

REPORT TO: Cabinet

MEETING DATE: 9 October 2012

BY: Executive Director (Services for Communities)

SUBJECT: Abbeylands, Dunbar

1 PURPOSE

- 1.1 To make recommendations to Cabinet in relation to the Council's affordable housing projects at both the Empire and Hughes garage sites, Dunbar, known as the Abbeyland's project.

2 RECOMMENDATIONS

- 2.1 It is recommended that work ceases on the new build project at the Abbeyland's site, Dunbar.
- 2.2 It is recommended that Cabinet land bank both sites to allow consideration of alternative uses that are in line with the development brief for the area.
- 2.3 Cabinet is asked to note that the planning permission for this project expires on 13 October 2012.

3 BACKGROUND

- 3.1 East Lothian Council acquired the sites, which extend to 0.113 hectares, at Hughes Garage, Abbeylands and 0.17 hectares at 40/44 High Street, Dunbar from Castle Rock Edinvar Housing Association for £163,000 excluding legal fees and demolition costs.
- 3.2 £90,000 was awarded to the Council from the Scottish Government Town Centre Regeneration Fund towards this acquisition with a further £27,000 awarded from the same fund towards the demolition of Hughes Garage.
- 3.3 Planning consent was initially granted on 13 October 2005 to Castle Rock Edinvar Housing Association for (a) the erection of 12 flats and 4

houses on the site to the rear of 40/44 High Street, Dunbar with a restriction on parking and (b) the erection of 8 flats and 12 car parking spaces on the Hughes Garage site.

- 3.4 Missives have been concluded to grant a 15 year lease to the owners of 44 High Street, Dunbar for car parking purposes as per the Members' Library report dated 6 October 2011. The Council undertook to carry out certain works which may still have to be honoured. The cost of this has not yet been quantified.
- 3.4 The Council has spent £331,098 on fees to date on this project which equates to 75% of the estimated fees for this project. This excludes the land acquisition costs.
- 3.5 A grant of £720,000 was awarded as new build subsidy from Phase 3 of the Scottish Government's Kick Starting Council House Building Programme. The Scottish Government have confirmed that if the Abbeylands project did not proceed that the aim would be to retain the money in East Lothian assuming projects are available. Two projects have been identified and further discussion is taking place with the Scottish Government and RSL partners.
- 3.6 The project has been tendered twice with the most recent tender amounting to £3.060m resulting in the total cost for the project being in the region of £3.554m averaging £148,000 per unit.

3.7 Option Appraisal

A review of the Councils HRA Capital Programme has led officers to consider the future options for this project as follows:

<p>Option A</p> <p>Continue to develop the project (both sites)</p>	<ul style="list-style-type: none"> • Re-tender both projects as we are now outwith the time allowed for accepting the previous tender • Carry out a cost cutting exercise with both contractors or as otherwise advised by ELC legal and procurement departments • Update all other consents as required
<p>Option B</p> <p>Continue to develop part of the project (Hughes Garage Site)</p>	<ul style="list-style-type: none"> • Re-tender using the framework for small sites for Hughes Garage site only

<p>Option C</p> <p>Land bank both sites</p>	<ul style="list-style-type: none"> • Consider alternative uses that are in line with the development brief for the area • Work will still be required and need to be costed to make safe the stone walls around the Empire site • An assessment of work will be required to determine whether to leave the site as open land in the interim or whether another use would be applicable • Wind up all consultants appointments and pay any outstanding fees • Review works agreed with the owners of 44 High Street, Dunbar
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3.8 The unit cost for this project at £148,000 is relatively high. Since the Council put in place frameworks to procure its new build, actual costs have ranged from £97,500 per unit to £135,000 per unit. To compare costs, the Council can use a tool which has been developed by the Scottish Government known as the '3 person equivalent'. This provides a unit cost based on a 3 person property for each project for benchmarking purposes, regardless of the type and size of units on each site. The '3 person equivalent' for the Abbeylands project is £167,000 per unit. The '3 person equivalent' in relation to the projects which the Council has procured through its frameworks ranges from £94,000 per unit to £130,000 per unit.

3.9 This clearly highlights the higher unit costs associated with the Abbeylands project.

3.10 While the expenditure to date is significant, the tender submissions have forced us to rethink the value for money aspect of this project. If the project were not developed at this time and instead land banked the Council would be able to consider alternative uses in line with the development brief for the area.

4 POLICY IMPLICATIONS

4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the wellbeing of equalities groups and an Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - Together with the addition of restricted ELC professional fees and expenses, external consultants costs and external CDM co-ordinator's costs, the total project expenditure, for the development of 24 new units at the Empire Site and Hughes Garage site, Dunbar will cost £3,554,098 and is broken down as follows:

Land Acquisition	£ 163,000
Tender Price	£ 3,060,000
Professional Fees	£ 331,098
Total Expenditure	<u>£ 3,554,098</u>

This expenditure equates to an average cost/house of £148,000 including fees. This is a substantial increase on the earlier estimated cost for this site. The latest retender price reflects the difficulties with access and other factors.

- 6.2 If the decision is taken to cease this project and land bank, costs to date equate to £329,468 (excluding costs associated with legal fees for acquisition). Additional costs (which need to be fully quantified) will include :

- Any outstanding fees to consultants
- Making safe the walls surrounding the Empire Site
- Any other works required to leave both sites as open land
- Following review, any works which may be required in relation to the agreement already in place between the Council and the owners of 44 High Street, Dunbar

- 6.3 Personnel - None

- 6.4 Other - None

7 BACKGROUND PAPERS

- 7.1 Development Brief

- 7.2 Members Library Service Report dated 6 October 2011

- 7.3 Cabinet Report dated February 2010 - Acquisition of Abbeylands

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