

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Infrastructure and Regeneration

Housing, Environment and Economic Development Committee: 7 May 2014

Subject: Proposed Abolition of the Right to Buy in Scotland - Designation of Pressured Area Status

1. Purpose

- 1.1** This report considers the value of developing proposals for making a Pressured Area Status (PAS) designation in West Dunbartonshire in advance of the proposed abolition of Right to Buy in Scotland through the enactment of the new Housing (Scotland) Bill.

2. Recommendation

- 2.1** It is recommended that the Housing, Environment and Economic Development Committee:
- i) notes that the Right to Buy in Scotland is scheduled to end when the Housing (Scotland) Bill is enacted in 2017 or sooner; and
 - ii) notes the contents of this report and agrees no further action is taken on introducing a Pressured Area Status designation within West Dunbartonshire.

3. Background

- 3.1** Housing Environment and Economic Development Committee on 6th November 2013 considered a report entitled Proposed Abolition of the Right to Buy in Scotland – Designation of Pressured Area Status. The report detailed the arrangements for placing restrictions on the sale of Council houses to sitting tenants through Pressured Area Status (PAS) and noted the Scottish Government's proposed abolition of the Right to Buy under the Housing (Scotland) Bill, scheduled to come into effect in 2017.
- 3.2** It was agreed that a study be carried out into the potential value of a designation of PAS with a view to protecting appropriate properties from the Right to Buy in the period leading up to its abolition in 2017. Generally, PAS designations affect those tenants with a modernised RTB entitlement, where the tenancy had commenced on or after 30 September 2002.

3.3 The 6 November 2013, report questioned whether there would be sufficient evidence to support a PAS designation for all stock in West Dunbartonshire but indicated that there may be value in applying it to certain house types, for example:-

- 1- bedroom (impacted through welfare reform)
- accessible properties
- multi storey flats (MSF) and
- properties built within an identified recent period (those with better energy efficiency).

3.4 There are currently no PAS designations in place for West Dunbartonshire. The abolition of the Right to Buy when it takes place will effectively remove the need for pressured area designation.

4. Main Issues

4.1 There is widespread and cross party support for the Scottish Government's proposal to abolish completely the Right to Buy as part of the Housing (Scotland) Bill.

4.2 As it stands, under the Bill the abolition would not take place until 2017. West Dunbartonshire Council and a number of housing organisations including the Chartered Institute of Housing (CIH) and Association for Chief Local Authority Housing Officers (ALACHO) have requested that the Scottish Government consider shortening the lead-in time to one year.

4.3 The Scottish Parliament's Infrastructure and Capital Investment Committee Stage 1 report on the Housing (Scotland) Bill has recommended that the current prescribed three year lead in time be reduced to one year. If this were to be accepted the Right to Buy would end in Autumn 2015, one year after the Housing (Scotland) Bill receives Royal Assent.

4.4 The Scottish Government guidance requires local authorities considering PAS designations to demonstrate adequate evidence of the lettings pressure on the properties to justify the designation. Any decision may be subject to a Judicial Review following a challenge from an affected tenant.

4.5 While there may be value in making a PAS designation to protect certain types of housing stock from the Right to Buy in the lead-in to the abolition, particularly if the 3-year period proposal remains, there would be significant resourcing issues in providing the necessary supporting evidence base, consultation and notification.

- 4.6** Gathering the evidence recommended by the Scottish Government Guidance is a very resource intensive process. Not all of this information is readily available and to gather it would require significant staffing resources at a time when there are other pressures including those around complying with the new requirements of the Scottish Social Housing Charter, responding to the other elements of the new Housing Bill, developing a housing options approach to best the needs of our customers and mitigating against the impacts of welfare reform.
- 4.7** The resource pressures are particularly severe for local authorities, including West Dunbartonshire Council, where the housing application forms and associated IT systems do not rank choices in order of preference. In these instances there is difficulty in assessing true pressure ratios which would provide a robust and credible evidence base for any PAS determinant.
- 4.8** It is anticipated that there will be an increase in Right to Buy applications in the lead-in to its abolition, and it is projected that this will be generated when the Housing Bill is enacted and also in advance of the abolition date when it is known.
- 4.9** While most sales continue to be of properties in the Preserved Right to Buy category, where tenants have held longer tenancies, a PAS designation would only protect stock with the modernised entitlement (tenancies created after September 2002). The initial research indicates that potential stock savings are marginal.
- 4.10** In the last three years, West Dunbartonshire Council has sold 96 units of housing stock through the RTB. Of these 96 units, only 10 have been one bedroomed accommodation and only one multi storey flat has been sold. Of these 11 units, 6 were through the 'modernised' Right to Buy and it would these 6 properties that would have been the subject of any likely PAS designation. Therefore, based on the last three years RTB sales only 6 of 96 would have been stopped through any PAS designation.
- 4.11** A Council considering designating an area has a statutory duty to consult widely over the proposal and, when a designation is made, to publicise the decision and its effect. There is a real prospect that the increased publicity surrounding a proposed introduction of a PAS designation would have the effect of generating a further artificial spike in the level of Right to Buy applications in addition to those projected in 4.8 of this report.

5. People Implications

- 5.1** There are no direct people implications if a decision is made not to proceed with a designation. There would be resource issues in carrying out the consultation and publicity exercises and other work associated with a PAS designation.

There may be a spike in Right to Buy applications in the lead up to any designation increasing administration workload in this area.

6. Financial Implications

- 6.1** If a PAS is introduced there would be some loss of capital receipts in the short term through the reduction of house sales. In 13/14 the capital receipt from Right to Buy sales was £1.230m.
- 6.2** It is projected that the impact of any PAS designation to the property types outlined in 3.3 of this report would be that 8 anticipated sales would no longer proceed. This would result in the Council potentially losing capital receipts in the region of £400k.

7. Risk Analysis

- 7.1** There are no direct risks associated with this report although there may be a risk that some valuable housing stock will be lost through RTB between now and 2017 if PAS is not introduced although the research would indicate that this would be marginal. There is a risk that if a decision was made to proceed with the PAS, the extra publicity involved may have the effect of further artificially stimulating RTB demand in the run up to its introduction.
- 7.2** There is also an associated risk that any PAS designation would be subject to challenge and could have the potential of putting the Council at risk to Judicial Review.

8. Equalities Impact Assessment (EIA)

- 8.1** A full integrated impact assessment would need to be carried out if a decision was made to proceed with a PAS designation.

9. Consultation

- 9.1** The 6 November 2013 report to HEED Committee noted the support for abolition of the right to buy in our local consultations. Further consultation has taken place with RSLs and with the Scottish Government. The Scottish Government noted the consideration being given to shortening the lead- in period in response to the representations made on the timescale.
- 9.2** Any decision to implement a PAS designation would entail a detailed consultation process as laid out in Scottish Government guidance. It is anticipated that any formal consultation process would not be completed until late 2014.

10. Strategic Assessment

- 10.1 Having considered the Council's strategic priorities, this report contributes to improving local housing and environmentally sustainable infrastructure.

Richard Cairns

Executive Director of Infrastructure and Regeneration

Date: 22 April 2014

Person to Contact:	<p>John Kerr - Housing Strategy Manager, Housing Strategy and Development, Council Offices, Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737889, e-mail: John.kerr@west-dunbarton.gov.uk</p> <p>Jamie Dockery - Housing Policy Officer, Housing Strategy and Development, Council Offices, Garshake Road, Dumbarton G82 3PU, telephone: 01389 737366, e-mail: Jamie.dockery@west-dunbarton.gov.uk</p>
Appendix:	None
Background Papers:	<p>The future of the Right to Buy in Scotland; Consultation report - Scottish Government, July 2013 http://www.scotland.gov.uk/Resource/0042/00427521.pdf</p> <p>Statutory Guidance for Local Authorities on Pressured Areas; Scottish Government, June 2011 http://www.scotland.gov.uk/Resource/Doc/1125/0124736.pdf</p> <p>Proposed Abolition of the Right to Buy in Scotland - Designation of Pressured Area Status Report by the Executive Director of Infrastructure and Regeneration - Housing, Environment and Economic Development Committee, 6 November 2013</p> <p>Scottish Parliament's Infrastructure and Capital Investment Committee Stage 1 report on the Housing (Scotland) Bill, April 2014</p>
Wards Affected:	All