- 5.3 The remaining four houses have approval to be built on land adjacent to the Rosebank Centre on London Road, shown on the attached plan as Appendix 1.
- 5.4 Following initial site surveys undertaken by the Design Team, it has been reported that the numbers with associated amenity space to be accommodated within the site adjacent to the Rosebank Centre cannot be achieved due to site constraints. The access road to the site is privately owned and is maintained jointly by the Council and the proprietors of 93 and 95 London Road and Scottish Power, and maintenance of the entranceway and gate is divided between the Council and the proprietors of 95 London Road at different locations.
- 5.5 There would not be adequate room for the required rear garden space, parking spaces or visitor parking on the site. In order to introduce further parking provision, the rear garden areas would be significantly less than the private amenity space required to comply with the adopted Local Plan. There would be a requirement to upgrade kerbing and footpaths as well as street lighting. Further, there are access and drainage issues in terms of the existing road and footprint of the site. The position of any surface water attenuation at the highest point of the site would require a pumped system which would be neither appropriate, given the size of the site, nor adoptable.
- 5.6 From a construction phase perspective, construction traffic and a site compound could not be located within the site; necessitating off-site provision at a significant on-cost.
- 5.7 Of greatest significance therefore are the resultant increased costs to try to overcome the issues highlighted, with no guarantee of success. The costs to develop the site per unit would be prohibitive and would not be contained within the agreed funding levels. In addition, Atrium Initiatives have confirmed that these matters could not be resolved within the available timeframe to meet the deadline for funding for the proposed Phase Three new build proposals. As a consequence, it would not be possible to confirm that the already compressed timescale to achieve site start may be achieved of March 2011.
- 5.8 In order to secure delivery of the approved Phase Three bid, efforts have been made to identify alternative sites in the Council's ownership that are immediately available and suitable for development. This search has identified some sites with considerable potential including ground adjacent to the new Children's House Development at Grassyards. However it is not considered that any could be developed within the timescale as set out within the conditions of funding agreed with Scottish Government as there is insufficient time to carry out the statutory consultations with Scottish Water and other agencies or to complete necessary site investigation works to inform the planning application process prior to the due site start deadline of 31 March 2011. Nevertheless, the results of this ongoing site search will be used to inform the updated Strategic Housing Investment Plan proposals – including any further proposals for new Council house building – which are

due to be submitted to Cabinet for consideration prior to onward submission to Scottish Government by 30 November 2010.

- 5.9 It is therefore proposed that the total additional four houses are proposed to be added to the site at Newlands Drive in Kilmarnock, shown hatched and cross-hatched on the attached plan as Appendix 2, which can accommodate the additional four units and required amenity space, thereby increasing the proposed number of houses on this site from six to ten, as follows:

Area	No. Units per Bid	Number of Units proposed
Newlands Drive	6	10
London Road	4	0

- 5.10 The ten proposed additional new, affordable houses have been identified specifically to meet the needs of an identified growing older population, and will therefore be allocated to older and ambulant disabled people.

6. CONCLUSIONS

- 6.1 The provision of further new Council housing across East Ayrshire will continue to support the creation of sustainable communities, by redressing stock lost in popular locations such as through the Right to Buy. It will also provide new, smaller sized houses suitable for older service users in response to demographic trends data, thereby allowing larger sized accommodation to be allocated to families wishing to remain within their local communities. In this way, Council-led new housing development will contribute to alleviating pressures on affordable housing waiting lists and promoting area regeneration across East Ayrshire.
- 6.2 Key to the development of new Council house building is a recognition that national and local demographic trends report a growing older population. In developing housing specifically for older and ambulant disabled people, the Council seeks to enhance the supply, thereby making existing larger sized properties available for existing and new residents to East Ayrshire. Local service delivery and joint-working arrangements already identified to support those residents to remain in their own homes may then be delivered in a more co-ordinated and efficient manner.

7. FINANCIAL/ PERSONNEL IMPLICATIONS

- 7.1 There will be no requirement for additional resources to manage the new Council houses proposed as they will be incorporated into the stock currently managed by existing staff located within Neighbourhood Housing Teams.
- 7.2 The effect on overall cost per unit has been calculated by the Council's Finance Service based on 2010/ 2011 budgets which indicate that there will be little impact on Supervision and Management and Repair costs per unit. In addition, it is anticipated that there will be no material effect on average rents as no premium will be applied to new build stock compared to current rents.

- 7.3 The proposed change of site will not impact on the previously estimated cost per unit.
- 7.4 The Standard Delivery Plan financial model which is used to ensure that achieving the Scottish Housing Quality Standard remains financially viable has been updated to take account of the proposed house building programme. Indicators contained within the model suggest that both the building programme and achievement of the Scottish Housing Quality Standard remain financially viable. However, it may be that further efficiencies and/ or rent increases above the previously agreed Retail Price Index plus 1% may be required to offset additional debt charges in future years. To this effect, the Council has taken the decision that rents will increase by RPI + 1% subject to a minimum of 3.5%, less efficiencies, plus the cost of new Council house building.

8. POLICY/ LEGAL IMPLICATIONS

- 8.1 The provision of new Council house building supports the East Ayrshire Strategic Housing Investment Plan objectives 2010/ 11 – 2014/ 15 approved by Cabinet on 18 November 2009.

9. COMMUNITY PLANNING IMPLICATIONS

- 9.1 Within one of the four Main Themes of Delivering Community Regeneration, the Community Planning partners seek to promote a wide range of housing which is attractive to people who live in East Ayrshire, recognising the needs of older people, people with a disability and homeless people, so as to provide suitable accommodation for people as they move through their various life situations.
- 9.2 This further Council house building bid proposal for ten new build affordable houses for ambulant disabled/ older people supports the East Ayrshire Community Plan theme 'Delivering Community Regeneration', through the provision of high quality affordable accommodation, developed to reflect identified housing need within an existing community.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 The development of new build Council housing seeks to promote and sustain housing standards across East Ayrshire through the provision of high quality new build affordable housing, making a more efficient use of public resources complemented with public sector borrowing so as to meet identified housing need.
- 10.2 The Standard Delivery Plan financial model referred to in 7.4 above will continue to be updated on an annual basis and corrective action taken where necessary to ensure both the house building programme and achievement of Scottish Housing Quality Standard remain financially viable.

10.3 Work progress on the proposed additional forty new build houses for the Phase Two and Phase Three Council house building developments, and therefore risk management of the projects, will be linked to the Royal Institute of British Architects' Plan of Work Stages.

11. ASSET MANAGEMENT IMPLICATIONS

11.1 The Council house building proposals meet the Council's policy objectives in respect of asset management and partnership working in so far as the proposals will enhance the Council's range and supply of affordable housing in terms of its existing stock through a collaborative arrangement with a preferred developing partner Registered Social Landlord. The proposals will further complement the ongoing Housing Improvement Programme works so as to promote achieving the Scottish Housing Quality Standard for East Ayrshire-owned housing stock by 2015, as set out in the East Ayrshire Single Outcome Agreement and the East Ayrshire Local Housing Strategy.

12. RECOMMENDATIONS

12.1 It is recommended that Cabinet:

- (i) Approve the proposed amendment to the two sites for development of new Council houses from four at Rosebank and six at Newlands Drive to ten at Newlands Drive for the reasons set out in 5.4, 5.5, 5.6 and 5.7 of this report that comprise the approved Phase Three bid to total 10 units as set out in Appendices 1 and 2;
- (ii) Approve the inclusion of the area of ground set out in 4.2 and 4.3 for inclusion in the site area for Newlands Drive, as set out in Appendix 2;
- (iii) Note that a further report on progress will be submitted to a future Cabinet meeting; and
- (iv) otherwise note the content of the report.

Elizabeth Morton

Depute Chief Executive/Executive Director of Neighbourhood services

EM/CMCA/DB

10 September 2010

LIST OF BACKGROUND PAPERS

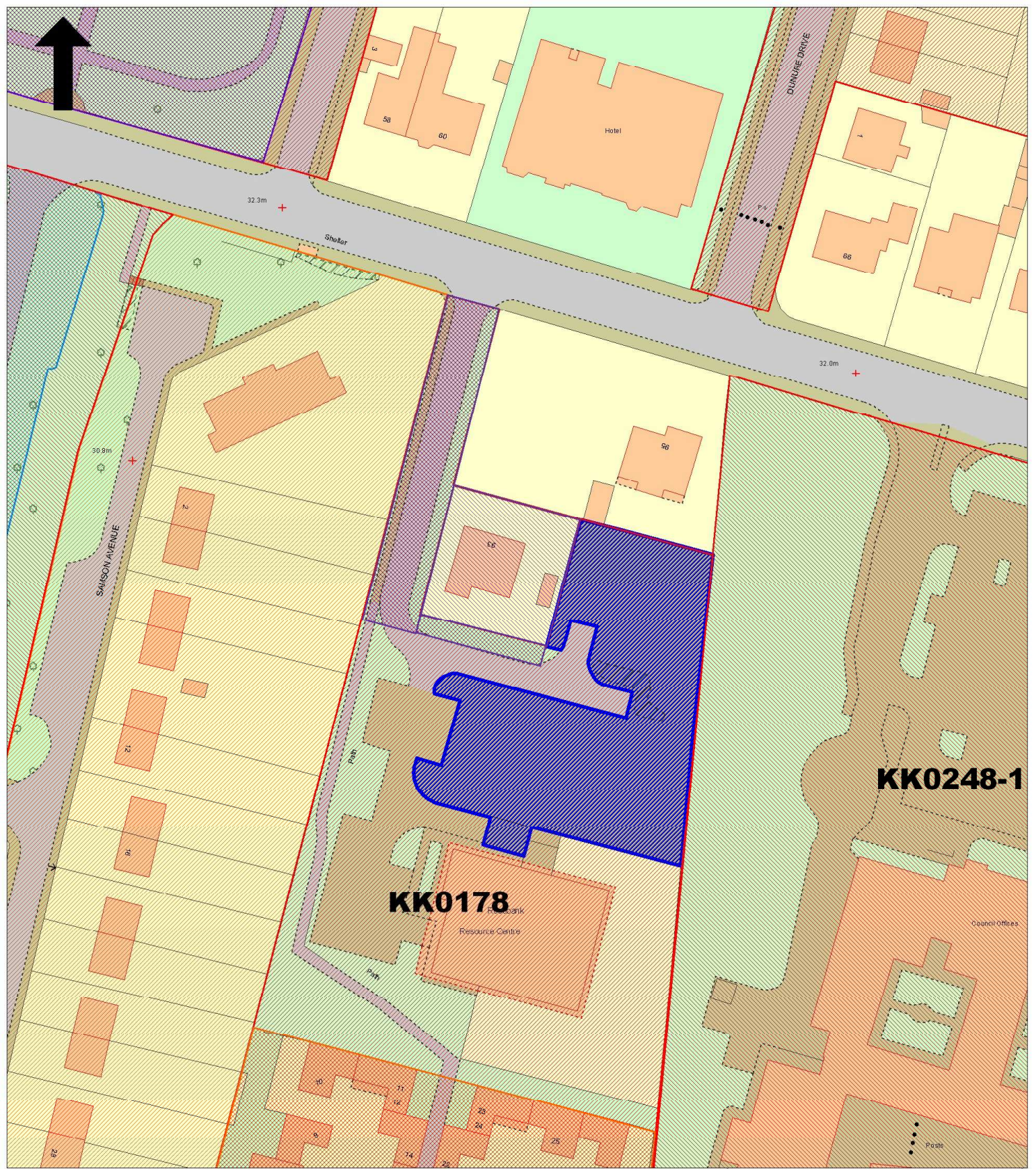
- 1 Scottish Government letter dated 9 February 2010 inviting Local Authorities to bid for a third phase of funding to encourage new Council house building.
- 2 East Ayrshire Council: Council House Building Submission, 12 January 2009.

- 3 East Ayrshire Council - Council House Building Bid submission, 29 May 2009.
- 4 East Ayrshire Council - Council House Building Bid submission, 24 September 2009.
- 5 East Ayrshire Council – Council House Building Bid submission, 30 April 2010.
- 6 Scottish Government letter dated 28 June 2010 confirming the award of funding for Phase Three Council house building.

IMPLEMENTATION OFFICER:

Implementation Officer: chris.mcaleavey@east-ayrshire.gov.uk

Anyone wishing further information should contact: Chris McAleavey, Head of Housing. Telephone 01563 576651.



KK0248-1

KK0178

Resource Centre

LOCATION PLAN

91 LONDON ROAD
ROSEBANK RESOURCE CENTRE
KILMARNOCK

REFERENCE: KIL1241

PLOT AVAILABLE GROUND NEXT TO
RESOURCE CENTRE



East Ayrshire
COUNCIL

MAP REFERENCE: NS4337NE

DATE: 16/04/2010

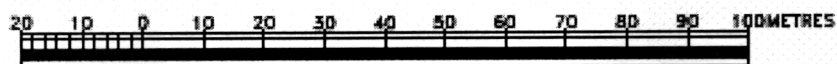
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REPORT PLAN



1:1000



Area shown outlined red : 5016 square metres to be developed for Council Housing.

Area shown hatched blue: 3513 square metres – Phase 3 Housing Bid

Area shown cross-hatched black: 284 square metres – road solum.

THE GROUND AT NEWLANDS ROAD, ONTHANK KILMARNOCK

East Ayrshire

LAND SURVEY

Alexander McVie ACMA
 Head of Finance and Asset Management

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