West of Scotland Housing Association

2021-2026

FINAL DEVELOPMENT STRATEGY

West of Scotland Housing Association

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1. Introduction

1.1 WSHA owns around 3,600 homes in six local authority areas (Glasgow; South, East and North Ayrshire; and South and North Lanarkshire).

1.2 Our existing stock is varied in terms of age and property type. Our Asset Management Strategy ensures that we maintain and repair our stock to a high-quality standard, with 96% meeting Scottish Housing Quality Standards.

1.3 As outlined in our Corporate Business Plan, WSHA remains committed to building new high quality, accessible, affordable and energy efficient homes that meet housing need and contribute towards the creation of sustainable communities. This includes housing suitable for older people and those with particular needs.

1.4 WSHA remains committed to building new houses and the undelivered element of our previous programme merges with our new pipeline projects to create a seamless programme for the 2021 to 2026 strategy.

1.5 Private finance loans and Housing Association Grant (HAG) are in place to complete the projects that have transferred over from our previous strategy. We have in-principle support from our funding partners for our new pipeline projects identified within this strategy.

1.6 The main priority for us is to deliver more of the 'right type' of social rented homes in the right location. There is also an opportunity to increase our Mid-Market Rent (MMR) stock profile and purchase second-hand properties in our communities where this is deemed to be affordable and viable.

1.7 Our Design Guide sets out the standard for our new builds. This ensures that we actively design all our new homes to adapt to changing circumstances for tenants.

1.8 This strategy will complement and support the following WSHA documents:

- Corporate Business Plan
- Asset Management Strategy
- WSHA Efficiency Plan
- Procurement Policy
- Disposal Strategy
- Rent, Service & Occupancy Charges Policy
- Design Guide
- Green Strategy
- Digital & IT Strategy
- Older People's Strategy

2. Strategic Context

2.1. WSHA's vision, values and strategic objectives are as follows:

WSHA Vision:

We go further to provide housing you call home

WSHA Mission:

We put customers at the heart of everything we do. We do this by listening to their views and caring about what matters to them. We take a flexible and innovative approach when providing homes and services that help individuals and communities thrive.

WSHA Strategic Aims:

Drive our direction and demonstrate how we will meet our Vision:

- Deliver outstanding service to customers in all our communities
- Actively manage our assets and develop new homes to meet local needs
- Be the best we can be for our staff and customers
- Work with others to improve tenants' lives
- Be well governed and financially strong

WSHA Values:

To support our Board, staff, customers and communities by:

- Being adaptable and flexible in meeting their needs
- Empowering and providing opportunities to help you grow
- Creating a sense of belonging
- Engaging and connecting with others who can help

3. Alignment to WSHA's Strategic Objectives

3.1. WSHA's Strategic Objectives

Our 2021-2026 Corporate Plan Objectives sets out our key priorities and actions that are to be completed during the lifetime of the plan. Our 5-Year Corporate Business Plan Objectives are:

1. Agree investment priorities in existing and new homes
2. Review priorities for Community & Support Services
3. Review and develop our customer care and engagement approach
4. Develop our business, people and culture in line with the review of our strategic aims and values.
5. Continue our digital transformation
6. Become more efficient/reduce Costs
7. Deliver our Green Strategy
8. Prepare for management of Mid Market Rent (MMR)
9. Develop comprehensive plan for growth & consolidation

The Corporate Business Plan is reviewed annually, and the Key Business Objectives (KBO) based on the priorities for the year ahead are determined and approved by Board.

3.2. Strategic Options & Growth Framework

We have set out a framework for growth within our Corporate Business Plan. The strategic activity that is relevant and the one that we have greatest control over in supporting our growth aspirations is outlined in *Option 1. Continued New Build Development Beyond Our Current Projects* and also *Option 2: Being open to future growth through acquisition (e.g. RSL, stock acquisitions etc.)*

Our approach to our continued commitment to building new homes is expanded on at Section 7 below – The Association's Development Priorities.

3.3. WSHA's Investment Commitments

Development activities positively contribute to the overall financial wellbeing of the Association as a new rental income stream is generated from new build projects. Although these development projects can be looked at on a standalone basis or as part of a wider development programme there has to be cognisance to the Association's other activities that have high funding needs.

WSHA is required to address the modernising of our pre 1919 tenemental stock and consider a strategic approach to meeting the Energy Efficiency Standard for Social Housing 2 (EESSH2) across the entire stock. In delivering

these activities we will maximise any grants that may be made available from Central and/or Local Authority Government. However, funding require to be diverted from existing budgets and business as usual activities.

4. Aims and Objectives of the Strategy

4.1. Aims of the Strategy

The key aims of the Development Strategy and the direct correlation with our Strategic Objectives for are noted below.

WSHA Strategic Objective	Aim of Development Strategy
Deliver outstanding service to customers in all our communities	Improve efficiencies in the delivery of services with developing new homes within or close to our existing communities.
Actively manage our assets and develop new homes to meet local needs	Build high quality, energy efficient, adaptable homes that target needs and support sustainable communities.
Be the best we can be for our staff and customers	Provide high quality houses that people want to call home. Provide opportunities for staff and customers to have their say on what we build and where. Seek tenants' feedback about their new homes.
Work with others to improve tenants' lives	Work with partners to deliver the right type of homes in an effective and cost-efficient manner. Ensure that all services we procure offer a range of community benefits to WSHA, our customers and communities.
Be well governed and financially strong	Have a clear strategy for delivering new homes that deliver best value and support the overall Corporate Business Plan objectives. Ensure the Development and Investment Sub-Committee (DISC) has the required skills to provide leadership and scrutiny of our development activity.

4.2. Outcomes of the development strategy

The table below summarises the objectives of the Strategy. An Action Plan linked to these objectives is included at **Appendix 1.**

Strategic Objectives	
1.	Grow the number of our stock and contribute to the regeneration of our communities through the completion of our development programme
2.	Deliver high quality, energy efficient, environmentally conscious homes through adopting a whole life approach to the use of low carbon materials during construction and future maintenance
3.	Deliver a minimum of 200 MMR homes
4.	Achieve the highest possible quality standards whilst demonstrating value for money
5.	Achieve customer satisfaction levels of at least 98% for our new homes

5. Developing our Strategy

5.1. Strategy Principles

The Scottish Housing Regulator published a report on their thematic study into the development of affordable housing in Scotland. This research identified ten positive practice principles that should be considered by developing Associations. These principles form the basis of our Development Strategy.

A discussion paper was presented to the Corporate Management Team (CMT) in October 2020 that reviewed how we approach development against these positive practice principles. The paper also challenged CMT with key questions and highlighted areas for consideration to ensure the impact of developing was fully understood. There was also strong focus on 'lessons learned' from the projects that have been completed – what would we have done differently? What can we improve upon? This enabled a healthy discussion around how our development programme could compliment and support our Key Business Objectives and the overall wider investment priorities of the Association.

The outcome of the discussion set the strategic direction for the Development Strategy in terms of the scale and nature of our future development programme that is deliverable, affordable and supports our overall strategic objectives.

5.2. Consultation

Consultation played a strong role in shaping our strategy. The consultation events held offered a range of partners and stakeholders the opportunity to be involved in considering and thereafter developing the key priorities and outcomes.

A number of engagement opportunities have taken place to help inform the development of this Strategy.

- TAG consultation event
- Staff Survey monkey
- CMT discussion paper
- Leadership Group

6. WSHA's Development Strategy SWOT/PESTLE Analyses

6.1. A SWOT analysis is a useful tool in assessing our strengths, weaknesses, opportunities and threats and the operating environment in which we plan to develop and deliver our strategy.

The table below sets out our SWOT analysis:

Strengths	Weaknesses
• Local housing strategies, local development plans and SHIPs provide transparency about priorities and aid partnership working • Focus on energy efficiency through new build development e.g., planned Passivhaus and Gold Hybrid developments • Financially strong • Good reputation with our lenders and funders on delivering projects and spending grant • Very experienced and knowledgeable staff • Offer nominations rights to Local Authorities • Produce Local Lettings Plans for new builds to support the creation sustainable communities • Experienced DISC members with relevant skills • Strong new build development potential • Robust Design Guide with dementia/older people friendly design requirements • Ambitious Green Strategy to reduce our carbon footprint	• Section 75 sites controlled by private developers, who may delay development if market conditions are not right for them • No previous experience in managing MMR properties • No funding secured beyond current programme • High development costs associated with untried and tested new methods of construction • Different sustainability standards applied across Local Authority areas will result in varying costs (e.g. The Glasgow Standard)

Opportunities	Threats
• Local authority initiatives to dispose of land in their ownership for affordable housing • The Association owns housing in six local authority areas. Strong new build potential prioritisation is essential • Scope to increase our MMR portfolio if targets at suitable areas and sites • Scope for growth through acquisition such as mortgage to rent scheme • Scope for subsidiary to enter the Private Rented Sector (PRS) without reliance on grant funding • Identify sites in WSHA ownership for development • Options for land banking to develop when the time and market is right • Strong relationships already exist with some of the largest Contractors in the UK	• Fierce competition for resources in some areas (from councils and other RSLs) • Uncertainty about affordable housing funding levels and subsidy benchmarks • Competing Investment Priorities (EESSH2, Pre-1919) • Changing demand for MMR • High homeless lets in new builds • Community could initiate Community Empowerment Act to prevent development • Pressure to maintain affordable rents • Increased pressure to provide non-grant funded projects • External factors out with WSHA's control (e.g. Covid-19) • Project delays due to increasing construction costs

6.2 The table below presents a PESTLE analysis which is a framework to identify the key factors (Political, Economic, Sociological, Technological, Legal and Environmental) influencing WSHA's Development Strategy from the outside.

Political	Economic
• New elected 2021 government and funding levels for affordable housing • Scottish Government climate change targets including 2045 carbon net-zero target & 2025 low carbon heating • Scotland's Sustainable Housing Standards & EESSH2 • Local Authority design requirements (e.g., The Glasgow Standard)	• Tender price increases • Brexit • Availability of construction materials and components and impact on costs • Covid-19 national lockdown and impact on businesses
Social	**Technology**
• Increasing age of population • Increasing homelessness • Increased demand for social housing and other affordable tenures	• Availability of new Green technology to reduce our carbon footprint • Requirement to provide Infrastructure for future electric cars • Off-site manufacturing

• Increasing demand for on-line services	• Scope to increase provision of affordable Broadband • Opportunities for technology to support older/vulnerable people
Legal	**Environmental**
• EESSH 2 regulation and guidance • Building contracts with onerous Covid-19 clauses • Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 • The Building (Scotland) Amendment Regulations 2019	• Opportunities to reduce waste and improve recycling in construction • Scope for carbon neutral developments • Increase planting to offset our carbon footprint • Opportunities to include green clauses in contracts and through community benefits

7. The Association's Development Priorities

7.1. Geographical Priorities

WSHA operates within 61 different communities across six Local Authority areas. It is important to consider the existing stock profiles, demand and local pressures when considering where we want to build.

In addition, each Local Authority has identified priorities for housing investment in their Local Housing Strategies and Strategic Housing Investment Plans based on their Housing Need and Demand Assessments that must be considered.

Glasgow, South Lanarkshire and South Ayrshire remain our priority geographical areas in which the Association will build new homes. These locations were prioritised by the following hierarchy of factors:

- Existing commitments.
- Contribution towards regeneration of our communities.
- Opportunities are in areas where the Association has existing stock and where there is evidence of housing need and demand.
- Future funding prospects and support.
- Achieve efficiencies in the management of our services.
- Supports our Asset Management Strategy.

These three priority areas will also apply to our pipeline programme, and to any additional development opportunities that may arise, during the life of this strategy.

- <u>Glasgow</u>

In Glasgow, we are committed to contributing to the widespread regeneration of the North of Glasgow and have therefore given priority to Dundashill/Craighall and Cowlairs Park.

However, we would also consider potential opportunities within the Clyde Gateway area and Glasgow Inner East areas which is one of the largest areas of operation for the Association

- South Lanarkshire

In South Lanarkshire, the Association has given priority to projects in the East Kilbride and Hamilton Housing Market Areas (HMA). We have strong communities in Cambuslang and Rutherglen, and these would also be priority locations for us should opportunities arise

- South Ayrshire

In South Ayrshire, the Association has focused its future interest in the towns of Ayr, Prestwick and Troon as these areas have a demonstrated shortage of affordable housing. We would also consider other locations in the Ayr Urban HMA to support regeneration or to meet identified housing need.

- Other Areas

Any development out with our three priority areas would be opportunity-led. In North Lanarkshire we would consider support development adjacent to other communities in Cumbernauld, Kilsyth, Moodiesburn Bellshill, Airdie and Coatbridge should an opportunity present itself.

Similarly we may consider developing in other Local Authority areas that we operate within, for example East and North Ayrshire and North Lanarkshire. These are areas where we currently operate and opportunities to regenerate communities and meet housing need may arise.

7.2. Type and Quality of Housing

WSHA is committed to building new homes that are accessible and adaptable to meet the changing needs of tenants over time. This is underpinned by the Housing for Varying Needs design standards that all grant funded projects must meet.

7.2.1. Type of Housing

A good housing mix is fundamental to creating sustainable communities and to meeting a range of housing needs. WSHA will develop a project brief for each site, excluding section 75 and ‘off the shelf’ projects, outlining our preferred housing mix. This will be based on housing need, WSHA’s existing stock profile and size/property type imbalances

including specialist housing. This is likely to include a mix of 2, 3 and 4 bed housing.
A wheelchair provision of up to 10% will be provided on each project. This can be a mixture of wheelchair designed and wheelchair adaptable. The Association will develop a wheelchair adaptable standard to ensure we have incorporated all the essential design elements suitable for wheelchair users.

Whilst we will provide specialist housing such as housing suitable for wheelchair users, we will look to future proof all new housing by introducing design elements that will give older people and people with dementia more housing choice to be part of a mixed community rather than being in a standalone specialist housing development.

WSHA Older People's Strategy outlines the housing requirements for older people which are supported by this Strategy. Older people's housing can be standalone developments or they can be integrated as part of a larger housing development. All future provision will be assessed in line with the site prioritisation matrix in terms of the suitability of a location and access to local amenities. The standards will be algin with the older peoples Design Guide which aims to design homes that are flexible to meet older people's changing needs and enable them to live independently in their own homes for as long as possible.

We will also consider designing more flexible homes that can adapt to changing circumstances to enable families to grow, people to work from home and/or to receive care. The Association will look at flexible layout options, for example designing a one bed property that can convert to a two bed and where affordable incorporate into future projects.

7.2.2. Design & Quality

Our Design Guide describes the standards and specification we aim to achieve in new development. It also underlines that we will take a "whole-life" approach to how we build and maintain our homes. It will be kept under annual review during the lifetime of the Strategy to reflect "lessons learned" and changes to standards etc.

We believe that good design is fundamental to providing attractive, sustainable communities where people want to live.

To achieve this, we will apply the following principles:

- ✓ **Be Flexible** – provides good space standards and layout considers future adaptability and usability of changing tenants housing needs – "life-long homes."

- ✓ **Be Durable** – considers the robustness and life cycle costs of building and landscaping materials and considers the impact on future maintenance and management costs – "built to last."

- ✓ **Be Desirable** – creates an attractive place where people want to live and are proud to call their home. Affordable to tenants and provides good quality external open space for customers and their families to enjoy – "a sense of community."

We are committed to achieving standards that are mandatory, such as Planning and Building Standards. There are also prerequisite standards for securing Housing Association Grant (HAG) including:

- Housing for Varying Needs Standards (HfVN)
- Secure by Design Standard
- The Glasgow Standard (Glasgow projects only)

As part of the Glasgow Standard, all new projects are required to meet the Gold Hybrid standard as a minimum for grant purposes. In all other Local Authority areas projects are required to meet Section 7, Silver Level of the building regulations to achieve the higher "greener standard" grant threshold.

WSHA aspires to build homes to the highest sustainability standard, with low ongoing running costs that reduces our carbon footprint in line with our Green Strategy. We will be evaluating the outcomes of the Passivhaus standard by carrying out post-occupancy assessment on costs, energy use and tenant experience at our developments at Springfield Cross and Dundashill, Glasgow. This information will help determine the most cost effective and efficient energy standards to be applied to projects in the future.

We will also ensure that our Contractors implement the highest environmental standards during construction in relation to waste management, treatment of hazardous materials, energy use and water and recycling activities where feasible.

7.3. Types of Tenure

Most of the Association's housing stock is social rented and delivering more social rented homes is the main priority for us. However, in certain instances and particularly for larger regeneration developments a mix of affordable tenures such as Mid-Market rent and/or low-cost housing for sale may be considered.

A new subsidiary “Westscot Living” has been established to manage our MMR properties.

Our development programme, outlined in Section 9 below, includes two sites carried forward from the previous strategy that will deliver 144 new (MMR) properties by 2023. Both projects are in Glasgow and reflect the high priority for MMR housing in Glasgow City Council’s Local Housing Strategy. Market research into demand for MMR at these locations concluded that there is strong demand for the type and mix of MMR housing proposed.

WSHA has been earmarked as the preferred RSL to take forward the 200 new affordable homes proposed at Cowlairs Park. The Cowlairs Park Masterplan indicates a requirement for MMR as the affordable housing tenure. A feasibility study has been commissioned to determine the preferred location, housing mix, tenure, and estimated costs for delivery of the project.

When considering MMR and LCHO, the Association will carry out market research to determine the appropriate range and scale of tenures based on the following factors:

- Location
- Demand
- Affordability
- Funding Support
- Supports Regeneration

The outcome of the research and funding discussions will be carried out pre-feasibility stage and presented to DISC for consideration and approval to proceed.

7.4. Opportunities for Joint Working

WSHA has a strong track record in planning and delivering new build housing and regeneration projects. Where appropriate, we are also open to partnership working with other organisations, including Local Authorities, RSLs and private developers. On a case by case basis we would also consider the provision of development services on a consultancy basis to RSLs who don’t have the experience required to develop.

We will introduce Local Letting Plan’s for all new builds in collaboration with our partners to ensure that a wide range of needs are met and that all residents in the area have housing need based access to the our stock.

8. Assessing Housing Need and Demand for New Housing

Ensuring that building in the right location and providing the optimum mix that meets housing need is key to the future success and sustainability of our new homes and communities. A strong part of our decision making is that research into demand will be undertaken to ensure that the project is right for WSHA.

8.1. Strategic Housing Need

Housing need and demand is assessed by each Local Authority and a project will only be included in the Strategic Housing Investment Plan (SHIP) where there is deemed to be healthy demand for affordable housing in that area. WSHA will only take forward projects that are included in the SHIP, or that have received support in writing from the Local Authority to be included in a future update of the SHIP.

8.2. Local Housing Need

To compliment housing need at a strategic level, WSHA will work with partners and care providers to understand the local housing needs and demand. It is acknowledged that housing demand information in some locations for certain sizes and types or properties may not currently exist. This underlines the importance of working collaboratively in ensuring we meet housing need in this type of situation.

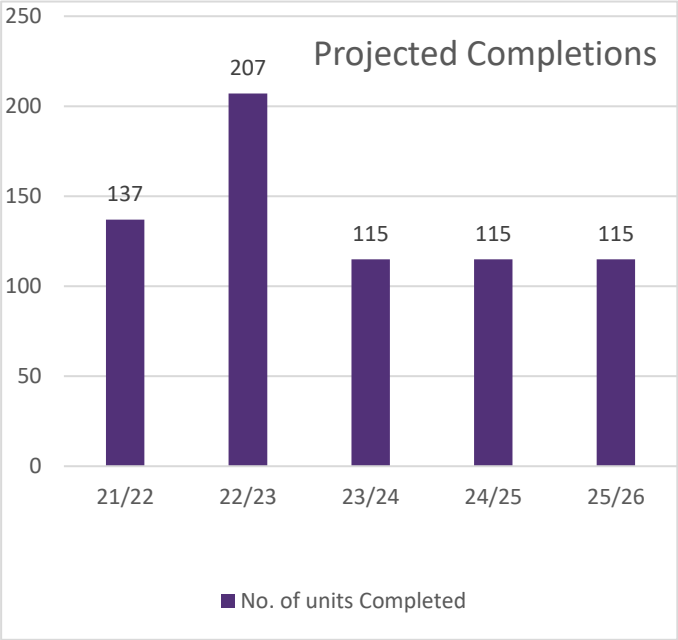
9. Development Programme

9.1. Main Programme

WSHA has set a target of completing 689 new housing units for the 5-year period from 2021 to 2026. This includes 313 units at various stages in their development that have transferred across from the programme within the previous Strategy.

The table and chart below provide an overview of the main programme and the number of units projected to complete by year.

Project Name	Town/Area	No. of Units
Springfield Cross	Glasgow	36
Doonfoot Ph2	Ayr	61
Dalmarnock Station	Glasgow	114
Dundashill	Glasgow	90
St Andrew Church	Hamilton	12
Greenan Ph3	Ayr	31
British Legion Site	East Kilbride	40
Cowlairs Park	Springburn	200
Future sites	Ayr	75
Future Sites	TBC	30
Total		**689**



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The projects brought forward from the previous programme are more advanced and provide greater certainty with regards to delivery and costs. Projects beyond 22/23 do not have the same degree of certainty, particularly as feasibility studies to ascertain affordability and obtain funding support have yet to be carried out.

Section 75 projects in Ayr depend on the continued strength of the private sector housing market to a large degree as a dip in market conditions may see private developers delay or stop site activity. If the units within the programme are delayed beyond the period of the strategy it may be an option to remove these from the programme and replace with a project that has greater prospects for delivery.

9.2. Pipeline Projects

Towards the end of the strategy period and assuming the Association wishes to continue to develop new homes, we must keep one eye on the future. As such it is important that we create a pipeline of projects. These will have the potential to be taken forward either beyond 2026 or that can replace a project within the existing programme that has been delayed or is no longer being taken forward.

We will create “Shelf Ready” projects by undertaking early feasibility studies of potential pipeline projects to determine viability and support at an early stage which may result in land banking. This will also enable projects to be fast-tracked should there be delays to the main programme and/or to benefit from any additional grant funding streams that become available.

9.3. Process for site selection

There are a number of factors that will influence site selection where new competing development opportunities arise. These include:

- Financial viability
- Potential to contribute towards regeneration and/or housing need
- Financial support from funding partners
- The availability of the land, location, timing, and cost
- Suitability for Older People Housing
- Scope to meet planning requirements
- Formation of partnerships with private developers, for Section 75 sites

Where we have more than one site available as an option, to help us determine what one will deliver the greatest benefits each site will be scored and ranked in line with the below the matric provided at **Appendix 3**.

9.4. Acquisition of Existing Stock

Local Authorities can provide funding to support the acquisition of private homes within our communities to meet high housing need or help address tenement repairs. The acquisition may be to help give the Association majority ownership in tenemental blocks that would help us factor the block and help drive through common repairs or improvement schemes. Glasgow City Council has also underlined that within their SHIP priority will be given to the acquisition of larger family homes.

Any opportunities to purchase properties on the open market will be assessed in line with our asset management strategy and funding availability.

The Association will also give due consideration to acquiring vacant buildings with our communities. However, conversions can be extremely problematic and expensive and generally attract a lower grant level and therefore can often be unviable.

10. Financial Management and Funding

10.1. Financial Approach to Our Development Programme

We build new homes for a number of reasons and it continues to be an important activity to support the growth ambitions of the Association outlined within our Corporate Business Plan. Our development programme must make financial sense to the Association, and we are rigorous in our approach to ensuring this underpins what we develop. Our new homes are built using a combination of loans, generally termed private finance and Housing Association Grant (HAG). Our existing loans are provided by a variety of lenders. The interest rates charged on our outstanding loans are a mix of fixed and variable rates. Our Treasury Policy requires a minimum of 50% of our loans to be on a fixed interest rate

We have private finance of around £36m in place to deliver the part of the development programme that has rolled across from our previous Development Strategy. The pipeline projects we anticipate will require upwards of another £30m of additional borrowing. As part of our business planning process, we have stress tested the impact of changes to the key variables we use within our Business Plan. This shows that in a worst-case scenario we would be able to complete our proposed development programme.

We adopt an investment appraisal approach, using a discounted cash flow model to assess the projected net cash flows from the development, to establish whether or not the development can support (or repay) our investment in the capital costs of the project. The objective of the appraisal is to ensure that each development will generate sufficient income from rents, after covering all costs of the development (including its contribution to overheads), to repay the private finance component of the total capital costs incurred over a 30 year period.

The financial appraisal includes assumptions around rents, voids, bad debts, management and maintenance costs, capital costs, inflation, private finance and subsidy levels. These are based on current performance levels and forecasts on future levels.

A whole life cost model has been developed to capture all the properties key components, service requirements, anticipated product lifespans and associated costs. This information ensures that all planned maintenance costs are captured in the value for money assessment and financial appraisals.

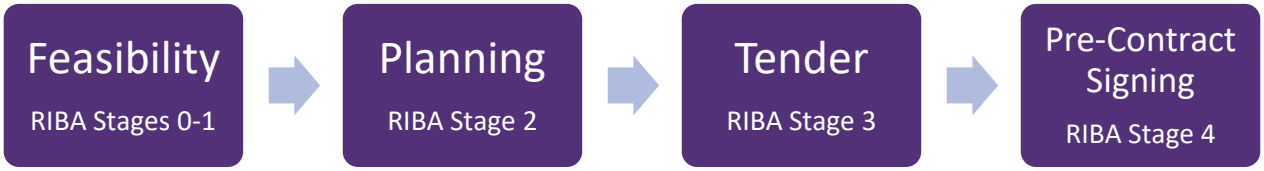
A series of sensitivities are applied to the financial appraisals to assess the impact on viability as a result of internal or external factors including lower rent

increases, higher management and maintenance costs, varying inflation rates and increased interest rates. The degree to which the project reacts negatively to one or a combination of sensitivities, will determine what assumption we use and/or the level of savings needed to establish viability and maximise value for money.

The outcome of the investment appraisal is presented to our DISC with a recommendation to proceed from a financial perspective if the development is assessed to be capable of making an overall contribution to our financial wellbeing. The assumptions that underpin the appraisal will be reviewed annually in line with the Corporate Business Plan to reflect market conditions and will be reported to DISC.

10.2. Financial Appraisal Stages

Project costs are reviewed and updated at four key stages in the development process as shown below. The tender stage includes tender submission for grant funding. At each stage, a viability assessment is carried out by the Director of Finance.



The outcome of the updated financial appraisal is presented to DISC outlining the cost changes from the previous appraisal, the reasons for any variation and project viability including the level of cost savings required to improve viability, where possible.

10.3. Rents and Affordability

WSHA is committed to ensuring that rents for new properties are affordable to our tenants. Our Rent, Service & Occupancy Charges Policy sets rents by property type, size, energy efficiency and WIFI provision. The rents have been assessed and deemed affordable in line with the Scottish Federation of Housing Associations' Rent Setting Tool and comparable with our RSL peers. We will also aim not to exceed the Scottish Government's social rent benchmark by greater than 5% in line with the Affordable Housing Supply Programme Guidance and Procedure - MHDGN 2020/02 updated 2020/08.

The Local Housing Allowance (LHA) applied to MMR properties has also been assessed using the SFHA Affordability Tool to ensure that rents are affordable to those on low to medium incomes.

11. Procurement and Community Benefits

11.1. Procurement

All procurement for development contracts will be undertaken in accordance with WSHA's Procurement Policy which ensures procurement complies with relevant legislation.

Two thirds of the development programme have been procured or is a developer-owned site. However, two projects will require to be procured and a range of procurement options for the contractor and consultants will be considered as follows:

- Competitive tender process using the Public Contracts Scotland portal
- Undertake a mini competition or direct award from a suitable framework
- Set up our own consultants' framework
- Turnkey Arrangement

WSHA preferred procurement route would be to appoint a design team to complete the feasibility to RIBA stage 0-2, concept design and then engage with a Contractor on a Design & Build basis earlier in the design process to try and achieve a more practical or buildable projects to avoid protracted cost saving/redesign exercise. This allows WSHA in terms of cost a certain amount of control as the contractor generally agrees to take on responsibility for the design and construction for a pre-agreed budget. This means that the contractor takes on much of the financial risk (which may be reflected in the price) but provides WSHA with cost certainty.

There can be cost and programme benefits to award directly from a suitable framework particularly with more specialist projects such as Modern Construction Methods, Passivhaus or where we are aiming to achieve Net Zero carbon omissions in a development. A direct award facilitates early dialogue with an experienced contractor who can provide input into the design to ensure efficiencies and best value are achieved to keep construction costs down and avoid a protracted re-design and cost savings exercise post tender.

Where we undertake a full procurement exercise or carry out a mini competition from a framework, evaluation will be in line with WSHA's Procurement Policy and will include environmental impact factors as a quality score to assist the Association to reduce its carbon footprint and contribute towards achieving our Green objectives. Key Performance Indicators will also be included as part of the tender process and monitored throughout the construction phase.

A different approach is followed for Section 75 site that is owned by a private developer who has a legal obligation to provide affordable housing as a condition of their planning consent. Opportunities for partnership working are typically brought to the Association by the Local Authority or directly by the developer and are based on a design and build contract. Before contract acceptance, we review the layouts and specification against the requirements of our Design Guide and other standards such as Housing for Varying Needs and Secure by Design.

11.2. Community Benefits

Community benefit requirements are defined in the Procurement Reform (Scotland) Act 2014 as a contractual requirement imposed by a contracting authority: a) relating to: training and recruitment. availability of sub-contracting opportunities. WSHA complies with the legal duty for explicit Community Benefit clauses required on all contracts above £4 million.

However, it's also deemed as a regulated project if the public contract is above £50,000. Therefore, WSHA also considers Community Benefits for all procurement when purchases are over £50k for goods and services, and over £500k for capital works. We recognise that the community benefits must be in proportion to the value of the contracts being procured and that a one size fits all approach is not possible.

Community Benefit Clauses are contractual requirements which deliver social, economic and environmental benefits in addition to the primary objectives of the contract. WSHA will seek to utilise the contract to deliver our social, economic and environmental aspirations and objectives through Community Benefit clauses promoting apprenticeships and new entrant employment, training opportunities and community capacity building activities.

The Association takes its social responsibility very seriously and are committed to delivering Community Benefits through our contracts. The successful contractor and their supply chain will be required to support West of Scotland Housing Association's aspirations and requirements relating to skills development, training and employment initiatives and other opportunities which connect to social economic and environmental considerations.

12. Delivering the Development Strategy

12.1. Governance

WSHA's development activities and risk management monitoring are governed by our Board although this has largely been delegated to the DISC. However, the following matters are reserved by the Board :

- Approving the Development Strategy
- Annual approval of the proposed development programme, as part of the Association's Business Plan
- Approving entry to the development programme for pipeline projects not included in the programme previously approved by the Board
- All other matters that have not been delegated to DISC or any other Sub Committee.

DISC provide annual updates to the Board and reports progress of the development programme against budget and timescales.

DISC consists of five members, four are members of the full Board and one co-opted member. This brings a good mixture of relevant skills and experience, including development experience, to the sub-committee. The members are also required to keep their knowledge and skills up to date through a structure learning programme to assist in undertaking their roles.

12.2. Development Capacity

WSHA has an experienced development team charged with the delivering of our development programme efficiently. In addition to planning and managing the development programme, the Development Team are responsible for ensuring that the necessary policies and procedures are in place to guide our work and articulate its standards and policies. The main documents currently in place are:

- The Design Guide
- Contract Variation Procedures
- Development Gateway Tool
- Defects Management Policy
- Handover Procedures
- Post Defect Management Procedures

The current development team has an experienced Development Manager, a Senior Development Officer, a Quality Control Officer, and a Development Assistant. There may be a requirement to appoint a second Quality Control Officer but currently this resource has the experience and capacity to deliver the programme.

12.3. Project Feasibility

Feasibility studies are undertaken in the very early stages of the development process and objectively and rationally assess the potential of a project. They are undertaken by a collective of consultants that will normally include Architects, Structural Engineers and Cost Consultants and seek to identify the following:

- Site capacity and options for development
- Detailed design options
- Detailed costs
- Planning requirements
- Legal/statutory requirements
- Site constraints
- Site specific risks
- Procurement options
- Programme considerations and timescales
- Analysis of property and tenure types
- Environmental requirements
- Availability of services
- Site conditions
- Review of land title and value
- Access to surrounding infrastructure including transport, education, health etc

WSHA will undertake a feasibility study for all new build projects where we are the lead developer. Where the project is a contractor led design and build, Section 75 or 'off the shelf', a feasibility study may not be required as this will usually have been undertaken prior to WSHA's involvement.

12.4. Stakeholder Involvement

Development involves working with and consulting a wide range of stakeholders who may have an interest in, or who can influence the success of a project. Stakeholders can be involved in varying capacities at a specific stage of a project, or for the entire project. We will consult with a wide range of stakeholders, both internally and externally to help shape our strategy and the projects within our programme.

13. Risk Management

WSHA acknowledges that an element of risk exists in all activity it undertakes, particularly our development activities which remain the area of highest exposure to financial risk. There are clearly defined responsibilities for the identification, evaluation and control of significant risks at strategic and operational levels. Central to our strategic approach are our processes and framework for risk management. WSHA is committed to embedding risk management throughout the organisation with its systems and controls designed to ensure that exposure to significant risk is properly managed

The Board monitors any areas deemed high risk or new risks identified. Risk management techniques and control measures are reviewed for effectiveness in mitigating the risk including assurance, preparation of contingency plans and the operation of internal controls. This approach is pertinent to the management of development risks where the monitoring and reporting of risk is delegated to DISC.

The Development Team prepares risk appraisals for each individual project to identify and assess programme and project specific risks from feasibility to project completion. Individual project specific risks are recorded on a project Risk Register and on our Risk Management system with actions identified to reduce and/or mitigate risk. Risks are managed, reviewed, and updated. This systematic approach is prevalent in all of the Association's broad asset management activities and is essential to the management of risk. It is recognised that successful risk management can only be accomplished on a day-to-day basis by staff at all levels.

Development is a key area of risk for the business strategy. The Association has established a dedicated risk framework for our development proposals at project and programme level. The Board has delegated the monitoring of all project risks to DISC which help mitigation and drive the Association's development objectives.

14. Monitoring and reviewing the Strategy

DISC will monitor the implementation of the Development Strategy.

14.1 Action Plan

The Strategy Action Plan will be monitored by the Development Team and reported to DISC on a quarterly basis. Overall progress against the whole Strategy and Action Plan will be reported to the Board and DISC on an annual basis.

14.2. Monitoring Progress

A report on each project will be presented to DISC each quarter updating on progress, challenges, financial appraisal and risks. The report will seek approval at key decision making stages such as feasibility, acquisition, and tender stages.

14.3. Key Performance Indicators

The key output from the strategy is to complete the individual projects and develop the 698 new homes envisaged within the programme, within timescales and to project budgets. Below this strategic measure of performance, we have developed a number of KPIs to monitor performance against the targets set by WSHA' Board some of which originate from development policies and procedures. Where relevant some of these KPIs will be reported to DISC on a quarterly basis, with a consolidated performance report covering all of these being provided annually.

Development Key Performance Indicators	2021/22 Targets
1. No. of projects secured HAG	3
2. No of Social Rent units completed	123
3. No. of MMR units completed	0
4. Average Private Finance cost per unit	£80,000
5. % of final project cost compared to budget	98%
6. % of contingency fee retained at project completion	80%
7. % of emergency defects completed within 4 hours	95%
8. % of non-emergency defects completed within 21 working days	95%
9. % of properties handed over with 10 or less minor snagging items	90%
10. % of customers satisfaction	98%
11. % of new homes achieving B or higher energy efficiency rating	100%
12. % of waste recycled through new build construction	90%

APPENDIX 1 – Action Plan

Appendix 1 - Development Strategy Action Plan

	Strategic Objective	Task	Responsibility	Timescales	Expected Outcomes
1	Grow the number of our stock and contribute to the regeneration of our communities through our development programme	Identify development opportunities to deliver the 367 new homes	Andrew Kubski/Karen Shaw/Jonathan McCarthy	Apr-23	
		Complete Feasibility Studies for all non committed sites (Cowlairs/British Legion Site)	Karen Shaw/Jonathan McCarthy	Apr-22	
		Report quarterly to DISC progress in the delivery of the Main Programme	Karen Shaw/Jonathan McCarthy	Quarterly	
		Develop a Local Lettings Plan for all new Social Rented Development	Robert Campbell/Brendan McGeever	Annually	
		Secure Grant Funding to deliver Development Programme	Karen Shaw/Jonathan McCarthy	Apr-23	
		Secure Private Funding to deliver Development Programme	Colin MacCallum/Andrew Kubski	Oct-21	
		Assess availability of Private Finance beyond 2026 to fund future pipeline	Colin MacCallum/Andrew Kubski	Apr-23	
		Review procurement options for Contractor and Consultants and provide report to DISC for approval	Karen Shaw/Jonathan McCarthy	Apr-22	
		Deliver 689 new affordable homes within the lifetime of the strategy	Andrew Kubski/Karen Shaw/Jonathan McCarthy	Mar-26	
2	Deliver high quality, energy efficient environmentally conscious homes through adopting a whole life approach to the use of low carbon materials during construction and future maintenance	Develop a quality criteria to encourage the use of low carbon processes, materials and green technology in the procurement of construction projects	Karen Shaw/Jonathan McCarthy	Mar-22	
		Set waste reduction KPIs & establish a standard suite of KPI's for all projects	Karen Shaw/Jonathan McCarthy	Mar-22	
		Review Design Guide to include new affordable "Green" technologies	Karen Shaw/Jonathan McCarthy/Robert Pollock	Aug-21	
		Secure Passivhaus Certification at Springfield Cross	Karen Shaw	Jan-22	
		Secure Passivhaus Certification at Dundashill	Karen Shaw	Jul-23	
		Report on Energy Heating and Hot Water Systems for future new build developments	Karen Shaw	Jan-22	
		Report on Sprinkler System options for future new build developments	Karen Shaw	Oct-21	
		Migrate all current and new Development Project Information to Asset Pro	Karen Shaw/Jonathan McCarthy	Jul-21	
		Carry out Post Occupancy Surveys at Springfield Cross relating to costs/Benefits of Passivhaus	Karen Shaw	Sep-22	
		Report on the findings of the Post Occupancy Survey to DISC	Karen Shaw	Nov-22	

3	Deliver a minimum of 200 MMR homes	Complete 54 MMR homes at Dalmarnock Station	Jonathan McCarthy	Jun-23	
		Complete 90 MMR homes at Dundashill	Karen Shaw	Sep-23	
		Secure Grant Funding to Deliver the MMR at Cowlairs	Karen Shaw/McCarthy	Nov-22	
		Secure Private Funding to deliver the MMR at Cowlairs	Colin McCallum/Andrew Kubski	Oct-21	
		Identify development opportunities to achieve at least the minimum target	Andrew Kubski/Karen Shaw/Jonathan McCarthy	Apr-23	
		Complete tasks set out in the MMR Action Plan	MMR SLWG	Feb-22	
		Complete Feasibility Study at Cowlairs for MMR	Karen Shaw	Jul-21	
4	Achieve the high quality standard whilst demonstrating Value for Money	Create whole life costing profroma to be used on all projects	Karen Shaw/Robert Pollock	Apr-21	
		Report on ave. number of defects at handover of all new homes	Patricia McGinley/Bill Llewelyn	Annually	
		Report annually the financial appraisal assumptions and sensitivities	Colin McCallum/Andrew Kubski	May-21	
		Complete and report on potential conversion options for one bed properties	Karen Shaw	Oct-21	
		Develop Wheelchair Standard to be applied to all wheelchair adapted properties	Jonathan McCarthy	Aug-21	
5	Achieve customer satisfaction levels of at least 95% of our new homes	Undertake customer satisfaction survey for all new developments 12 weeks after handover	Patricia McGinley	Mar-26	
		Report to DISC outcome of our customer satisfaction survey of all our new homes	Patricia McGinley	Mar-26	
		Update handover procedures to include maximum defects acceptable at handover.	Patricia McGinley	Nov-21	

APPENDIX 2 – RISK MANAGEMENT

2021 – 2026 Development Strategy

Appendix 2 – Project Risk Assessment

Project Risks	Causes & Effects	Inherent Score	Controls	Residual Risk	Further Actions Required	Target Risk
DEV-PRO 1 – TIMESCALES – Fail to deliver project on time	• Trades shortages • Unforeseen ground issues • Material shortages • Adverse weather • Contractors Insolvency • Force Majeure	**21**	• Realistic programmes and handover procedures form part of the contract • Monitor Contract and Performance at monthly site meetings • L&A damages in contract • Change control procedures in place to deal with materials • Contingency in place to make up lost time • Handover procedures in place to ensure timely handovers	**13**	• None	**13**
DEV-PRO 2 – FUNDING & BUDGET – Fail to secure appropriate level of funding to deliver projects on budget	• Contractor/development pressure • Political changes • Lack of awareness • Time restriction • Specification changes • Limited Resources • Failure to inform funder and drawn down funds in line with offer of grant	**25**	• Feasibility Studies undertaken to establish early project budget, HAG funding and timescales • Design guide is flexible to deal with changes to the specification • Regular programme meetings held with grant funders to advise of possible cost implications	**18**	• Establish long-term financial commitment • 2-3% continency to be included in all project budgets	**13**

Project Risks	Causes & Effects	Inherent Score	Controls	Residual Risk	Further Actions Required	Target Risk
			• Offer of grant received before progressing to contract. • Continuously review and update project budget to ensure accuracy • All required surveys carried out before contract to minimise risk			
DEV-PRO 3 – STANDARDS & SPECIFICATION – Fail to ensure projects are delivered to the required standards and specification	• Inadequate design • Political changes • Unavailable materials • Planning requirement • Inadequate Management	**21**	• Budget includes contingency for additional costs • Clerk of works monitor construction, specification and workmanship • Design Guide standards are incorporating into project specification • HfVN assessment checklist completed to ensure compliance	**13**	• Review Design guide to take account of lessons learned and outcome of the Planned Maintenance Procured components	**9**
DEV-PRO 5 – CONTRACTS – Fail to ensure all contracts are appropriate, effective and enforceable	• Ineffective guarantees and warranties in place • Limited contract experience • Overreliance on consultants • Inaccurate advice • Insufficient procurement and contracting procedures • Fraud/Corruption	**18**	• Guarantee and warranties signed by all parties. Supplier guarantee required for innovative materials • Legal services in place for more complex contracts • Procurement procedures in place, robust quality assessment undertaken	**13**	• None	**13**

Project Risks	Causes & Effects	Inherent Score	Controls	Residual Risk	Further Actions Required	Target Risk
			and complete prior to entering contract • Appointment of Employers Agent to provide contractual advice • Contract management policy and procedures in place			
DEV-PRO 6 – QUALITY OF CONSTRUCTION – New housing stock fails to meet life expectancy targets and construction requirements	• Poor quality materials • Poor building standards • Design inefficiencies • Component failure • Complexed untried materials • Incorrect materials used • Lack of quality control	**21**	• Robust Design guide in place • Clear contract variation procedure in place • Defects Management policy included as part of contract. • Handover procedure in place to increase quality. • Clerk of works monitor build quality	**14**	• Quality Control Assessment to be factored into the Construction Programme to ensure risk based inspections are carried out a key stages in the programme	**9**
DEV-PRO 7 – MANAGEMENT – Fail to effectively manage contractors, consultants and suppliers	• Non reputable contractor, consultants and/or suppliers appointed • Lack of approved suppliers • Timescales unrealistic • Delivery and completion dates undefined • Limited resources	**21**	• Procurement Policy applied and scoring matrix includes performance references with sufficient evidence • Robust Quality/Price assessment applied in the procurement of contractors, consultants and supplier	**14**	• None	**14**

Project Risks	Causes & Effects	Inherent Score	Controls	Residual Risk	Further Actions Required	Target Risk
			• Use pre-procured frameworks, where there are cost/benefits to do so • Monthly design team to review and discuss timescales & resource issues • Contract includes clear defined timescales and Monitor programme and forecast delays identified and consider mitigation factors			
DEV-PRO 8 – HEALTH AND SAFETY – Failure to plan, manage and monitor H&S risks on site	• Inadequate pre-construction information • Non-compliance with regulations • Lack of quality control • Design Hazards not identified • Site safety compromised • Risk of injury	**21**	• Principal Designer appointed on all projects for the duration of the contract • Risk Workshop held by PD and design hazard register provided with actions to alleviate • Health and Safety File developed, reviewed and updated from time to time	**14**	• None	**14**
DEV-SITE 1 – GROUND CONDITIONS – Fail to ensure ground conditions are suitable for development	• Ownership of land not correctly identified • Fail to perform appropriate surveys • Inaccurate advice • Unidentified constraints emerged	**25**	• Lawyers instructed to check and produce title report at offset • Appoint reputable consultants • Complete desktop survey to highlight potential risks	**14**	• Develop feasibility Checklist to ensure all due diligence is undertaken to determine ground conditions	**9**

Project Risks	Causes & Effects	Inherent Score	Controls	Residual Risk	Further Actions Required	Target Risk
			including Topographical survey and apply risk based approach to determine surveys • Warranties from Engineers and Consultants			
DEV-SITE 2 – SOCIAL, ECOLOGICAL & ENVIRONMENTAL – Fail to identify and manage the social, ecological and environmental impact of development	• Fail to ensure suitable access to local facilities and services • Fail to identify future developments within immediate proximity • Fail to ensure suitable access to transport link • Inaccurate surveys • Fail to perform proper ecological and wildlife surveys and protection orders	**25**	• Site Prioritisation Matrix gives priority to sites with local amenities • Work in partnership with LA's and review future SHIP projects to identify future developments to site • Robust planning and transport statement produced • Early liaison with LA ecologist to fully understand ecological constraints and appoint part of the design team • Ensure contingency in place to deal with further surveys	**10**	• Develop feasibility Checklist to ensure all due diligence is undertaken to assess the ecological and environmental impact	**6**

APPENDIX 3 – SITE PRIORITISATION MATRIX

Site Prioritisation Matrix

Prioritisation Factors	Points		
	20	10	0
Meet WSHA Corporate Objectives	Full	Part	No
SHIP Priority	High	Medium	Low
Land Status	Zoned for housing	Brownfield/Derelict Land	Greenfield
Land Ownership	Owned by WSHA/ Contractor/LA	Privately owned with option	Privately owned no option
Funding Support	Full	Part	No
Contribute towards Regeneration	Full	Part	No
Suitability for Older People Housing	Central/High Amenity area	Accessible/ Medium Amenity area	Remote/Low Amenities
WSHA operational Area	Yes (priority area)	Yes, but with limited stock	No
Delivery timescales	2025 onwards	2023-2025	2021-2023

Projects scores will then be grouped into category A, B and C as follows:

GROUP A	Group B	Group C
• 120-180 points	• 60-110 points	• 0-50 points

Only category A and B projects will be added to the pipeline projects or Main Programme.