

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Housing, Environmental and Economic Development

Council: 29 October 2008

Subject: Draft Standard Delivery Plan

1. Purpose

1.1 This report advises Council of the results of consultation on the Draft Standard Delivery Plan (SDP) and seeks approval to submit a Standard Delivery Plan to the Scottish Government in accordance with the recommendations at paragraph 8 of this report.

2. Background

2.1 The Council at its meeting of 25 June 2008 considered a report on the Draft Standard Delivery Plan. This report advised that:

2.1.1 In February 2004, the Scottish Executive introduced the Scottish Housing Quality Standard (SHQS) and requested all councils to produce a Standard Delivery Plan to demonstrate how they would meet this standard for all their housing stock by the year 2015.

2.1.2 The Scottish Housing Quality Standard requires that all stock must:

- meet the Tolerable Standard
- be free from serious disrepair
- be energy efficient
- be equipped with modern facilities and services
- be healthy safe and secure

2.1.3 The Draft SDP uses a stock figure of 11,670 dwellings comprising a range of houses types. 48% of the stock is identified as being of a non traditional construction type and includes 26 multi storey blocks.

2.1.4 88.1% of the Council's housing stock currently fails on one element or more of the SHQS, while the remaining 11.9% will fail between now and 2015 unless there is sufficient investment in them.

2.1.5 The cost of bringing these properties up to the standard and preventing them from deteriorating below the standard up to 2015/16 is £51.582M. Additional costs for programmed renewals and improvements will take this figure to £88.884M in the same period of time. In terms of investment there would be a cumulative shortfall of £62m at year 2014/15.

2.1.6 Section 6 of the Draft SDP shows that the Council cannot meet and maintain properties to the SHQS on the basis of current business plans and assumptions and with rent increases restricted to the Retail Price Index (RPI) + 1%.

2.1.7 Decisions made about the future of the stock will influence the requirement for investment and the resources available to invest. It is therefore essential that investment is directed towards stock which is considered to be viable in the long term. In order to achieve viability the following is required:

- restructuring/disposal of low demand stock
- ensuring that stock is in the right areas and of the right type to promote sustainable communities
- rents being kept at affordable levels
- stock being kept in good repair and modernized
- stock meeting and maintaining the SHQS

2.2 The options for meeting the Scottish Housing Quality Standard which were presented to Council in June 2008 were:

2.2.1 Option 1 - Demolition of Key Risk Stock

This would involve demolishing 1,096 houses at a cost to the Council of approximately £5m. There is no debt write off in this option therefore the debt of approximately £7,000 per house would continue to be serviced by the remaining tenants after demolition. The rent increase required in years 3 - 6 would be RPI + 8%. In years 7 - 10 it would be RPI +1% and thereafter RPI.

Option 2 - Demolition of Key Risk and Top Score Stock

This would involve demolishing 2,070 houses at a cost to the Council of approximately £9.2m. There is no debt write off in this option therefore the debt of approximately £7,000 per house would continue to be serviced by the remaining tenants after demolition. The rent increase required in years 3 - 6 would be RPI + 8%. In years 7-10 it would be RPI+ 1% and thereafter RPI.

Option 3 -Transfer of Key Risk and Top Score Stock

This would involve transferring 2,070 houses at a cost to the Council of approximately £860,000. There would be debt write off provided that it was transferred to a registered social landlord as part of a strategic plan. The rent increase required in years 3 - 6 would be RPI + 4% and RPI+ 1% and thereafter.

Option 4 -Transfer of Key Risk, Top Score and Low Demand Stock

This would involve transferring 2,127 houses at a cost to the Council of approximately £884,000. There would be debt write off provided that it was transferred to a registered social landlord as part of a strategic plan. The rent increase required in years 3 - 6 would be RPI + 4% and RPI + 1% thereafter.

Option 5 - Same as option 4 with the addition of Stock with High Current and High Future Investment Costs

This would involve transferring 30% of the stock (3,522 houses) at a cost to the Council of approximately £1.465M. There would be debt write off provided that stock was transferred to a registered social landlord as part of a strategic plan. The rent increase required in years 3 - 6 would be RPI + 3% and RPI + 1% thereafter.

Option 6 - Same as option 4 with the addition of Stock with High Future Investment Costs

This would involve transferring 4,366 houses at a cost to the Council of approximately £1.816M. There would be debt write off provided that stock was transferred to a registered social landlord as part of a strategic plan. The rent increase required in years 3 - 4 would be RPI + 4% and RPI + 3% in year 5. Thereafter it would be RPI + 1%.

2.2.2 Section 10 of the Draft SDP focuses on the development of a Plan which builds upon the delivery model (option 5), and which offers the most appropriate route towards viability.

2.2.3 The properties within Option 5 were identified using methodology adopted through the Asset Management Plan and reflect a strategic assessment of requirements. In applying this methodology there are 1,842 properties within the 10 regeneration areas agreed by Council on 26 March 2008 which are not included in this option. The addition of these properties to Option 5 would result in 46% of the stock being considered for transfer to another landlord. Council is asked to decide if it wishes all Council stock within these regeneration areas to be added to Option 5.

2.3 Council requested the Executive Director of Housing, Environmental and Economic Development to:

- instigate a comprehensive consultation with all groups of tenants, and the Trade Unions
- consult with all local RSLs to identify if they have the relevant finances and will to work with the Council to deliver the Standard Delivery Plan

3. Main Issues

3.1 Tenant consultation was undertaken in August and September 2008 as follows:

- household survey
- briefing for tenant and resident groups
- three public meetings

“Housing News” which included information on the Draft Standard Delivery Plan and invited comments, was also issued to all tenants with an invitation to comment on the issues presented.

3.1.1 Household Survey

Research Resource was commissioned to undertake 400 face to face surveys of council tenants in the Vale of Leven, Clydebank and Dumbarton. The full results of this survey are shown at appendix 1 and key points are shown below:

- 400 tenants were interviewed with 202 interviews taking place in Clydebank, 110 in the Vale of Leven and 88 in Dumbarton.
- 54% of those interviewed were single adults
- 26% of those interviewed had lived in their homes for over 20 years
- 25% of those interviewed lived in 4 in a block accommodation
- 23% of respondents lived in flats and maisonettes

A significant number of tenants surveyed recognised the need for action:

- 77% of tenants agreed that it is right to demolish ineffective stock in order to allow more funds to be spent on the rest of the stock to bring it up to standard.
- 60% of tenants agreed with the principle of transferring some of the stock to a housing association
- 63% of tenants agreed with the principal of transferring some of the stock to another organisation if it allowed the remaining stock to be brought up to standard in a cost effective way.

This survey met industry standards and considerable work was undertaken by Research Resource to ensure that a cross-section of tenants was interviewed. A robust set of findings have been produced and in the view of Arneil Johnston, the Council’s specialist consultant, the results reflect a high level of understanding of the issues presented when compared with similar work undertaken elsewhere.

3.1.2 The respondents were also asked to consider 5 options for the way ahead. Members should note that to ensure a clearer understanding of the options available an explanation was given to tenants. To gauge a meaningful response and minimise confusion this resulted in some options from the original SDP being brought together due to their similarity. In addition, for completeness, an additional option including the properties within regeneration areas was incorporated.

The following tables show:

Table 1 - The explanation of the options as presented to tenants.

Table 2 - The response from tenants through the household survey in order of preference.

Table 1: Options Presented in Household Survey

| Original Options Draft Standard Delivery Plan (26/6/08) | Outline of Option for Meeting and Maintaining the SHQS | Rent in WDC in the past year | Rent in 2011/12 | Scottish Average Rent in 2011/12 |
|--|--|-------------------------------------|------------------------|---|
| Status Quo | No Demolitions or Transfers would take place - all properties would stay with the Council and in order to meet and maintain the SHQS rents would increase. | £51.35 | £64.43 | £56.03 |
| Option 1 & 2 | Option 1: Demolish around 1,100 to 2,100 Properties (around 10% to 20% of the current stock). | £51.35 | £65.33 | £56.03 |
| Option 2 & 3 | Option 2: Transfer around 2,000 to 2,100 Properties (around 20% of the current stock). | £51.35 | £58.34 | £56.03 |
| Option 5 | Option 3: Transfer around 3,500 Properties (around 30% of the current stock). | £51.35 | £56.67 | £56.03 |

| | | | | |
|---|---|--------|--------|--------|
| Option 6 | Option 4: Transfer around 4,300 Properties (around 35% of the current stock). | £51.35 | £57.78 | £56.03 |
| Option 5 plus regeneration areas | Option 5: Transfer around 5,300 Properties (around 40% of the current stock). | £51.35 | £55.47 | £56.03 |

This table does not include inflation

Table 2: Results of household survey

| Option | Top Preference |
|---|-----------------------|
| Option 5 - transfer around 5,300 with rent rising by 21% | 34% |
| Option 1 - demolish around 1,100 to 2,100 with rent rising by 37% | 27% |
| Carry on as things are at present with rents increasing by 41% | 23% |
| None of the above | 6% |
| Option 2 - transfer around 2,000 to 2,100 with rent rising by 27% | 5% |
| Don't know | 4% |
| Option 4 - transfer around 4,300 with rent rising by 23% | 1% |
| Option 3 - transfer around 3,500 with rent rising by 23% | 1% |

3.1.3 Briefing for Tenant and Resident Groups

Two briefing sessions for tenant and resident groups were held on 26 August 2008 with 15 representatives attending. Arneil Johnston gave a presentation on the Draft Standard Delivery Plan and answered questions from the representatives in attendance.

No clear preference for the options presented was identified and the focus of attention related to issues beyond the decision required in relation to the Standard Delivery Plan.

A general comment was that insufficient time had been allowed for tenant and resident organisations to fully consult with their membership. All groups were requested to provide feedback on the proposals by 23 September 2008 but advised that any feedback received after that date and prior to the Council meeting on 29 October 2008 would be circulated to Members for information.

3.1.4 Public Meetings

The Leader of the Council chaired public meetings in the Vale of Leven, Dumbarton and Clydebank. A total of 76 residents attended the meetings with 45 attending in Vale of Leven, 10 in Dumbarton and 21 in Clydebank. While a range of questions were posed at these meetings widely differing views were expressed by those in attendance dependant on their circumstances and no clear preference for any of the options presented was shown by a majority of those attending.

3.1.5 Written submissions

As part of the consultation process both tenant and resident groups and individual tenants were invited to comment on the Draft Standard Delivery Plan. Comments received as of 20 October 2008:

- Rosshhead Tenants and Residents Association proposed that no action be taken and that “we carry on as we are with no stock transfer.” The association’s full response is attached at appendix 2.
- Castlehill and Westcliff Regeneration Group stated that “stock transfer is a matter for the Council however we would like option 5 to be more closely investigated since it appears to address the fact that there are various areas in WDC that clearly need to be regenerated. These areas have been identified for quite some time”. The group’s full response is attached at appendix 2.
- In addition, 1 letter asked specific questions about the Draft SDP and 3 letters posed questions about individual situations.
- 1 telephone call received expressed a preference for the option to “carry on as we are.”

No other comments have been received for inclusion in this report however, further contact has been made with those groups who have not responded and following a telephone survey of registered tenant and resident organizations, the following have indicated that they will be responding:

- Dumbarton and Vale of Leven Housing Federation
- Association of Clydebank Residents
- Dalmuir MSF Residents Association

A briefing on any further feedback not included in this report will be circulated to members prior to the Council meeting.

3.1.6 Trade Union Consultation

Discussions have taken place with senior officials of the Trade Unions including UNISON, TGWU and GMB to advise them of the potential issues facing the Council and its staff in respect of achieving the Scottish Housing Quality Standard (SHQS). Issues for the Trade Unions derive from a number of areas dependent on the decision of the Council in relation to its preferred option. These include:

- transfer of Undertaking Protection of Employment opportunities in the event of any transfer of stock and the mechanisms for such transfers including an aspiration to secure full protection for the period of any contract;
- pension protection through any TUPE transfer;
- future resourcing of the service to manage effective delivery of the SHQS by whatever means adopted;
- the sustainability of the Housing DLO;
- the impact on central support functions of the Council; and
- the potential for redundancy/voluntary severance.

It is fair to say however that meaningful opportunities for discussion in relation to these issues is limited until an in principle decision on the preferred option is taken. A meeting with the Trade Unions to discuss issues further has been arranged for 17 November 2008.

3.2 Draft Standard Delivery Plan (SDP)

- 3.2.1** Work has continued on the draft SDP and further discussion has taken place with the Scottish Government since the Council meeting of 25 June 2008. Paragraph 3.1.2 highlights the streamlining of options in the survey of tenants, however it should be noted that there has been no change to the options presented within the Draft Standard Delivery Plan. As a result the option to include the 10 regeneration areas remains an addition to the Draft Standard Delivery Plan. The inclusion of these areas will not change the level of rent increase required under Option 5.

- 3.2.2** The assessment process adopted by the Scottish Government will mean that irrespective of the decision taken by Council on the preferred option, their first stage will be to review the baseline position which is the Council's ability to meet the Scottish Housing Quality Standard for all of its stock. The Council's preferred option will be submitted as part of the Standard Delivery Plan with the specific request that it is analysed at the same time as the baseline figures. The Scottish Government has not provided a timetable for responding to the Standard Delivery Plan however it is anticipated that a reply will be received in early 2009 if Council reaches a decision at this meeting.
- 3.2.3** There have been queries regarding the consequences of the Council not making a decision on its preferred option at its October meeting.

The following are considered the key issues:

- Scottish Government Issues

The Council is one of the last to submit a Standard Delivery Plan to the Scottish Government therefore the pressures on achieving the Standard within the 2015 timescale will continue to grow as the deadline reduces with the resultant impact on tenants.

The Scottish Government has again made clear "the need to avoid further delay in submitting the plan".

- Rent/Financial Issues

The Council's rent review for 2009/10 and future years must be driven by the business plan to meet the Scottish Housing Quality Standard by 2015 as does the HRA Capital Programme. Failure to decide on the preferred option will have an impact on the Council's ability to meaningfully discuss these issues and establish robust arrangements to fund any preferred option.

- Housing Regulator

While the Scottish Government assesses the Standard Delivery Plan it is the Scottish Housing Regulator who monitors the progress of meeting the Scottish Housing Quality Standard. In view of the Regulator's involvement in the Council's voluntary remedial plan for housing management, its recent interim inspection of housing management services and the full inspection of the housing service which will undertake around mid 2009, it would be of significant concern if the Council was not in a position to evidence a strategic plan for its housing stock, and progress in reaching the Scottish Housing Quality Standard.

- Best Value

Beyond the above there are likely to be wider consequences in terms of the forthcoming Best Value follow up inspection and perceived weaknesses in respect of strategic leadership and resource management.

3.2.4 The focus of consultation has been to identify the most appropriate means of achieving the Scottish Housing Quality Standard, however, questions have been asked in relation to the process of any stock disposal and in particular the selection of landlord(s). The Scottish Government has indicated that it is for councils to determine the most appropriate stock transfer vehicle at a local level. As a result of this view, and subject to the decision of Council on its preferred route for achieving the Scottish Housing Quality Standard a report, if required, will be made to a future meeting of Council identifying options and issues for stock disposal.

3.2.5 In general terms Registered Social Landlords operating within West Dunbartonshire have expressed a willingness, in principle, to work with the Council to deliver its Standard Delivery Plan.

4. Personnel Issues

4.1 Paragraph 4.1 of the June 2008 report to Council on this subject identified the personnel issues associated with the Standard Delivery Plan. These were:

- There will be issues for staff if the Council decides to adopt option 5, or through any other route which will see a significant reduction in stock through demolition or stock transfer. These issues will be addressed after the Council has decided on its preferred option and agrees the Standard Delivery Plan to be submitted to the Scottish Government. In the meantime the appropriate Trades Unions will be consulted on the principles of the Draft SDP.
- There will be a need to assess the capacity of departments to deliver the preferred option once it has been agreed by Council.

5. Financial Implications

5.1 The decision taken by Council will have a direct relationship with rent setting for 2009/10 and future years. It will be essential for rents to be aligned to the Standard Delivery Plan to 2015 if the Scottish Housing Quality Standard is to be met. This also applies to the HRA capital programme. Failure to do so will result in an inability to achieve the standard and the aspirations of the Corporate Plan in respect of Housing.

5.2 While annual consultation processes are in place for 2009/10 rent setting, tenant consultation has already taken place on the Standard Delivery Plan and as a result, the costs associated with meeting the Scottish Housing Quality Standard cannot be reduced through the rent setting consultation if this standard has to be met by 2015.

6. Risk Analysis

6.1 Paragraph 6.1 of the report to Council on the draft Standard Delivery Plan provides details of the risks involved and stated that:

Paragraphs 10.5 -10.8 of the Draft SDP provide a full risk analysis which includes:

- there are no Scottish Government resources available to support stock transfers and the administration of transfer
- option 5 assumes that there will be 100% debt write off for the stock proposed for transfer
- it remains to be established if registered social landlords will be interested in taking over the stock for disposal if funding opportunities are limited

6.2 In addition, there is a risk that the Scottish Housing Regulator may feel the necessity to act on any failure of the Council to take forward action to meet the Scottish Housing Quality Standard at the earliest date.

7. Conclusions

7.1 Consultation has taken place through a market research face to face survey, public meetings, briefings for tenant and resident organisations and through the housing newsletter. Responses from the public meetings and written responses were inconclusive in terms of identifying a preferred option. However, the survey of tenants showed that:

- a high percentage agreed with the need for demolition and the transfer of stock to allow the remaining houses to be brought to the Scottish Housing Quality Standard
- the most popular option was the transfer of 5,300 houses which includes regeneration areas

7.2 It is imperative, for financial planning and setting the 2009/10 rent levels, that there is no delay in Council selecting its preferred option.

7.3 The Scottish Government has repeated its concerns over the delay in receiving the Council's Standard Delivery Plan and has stressed its wish to assessing the plan as quickly as possible.

7.4 The Scottish Housing Regulator will monitor the progress of the Council towards meeting the Scottish Housing Quality Standard, therefore it would be of considerable concern if progress could not be evidenced in advance of the planned inspection of housing services in mid 2009.

7.5 The draft Standard Delivery Plan prepared by Arneil Johnston Consultants has provided a robust evidence base for the preferred option presented in their report.

7.6 There is scope for adding regeneration areas to the consultant's preferred option without there being an impact on the rental level for that option.

8. Recommendation

8.1 It is recommended that the Council:

- (a) agree to option 5, as stated in the Draft Standard Delivery Plan submitted to Council on 25 June 2008, being its preferred option for meeting the Scottish Housing Quality Standard;**
- (b) determine whether Council stock within the regeneration areas, as specified at the Council meeting of 26 March 2008, should be added to Option 5 for the purposes of progressing the business plan for delivery of the Scottish Housing Quality Standard; and**
- (c) delegate authority to the Executive Director of Housing, Environmental and Economic Development to progress consideration of the plan by the Scottish Government and report back on the implications of those considerations once received.**

Elaine Melrose

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Date: 20 October 2008

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Appendices:
1. Tenant Survey Research Report
2. Community Comments on Draft Standard Delivery Plan

Background Papers: Council 25 June 2008: Draft Standard Delivery Plan
Council 26 March 2008: Priority Areas for Regeneration

Wards Affected: All