

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Infrastructure and Regeneration

Housing, Environment and Economic Development Committee: 7 May 2014

Subject: Delivering New Housing in West Dunbartonshire - Strategic Housing Partnership

1. Purpose

- 1.1** The purpose of this report is to seek Committee approval for the establishment of a Strategic Housing Partnership to help West Dunbartonshire Council achieve its aim of developing new affordable housing to meet Housing need and to assist in the regeneration of our communities.

2. Recommendations

- 2.1** It is recommended that the Housing, Environment and Economic Development Committee:
- note the assessment process
 - approves and delegates authority to the Executive Director of Infrastructure and Regeneration to enter into discussions to develop a strategic housing partnership with the Wheatley Group to assist in the delivery of the Council's strategic housing objectives including new Registered Social Landlord housing for rent; and other affordable housing solutions; and
 - use the development sites approved in the Strategic Housing Investment Plan and the development of the new SHIP as a basis for the Partnership Agreement.

3. Background

- 3.1** At a meeting of the Council on 20 June 2012, the Council approved a motion which amended the Council's approach to achieving the Scottish Housing Quality Standard through the Standard Delivery Plan (partial stock transfer) in favour of one of full stock retention.
- 3.2** The decision to retain all housing stock was supported by a commitment to *"seek a strategic partner which is financially and managerially able to take forward housing regeneration in West Dunbartonshire."* The Convener of the Housing, Environment and Economic Development Committee reaffirmed his commitment to this priority at the meeting of the Council on 12 February 2014.

- 3.3** The West Dunbartonshire Local Housing Strategy 2011 – 2016 (LHS) is a key corporate plan which provides the strategic direction for housing across all tenures and provides the framework for investment in affordable housing and related service.
- 3.4** West Dunbartonshire's LHS places an emphasis on regeneration reflecting the recognition of the need to improve many of our neighbourhoods and to provide affordable housing which meets the changing requirements of our communities. Alongside this aim the Council is keen to increase the housing supply more generally across West Dunbartonshire particularly in terms of affordable housing for rent.
- 3.5** From 2012-2013 Council and Housing Association funding streams have been brought together into one budget under the Scottish Government's Affordable Housing Supply Programme (AHSP). This is the budget which subsidises both Council and Housing Association new build affordable housing programmes.
- 3.6** West Dunbartonshire Council in its role as the strategic housing authority has the responsibility to develop and deliver a Strategic Local Programme (SLP) which will deliver the provision of new affordable housing to meet local need.
- 3.7** It became clear through recent consultation exercises/events to develop the SLP and subsequently the Strategic Housing Investment Plan (SHIP) in West Dunbartonshire that few community based RSLs now have the ambition and/or financial capacity to be major new build developing organisations within the new funding arrangements which are not as generous as previously experienced under the Housing Association Grant (HAG) system.
- 3.8** West Dunbartonshire Council as the strategic housing authority has acted in a proactive manner to secure the delivery of affordable housing by developing and implementing a new build council housing programme. In addition, the Council through the development of the Strategic Local Programme 2012-2015 held a series of discussions with national, regional and local housing associations to encourage these organisations to work in partnership with the Council to deliver the Council's strategic housing objectives. The positive outcome of this approach is explored further in this report
- 3.9** Although the Council is committed to and will continue to work with those local RSLs who wish to continue as developers, it is likely that larger national or regional associations will be those with the greater capacity to assist the Council in meeting our strategic housing objectives in a major development role. The Council has therefore been actively seeking a strategic partner, or partners, to assist in the provision of new affordable housing from 2015 and beyond.

4. Main Issues

4.1 West Dunbartonshire Council has an agreed affordable housing supply target to deliver a minimum of 70 units of new supply social rented housing each year. In 2012/13 only 51 new build social houses were delivered by housing associations. This reflected change to the funding system which significantly reduced the level of subsidy funding available to housing associations to develop new build housing.

4.2 West Dunbartonshire's SLP 2012-15 is now scheduled to deliver a total of 322 new units of affordable rented homes in partnership with developing housing associations outlined below:-

Project	Developing Organisation	Number of units	Completion Year
Granville Street(1), Clydebank	West Dunbartonshire Council	24	2013/14 (complete)
Miller Road, Alexandria	West Dunbartonshire Council	15	2013/14 (complete)
Granville Street(2), Clydebank	West Dunbartonshire Council	9	2013/14 (complete)
Scholars, Clydebank		33	2013/2014
Lomondgate, Dumbarton	Bield Housing Association	33	2013/2014
Central Bellsmyre, Dumbarton	West Dunbartonshire Council	36	2014/2015
Beardmore Place/Auld Street 1, Clydebank	Cube Housing Association (Wheatley)	54	2014/2015
Central Alexandria	Caledonia Housing Association/Dunbritton Housing Association	57	2014/2015
Hill Street, Dumbarton	West Dunbartonshire Council	37	2014/2015
Beardmore Place/Auld Street 2, Clydebank	Cube Housing Association (Wheatley)	24	2014/2015
TOTALS		322	

Strategic Housing Investment Plan (SHIP)

4.3 All local authorities are required to submit a Strategic Housing Investment Plan which sets out how resources will be used over the following 5 year period to deliver affordable housing priorities highlighted within their Local Housing Strategies.

4.4 West Dunbartonshire Council's Strategic Housing Investment Plan (SHIP) 2013/18 approved by the Housing, Environment and Economic Development Committee in August 2013 identified the following sites as housing development projects to be taken forward by a strategic housing partner. Current thinking is that the strategic housing partner may be able to provide the social rented units on part of these sites which currently sit within the general fund.

- Bonhill Primary School
- Clydebank School Sites
- Second Ave/Singer St
- Croft St/Raglan St, Bonhill

4.5 The Scottish Government advised local authorities of their minimum Resource Planning Assumptions (RPA) in March 2013, however following successful discussions with the Scottish Government the level of resource was increased for all local housing programmes in late October 2013, the initial and revised RPA for West Dunbartonshire is outlined below:-

Year	Resource Planning Assumption at October 2013	Anticipated Funding for Affordable Housing* in West Dunbartonshire *
2015 - 2016	£5.505M	£11.7M
2016 – 2017	£3.772M	£8M
2017 - 2018	£2.354M	£5M
2018 – 2019	£1.570M	£3.4M
TOTALS	£13.201M	£28.1M

* baseline inward investment assumptions based on minimum RPA – subject to change

4.6 The Council has begun preparing a new Strategic Housing Investment Plan which will be presented for approval to the Housing and Community Committee in August 2014. This will prioritise new housing development projects based on their relative merits including the following:

- the strategic housing priorities of the Council;
- housing need and demand;
- meeting regeneration objectives;
- affordability; and
- deliverability.

Selection of Strategic Housing Partner

4.7 West Dunbartonshire Council hosted a Housing Summit on 23 August 2013, held in the Clydebank Town Hall. This was the beginning of the process to develop and formalise strategic housing partnerships to develop affordable housing in West Dunbartonshire.

4.8 The Housing Summit highlighted the Council's ambitions and aspirations for future affordable housing development in West Dunbartonshire and the strategic vision to make those ambitions and aspirations a reality.

4.9 The conclusion of the Housing Summit set out the process for inviting proposals from interested parties to develop partnership arrangements to deliver new affordable housing in West Dunbartonshire. This invitation went to all local, regional and national housing providers in October 2013.

4.10 In late November 2013, the Council received expressions of interest/proposals from the following organisations:-

- Wheatley Group
- Caledonia Housing Association/Robertson Homes
- Dunbritton Housing Association
- McTaggart Construction
- Turnberry Homes
- Knowes/Clydebank Housing Associations.

4.11 West Dunbartonshire Council established a Project Assessment Group (PAG) which involved staff from Housing and Community Safety, Asset Management, Economic Development and Regeneration, CHCP, Finance and Legal Services. This group was tasked with assessing the proposals against an agreed assessment framework. The assessment framework was based on delivering the following Council objectives for the role of a strategic housing partner to:-

- To work with the Council to meet our strategic housing objectives
- To deliver a minimum 10 year development programme
- To support WDC Regeneration Activities
- To ensure that Resource Planning Assumptions are fully maximised to meet affordable housing supply targets
- To deliver new build RSL housing for rent in areas identified through the Strategic Housing Investment Plan to address housing need

Additional considerations in the evaluation process were:-

- The ability to create job and training opportunities in West Dunbartonshire
- Having or developing a recognised local presence and deliver excellent customer services
- Critically, having the financial capability to deliver new affordable housing for rent in West Dunbartonshire

4.12 It was clear from the PAGs initial assessment that there was a significant variance in terms of the scope, quality and deliverability of the partnership proposals.

4.13 The meeting of the PAG held on 19 February 2014 following a detailed assessment recommended that the Wheatley Group and Caledonia Housing Association/Robertson Homes, both of whom had scored significantly higher than the other organisations be invited to meet with Council officers with a view to the Council seeking further clarification on certain aspects of their submission.

4.14 Discussions took place between the Council and these organisations on 10 March 2014, in the presence of officers from Legal Services, Housing, and Regeneration/Economic Development. Following these discussions the PAG met again on 19 March 2014 and agreed that as the organisation which had scored highest in terms of the assessment, the Wheatley Group should be recommended as the preferred partner. The table below summarises the scoring. Two factors in relation to the Wheatley Group submission which gave the PAG considerable comfort were the deliverability of a programme and evidence of being able to maximise private finance leverage to accelerate our forward programme. The team was also impressed with their keen interest to work with us in support of our employment and training objectives.

Weightings	Strategic Housing Partner Bidders					
	1	2	3	4	5	6
Quality: 70						
Value for Money: 30						
OVERALL SCORES						
Quality weighting x quality score	118.00	116.00	141.00	193.00	187.00	87.50
VFM weighting x VFM score	21.86	19.71	24.86	34.29	38.14	13.71
TOTALS	139.86	135.71	165.86	227.29	225.14	101.21

- 4.15** One of the Wheatley Group's key strengths lie in the asset base and revenue/subsidy streams derived from the various operating arms in the group structure. Of particular note is the fact that the Wheatley Group have access to £250M of Bond Finance and their Board have earmarked West Dunbartonshire Council as one of their priority areas for investment. This brings 'additionality' to housing investment in the West Dunbartonshire area.

Their proposals include:-

- Provision of social rented homes provided at average grant levels of £44,606 (Scottish Government benchmark is £58,000)
- The delivery of 393 new social rented homes in West Dunbartonshire
- 100% nomination agreement for all new social rented homes
- Commitment to deliver WDC priorities
- 300 new jobs and training opportunities created
- 1000 construction jobs sustained
- 1200 indirect jobs created in the wider economy

Operation of the Strategic Housing Partnership

- 4.16** The key purpose of a strategic agreement with any strategic partner is outlined in 4.11 of this report and these will be reflected within the partnership agreement.
- 4.17** In addition, there will be an opportunity for the future partnership agreement to take cognisance of the following:
- the Council would receive 100% nomination rights to all new social housing - this being the norm we now seek from any RSLs developing in the area;
 - additional leverage to deliver new build RSL units at low unit costs;
 - delivering community benefits; and
 - deliver training and employment opportunities.

- 4.18** It should be noted that all sites when they come to be developed will require to follow the appropriate procurement regime, whether Council or RSL led. The partnership does not involve commissioning the Wheatley Group to build on behalf of the Council. It is however hoped that in time it will provide both parties with the opportunity to maximise benefits through shared development experience and harmonising the supply of new social rented housing in the West Dunbartonshire area.

5. People Implications

- 5.1** There is a requirement for ongoing Housing input into this project. There has also been significant officer input from various Council sections in progressing this project.

6. Financial Implications

- 6.1** There are no direct financial implications within this report. However the effective development of the strategy will have a positive financial impact on the Council through increased council tax revenue

7. Risk Analysis

- 7.1** There is a risk that the outputs set out in the LHS will not be met, including the affordable housing supply target. This has been mitigated by the additional powers local authorities have in terms of their role as the strategic housing authority through the delivery of the Scottish Governments Affordable Housing Supply Programme (AHSP).

8. Equalities Impact Assessment (EIA)

- 8.1** An integrated impact assessment was carried out on the LHS which predicted that the strategy would have an overwhelmingly positive impact.
- 8.2** All new housing supported through West Dunbartonshire's Strategic Local Programme will be compliant with Housing for Varying Needs standard.

9. Consultation

- 9.1** Significant wider consultation around asset management within the context of stock retention policies has taken place with tenants and residents during the last 24 months.
- 9.2** The proposals contained within this report have also been discussed in detail with the Scottish Government.

10. Strategic Assessment

10.1 Having considered the Council's strategic priorities, this report and subsequent positive outcomes from the Inquiry will contribute greatly to all five strategic priorities, and specifically through the improvement of housing services within West Dunbartonshire will contribute significantly to the following priority:-

- improve local housing and environmentally sustainable infrastructure.

Richard Cairns

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Date: 22 April 2014

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Appendices: None

Background Papers: Strategic Housing Partners Submissions
Summary Document January 2014

Delivering New Housing in West Dunbartonshire Brief –
Invitation for Affordable Housing Strategic Partnering
Proposals, October 2013

Report to Council 20 June 2012, entitled 'Meeting the
Scottish Housing Quality Standard'

Report to Housing, Environment and Economic
Development Committee of 7 August 2013, entitled 'West
Dunbartonshire Council Strategic Housing Investment
Plan 2013/18'

West Dunbartonshire Council's Local Housing Strategy
2011-2016
<http://www.west-dunbarton.gov.uk/council/strategies,-plans-and-policies/housing/local-housing-strategy/>

Local Housing Strategy, Equalities Impact Assessment,
November 2012

Wards Affected: All