

West Dunbartonshire Council

Partial Housing Stock Transfer: Area Packages

Elected Member Briefing

14th September 2010

Background

Partial Stock Transfer Strategy

- Agreed by HEED Committee 05/05/10
- Blueprint for implementation based on WDC strategic aims:
 - Ensure stock transfer integrates into regeneration master planning
 - Identify RSLs with robust business plans for the long term management/maintenance of the stock
 - Ensure a successful outcome at tenant ballot

Sub-dividing transferring stock into area packages is key to achieving aims...

Package Geographies

- **Vehicle to deliver WDC objective of**
 - "working effectively with RSLs operating in West Dunbartonshire boundary"
- **Localities upon which RSL Business Plan proposals will be determined**
 - Programme for regeneration activity
 - Costed delivery plan for management, maintenance & improvement of stock
- **Provide tenant constituency who will consider proposals at ballot**
- **Provide basis for stock valuation**

Stock Profile

Area	Retained	Transfer	% Transferring	Grand Total
Vale of Leven	2,013	992	33%	3,005
Dumbarton	902	1,664	65%	2,566
Clydebank	3,381	2,424	42%	5,805
Grand Total	6,296	5,080	45%	11,376

Area	Green & Amber	Red	Total
Vale of Leven	72%	28%	100%
Dumbarton	58%	42%	100%
Clydebank	60%	40%	100%
Grand Total	61%	39%	100%

Defining Stock Transfer Areas

Definition Criteria...

- 500 unit threshold for debt write off
- Sustainability: good mix of **red**, **amber** & **green** stock to balance risk
 - Ability to deliver neutral valuation
- Respecting community identity
- Viability/capacity of RSLs in package
- VFM: Legal, TUPE and delivery issues

Assembling Area Package Valuations

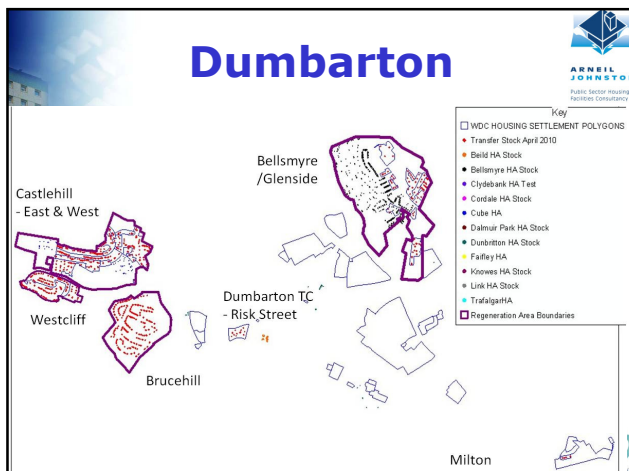
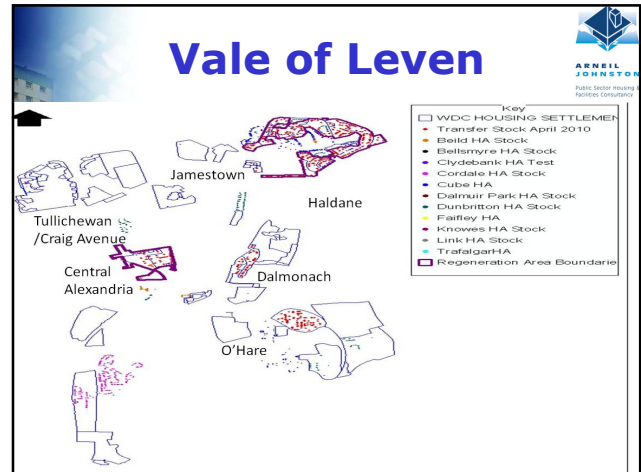
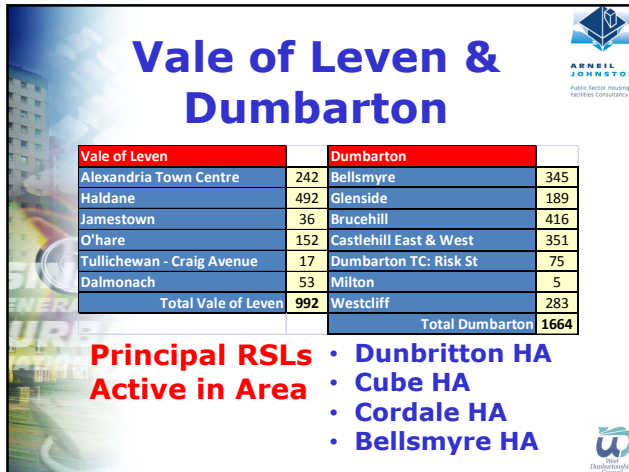
- **Determines if RSL must pay for stock**
 - Impact on financial viability of plan
 - Influence funder interest in proposition
 - Receipts 'clawed back' by Treasury
- **No cross subsidy of valuations allowed**
- **Valuation established using Scottish Government Pricing Model Tool**
 - Profiles all income/expenditure: 30 years
 - Discounts stock (7%) to apportion risk
 - Sets out agreed VFM benchmarks on management & performance standards

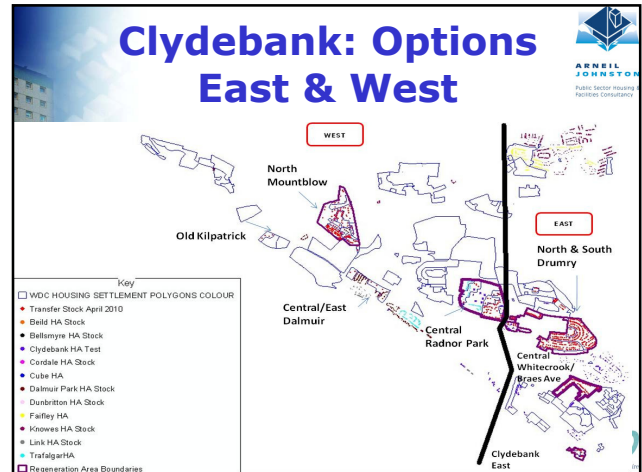
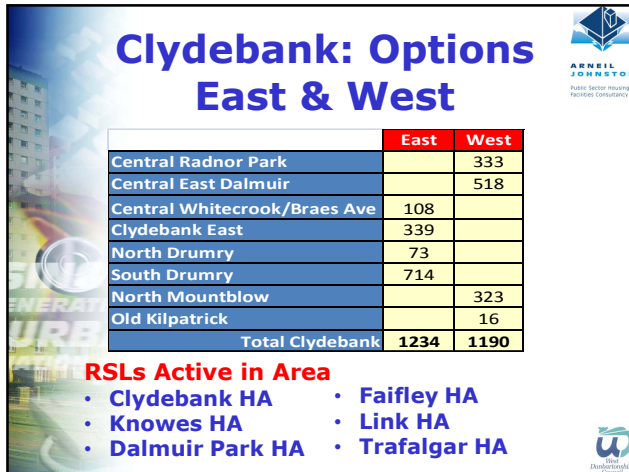
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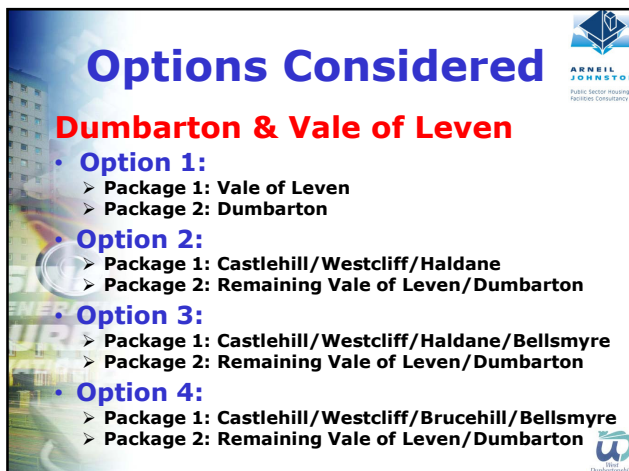
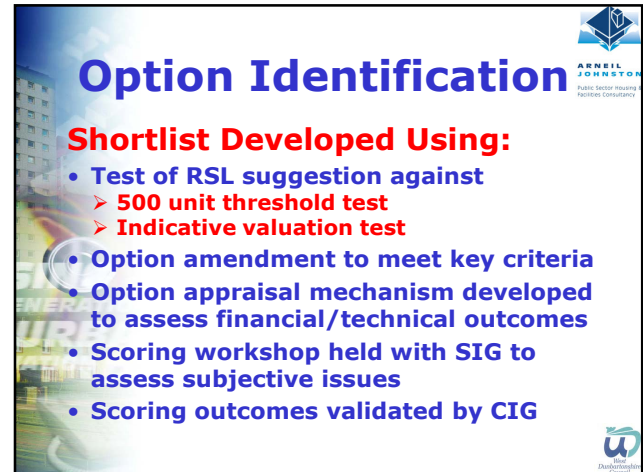
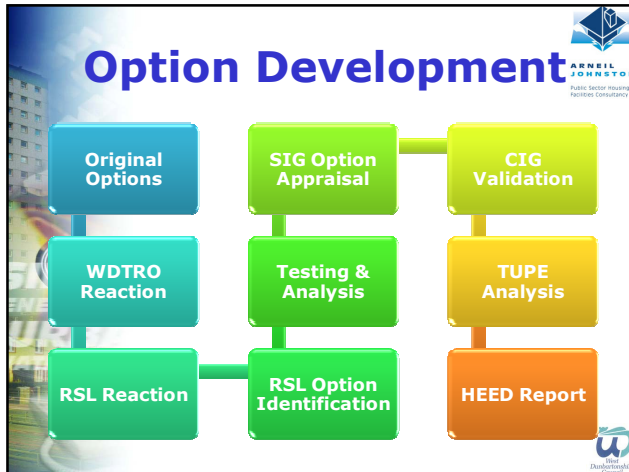
Ability to Build Neutral Valuation

- Maximise impact of debt write off to WDC whilst stimulating RSL interest
- Pricing Model outcome will depend on:
 - Stage 2 structural costs
 - Management & performance benchmarks
 - Regeneration assumptions: reprovisioning and future asset use
 - Future of multi-storey blocks
- Indicative valuations established to guide extent of Pricing Model challenge

Definition of Package Options







SIG Option Appraisal Session Objectives

- To systematically assess all options against the same criteria
- To determine the relative importance of assessment criteria
- To validate AJ outcome scoring
- To establish a clear record of strengths, weaknesses and risks of each option
- To define package areas which are most capable of delivering strategic objectives

Option Appraisal

Assessment Criteria

No.	Criteria	Scope of Criteria
1	Package scale/bidder risk	Stock numbers are proportionate in packages limiting RSL requirement for disproportionate growth
2	Ability to achieve neutral valuation	Mix of red/amber/green stock & ability to achieve neutral pricing model valuation
3	RSL bidder interest	Extent of RSL activity/interest in geographic area
4	Service delivery/TUPE impact	WDC staffing liability associated with TUPE outcome
5	Retention liability	Risk to retention business plan of partial outcome
6	Fit with regeneration masterplan	Regeneration masterplans are not compromised by transfer package areas
7	Geographic coherence	Packages are rational in geographic terms

Dumbarton/Vale of Leven Outcomes

Option 1: Clearly Meets Criteria Most Effectively

Criteria	OPTION 1: VOL & Dumbarton	OPTION 2: Castlehill, Westcliff, Haldane	OPTION 3: Castlehill, Westcliff, Haldane, Bellsmyre	OPTION 4: Brucehill, Castlehill, Westcliff, Bellsmyre
	Mark	Mark	Mark	Mark
1 Package scale/bidder risk	1	5	5	10
2 Ability to achieve neutral valuation	10	5	5	5
3 RSL bidder interest	1	10	10	5
4 Service delivery/TUPE impact	5	5	5	5
5 Retention liability	10	5	1	10
6 Fit with regeneration masterplan	10	5	1	1
7 Geographic coherence	10	1	1	1
TOTAL	4700	3600	2800	3700

Dumbarton/VOL Outcomes

Option 1: Implications

Advantages

- Most scope for neutral valuation
- Simple/saleable to tenants
- Neutral TUPE impact
- Retention risk limited
- Strategic focus to regeneration plans

Disadvantages

- Doesn't reflect RSL interest?

Clydebank Outcomes

Option 1: Marginally Meets Criteria Most Effectively

Criteria	EAST & WEST	EAST WEST DRUMRY
	Mark	Mark
1 Package scale/bidder risk	5	10
2 Ability to achieve neutral valuation	5	5
3 RSL bidder interest	5	10
4 Service delivery/TUPE impact	5	5
5 Retention liability	5	1
6 Fit with regeneration masterplan	10	5
7 Geographic coherence	10	5
TOTAL	4500	4100

Clydebank Outcomes

Option 1: Implications

Advantages

- Simple/saleable to tenants
- Neutral TUPE impact
- Retention risk limited
- Strategic focus to regeneration

Disadvantages

- RSLs perceive package risk too significant to stimulate funder interest
- Ability to achieve neutral valuation

Implications

- **Vale of Leven & Dumbarton: clear outcome achieved**
 - Strong rationale for package definition
- **Clydebank: marginal outcome**
 - Major challenge to achieve neutral valuation given extent of key risk stock
 - Reprovisioning assumptions: multi-storey flats
 - Challenge to stimulate funder interest
 - Requirement to add further green/amber stock to enhance viability?
 - More flexibility to apportion bidder risk/ stimulate funder interest

This document can be provided in large print.
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