

## **EAST AYRSHIRE COUNCIL**

### **HOUSING COMMITTEE – 5 NOVEMBER 2003**

#### **REPORT ON HOUSING STOCK OPTION APPRAISAL**

##### **Report by the Director of Homes and Technical Services**

### **1.0 PURPOSE OF THE REPORT**

- 1.1 To seek authority to submit a Brief to Communities Scotland requesting funding to commission a full Housing Stock Option Appraisal exercise.

### **2.0 INTRODUCTION**

- 2.1 In terms of section 89 of the Housing (Scotland) Act 2001 the Council is required to undertake a comprehensive assessment of housing needs and conditions, and to produce strategies that project forward five years in order to provide a consistent approach to housing planning within the authority area and across Scotland. This Local Housing Strategy is to be submitted on a date to be specified by Scottish Ministers, currently set at April 2004, to Communities Scotland, on behalf of Scottish Ministers.

- 2.2 As part of the strategic planning process, it will be necessary to consider the future management of the council housing stock, as the Council requires to evaluate all investment options available to improve and sustain the existing housing stock, and to facilitate community regeneration.

- 2.3 A Housing Stock Option Appraisal exercise openly evaluates the options available to the Council for the future management of the housing stock, and enables appropriate proposals to be incorporated into the implementation plan of the Local Housing Strategy over the plan period.

### **3.0 OPTION APPRAISAL**

#### **3.1 STOCK CONDITION SURVEY**

- 3.1.1 A stock condition survey is required to identify the level of repairs required to the council housing stock in response to the Scottish Social Housing standard, and to maintain the properties over their life cycle.

- 3.1.2 As reported to the Housing Committee on 3<sup>rd</sup> September 2003, East Ayrshire Council has commissioned updated stock condition survey information from external consultants, David Adamson and Partners, to support the development of future, costed programmes for life cycle maintenance works to the Council housing stock.

#### **3.2 LIFE CYCLE COSTING ANALYSIS**

- 3.2.1 The stock condition survey identifies current repair requirements, and also assesses the life expectancy and need for replacement of all major building elements over a thirty year period.

- 3.2.2 Using the updated survey findings, a financial appraisal may be undertaken to determine methods to secure this investment through a variety of options, in response to tenants' aspirations for their homes and to offer value for money.

### **3.3 VALUATION**

- 3.3.1 An independent valuation of the tenanted property takes account of the levels of management and maintenance costs, rents, and the thirty year programme of repairs and replacements identified in the stock condition survey.
- 3.3.2 The valuation incorporates the findings and costs arising from the stock condition survey and the life-cycle costing projections.

### **4.0 TENANT PARTICIPATION**

- 4.1 Independent advice, together with appropriate training, must be given to tenants with regard to any decisions they make concerning the future of their homes.
- 4.2 A tenants' group requires to be established to enable tenants to participate effectively throughout the option appraisal exercise, working in conjunction with Council representatives, and both Option Appraisal and Independent Tenants' Consultants who would be selected through competitive tendering procedures.
- 4.3 A Communication Strategy also needs to be developed placing an emphasis on: informing and consulting tenants, maximising tenant input into the study, and obtaining tenant feedback on recommended future options.

### **5.0 OUTCOMES**

- 5.1 East Ayrshire Council is amongst the few remaining authorities that has not already undertaken an option appraisal of the housing stock to evaluate all investment options available to sustain the housing stock and to facilitate community regeneration.
- 5.2 Communities Scotland, an executive agency of the Scottish Executive, has advised that the Council must submit a detailed Brief outlining proposals for an Option Appraisal exercise for the housing stock prior to any confirmation being given with regard to the availability of funding to facilitate this exercise from Scottish Ministers.
- 5.3 Each option listed in paragraph 2.3 above requires to be appraised having regard to implications for the Council as a whole, its elected members, staff, tenants and the wider community.
- 5.4 An option appraisal exercise must identify the financial and non-financial effects of each option being considered. It should therefore be noted that in the case of other Local Authorities that have already completed this exercise, stock transfer is not necessarily the only option for consideration. A range of outcomes have been developed to provide appropriate solutions to suit local circumstances.

## **6.0 CONCLUSIONS**

- 6.1** The Council, in terms of its strategic role in the production of the Local Housing Strategy, is required to produce a strategy that provides a consistent approach to housing planning within the authority area.
- 6.2** As part of the analysis, the future management of local authority housing stock is an issue for consideration as the department requires to evaluate all investment options available to sustain its existing housing stock, and to facilitate community regeneration.

## **7.0 LEGAL IMPLICATIONS**

- 7.1** The Council is obliged to comply with the provisions of section 89 of the Housing (Scotland) Act 2001 in its assessment of its housing needs and conditions and the preparation of its housing strategy.

## **8.0 POLICY IMPLICATIONS**

- 8.1** The independent valuation of the tenanted property is based on the Existing Use Valuation - Social Housing (EUV-SH), all in accordance with current guidance issued by Scottish Executive.

## **9.0 FINANCIAL IMPLICATIONS**

- 9.1** It is anticipated that the Option Appraisal will take approximately one year to complete at an estimated cost of £130,000. Communities Scotland has advised that the Authority must submit written proposals in the form of a Brief for Option Appraisal, prior to any confirmation being given with regard to the availability of funding to facilitate this exercise.
- 9.2** The Council will require to consider other resource implications in light of any response to the Council's bid received from Communities Scotland.

## **10.0 RECOMMENDATIONS**

- 10.1** It is recommended that Members:
- i. approve the submission of a Brief to Communities Scotland requesting the funding required to undertake a full Housing Stock Option Appraisal exercise of the Local Authority's housing stock.
  - ii. note that a progress report will be brought to a future Housing Committee meeting, following receipt of a response from Communities Scotland.
  - iii. otherwise note the contents of this Report,

**James Lavery**  
**Director of Homes and Technical Services**  
7 October 2003

### **LIST OF BACKGROUND PAPERS**

1. Scottish Executive Framework for Appraising Transfer of Council Housing to Community Ownership, May 2001.
2. Appraising Transfers of Council Housing to Community Ownership, Guidance Notes for Councils on Value for Money Issues: June 2001.
3. The Scottish Office Report of the Advisory Group on New Housing Partnerships 1999 – 2002.
4. Environmental Risk Assessment for Housing Option Appraisals and Large Scale Voluntary Stock Transfers, Method Statement, RPS Consultants.

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