
Report to Council

Date of Meeting: 27 June 2013

**Subject: Strategic Housing Investment Plan and Local Programme
2013/18**

Report by: Director of Services to Communities

1.0 Purpose

- 1.1. The purpose of this report is to seek approval of the Strategic Housing Investment Plan (SHIP) which is due to be submitted to the Scottish Government by 28 June 2013. This lays out the framework for affordable housing development over the next five years, setting out investment priorities to achieve the outcomes set out in the Clackmannanshire Housing Strategy.

2.0 Recommendations

- 2.1. It is recommended that Council approve the Strategic Housing Investment Plan, including the 5 year programme of housing sites in the Strategic Local Programme subject to further reports to Council on individual projects.

3.0 Background

- 3.1 Local Authorities have, in recent years, been invited by the Scottish Government to prepare an annual Strategic Housing Investment Plan (SHIP) detailing key housing development priorities in their area. The SHIP should ensure that affordable housing development is targeted to support the priorities in the Housing Strategy (approved by Council on 20 December 2012).
- 3.2 The Strategic Local Programme (SLP) is an important part of the SHIP, detailing the development sites proposed for the delivery of additional affordable housing over the next five years. This includes the Council's own resources and the funding made available through the Scottish Government's Affordable Housing Supply Programme (AHSP).
- 3.3 Revised guidance for the SHIP and SLP was issued by the Government on 25 April 2013. Authorities are now being asked to draw up programmes over a 5 year period, covering 2013/14 to 2017/18, to be submitted by 28 June 2013. The Government will aim to issue Strategic Agreements for delivery of the proposed SLP by the end of September 2013.
- 3.4 The SHIP sits alongside other Council statutory and priority planning documents and seeks to accommodate their collective challenges. In particular, the draft Local Development Plan, which is currently being finalised.

4.0 Housing Need and Demand

4.1 The Housing Need and Demand Assessment (HNDA), approved by Council in December 2010, provides key research to inform the LDP and Housing Strategy. The HNDA builds a picture of projected growth in housing need and demand over the next 10 years, showing that we need to provide an additional 5,724 properties in Clackmannanshire over that period.

4.2 Of the 5,724 additional homes it was considered that 4,546 should be aimed at being affordable and the vast majority of these affordable homes (75%) should be for social housing.

To meet these figures, annually, Clackmannanshire requires an additional 454 affordable homes. This breaks down to: 320 social rent; 134 intermediate cost such as low cost home ownership or mid market rent.

The SHIP contributes to this substantial challenge by including a budget to buy or build over 250 properties over the next 5 years.

4.3 Specific analysis of the profile of current and future need and demand shows that a focus is required in the communities of Alloa and Sauchie, with shortfalls also evidenced in Tullibody. The Council will use its Planning powers to influence private sector commitment to maximise affordable housing where possible. The nature of the demand is varied, but generally favours;

- An emphasis on social rented housing;
- Recognition of additional demand for low cost affordable housing such as mid-rent and low cost home ownership;
- Smaller properties for 1 and 2 person households, to suit younger households and also to accommodate the ageing population of the future;
- An improved supply of larger family housing;
- Small targeted numbers of accessible particular needs housing for older and disabled households throughout Clackmannanshire.

5.0 Funding

5.1 As part of additional capital investment in housing decisions, taken by the Scottish Government, the AHSP allocation has increased three times since the SLP was submitted last year, bringing the total 'new money' allocation for affordable housing to 2015 to £2.675 million.

5.2 To allow forward planning to 2017/18, the Scottish Government has set out the following provisional predicted minimum annual Resource Planning Assumptions for Clackmannanshire:

2013/15	£2.675 million
2015/16	£1.245 million
2016/17	£0.955 million
2017/18	<u>£0.651 million</u>
Total	£5.526 Million

The development programme is balanced across three methods of delivery / funding.

Acquisitions (off the Shelf Purchase)

- 5.3 The previous SHIP and SLP were reported to Committee on 23 August 2012, proposing a programme of purchasing existing properties to make best use of the £1.521 million 'new monies' available to increase the local affordable housing supply. It was agreed that off the shelf units could be purchased in priority central locations, based on an average acquisition and upgrade cost of approximately £55k per unit. After agreement by the Scottish Government this programme has commenced.

New RSL / Council Construction

- 5.4 A benchmark subsidy level has been set by the Government (as in previous years) at a maximum of £30k per unit for Council and £42k for Registered Social Landlords. An additional £4k per unit is available for 'greener standards', which deliver highly energy efficient and sustainable properties.
- 5.5 The Affordable Housing Supply Programme is supported by a contribution from the Housing Revenue Account (HRA). The HRA Business Plan includes funding of £6.25 million over this 5 year programme (£1.25m per annum).

Alternative Financial Models

- 5.6 As a means of maximising the purchase power of Council and Scottish Government resources, officers have undertaken some "soft" market research in respect of innovating sources of funding and delivery. It has become apparent from this exercise that a number of UK pension funds have significant investment sums available for the delivery of affordable housing. As part of this process, the Council has held preliminary discussions with a national institutional investor who is looking to invest in substantial affordable housing development within Clackmannanshire. The project has the support of the Scottish Government Financial Innovation Unit and in terms of the rates of funding, these are more competitive than the rates available through traditional funding mechanisms such as Public Works Loan Board Levels.
- 5.7 This particular investor has delivered similar investments across the UK, seeking to minimise the Government grant funding required to progress developments with Councils, or RSLs, via a joint venture. The result of this funding would deliver a greater number of units, more quickly, as well as providing work and local employment opportunities. The funding model can also be utilised to unlock affordable housing contributions in respect of stagnated sites within the Clackmannanshire LDP. Whilst this particular investor is producing financial projections to minimise the grant contribution from the public sector, it is likely that an OJEU procurement process will have to be undertaken to secure legally compliant delivery. In approving this report, it is proposed such a process will be undertaken and a further report will be presented to Council on the specific offer(s).

Summary

- 5.8 The delivery of affordable housing in this programme falls heavily on delivery from the Council's HRA. In order to develop a more balanced programme, the Council will continue to look at innovative funding mechanisms and work with local RSLs and Developers to increase and improve their financial contribution. This will reduce the pressure on the HRA contribution over the course of the 5 year development plan.

6.0 Development Programme

- 6.1 A provisional development programme, requiring Council approval, was submitted to the Government in April and further consideration of the sites and resources available has now resulted in the amended programme set out in detail in the SHIP at appendix 1.
- 6.2 The Government will expect slippage programmes in the main, to come from pipeline projects. To assist with the identification of suitable sites for slippage, we are proposing to continue to operate a 'shadow programme' where Council can approve sites in principle. These can then be brought forward if required and if feasible. The full development programme, including slippage sites, is summarised in the Strategic Local Programme 2013-2018 at Appendix 2.
- 6.3 All the sites listed in the proposed 5 year development programme were scored against criteria to compare site potential. The development proposals, which are based on the priorities evidenced from the HNDA are featured in the 5 year investment programme detailed in Appendix 2 include;
- Acquisition of existing properties : 40 properties purchased by the Council for HRA social rent by March 2014, focussed upon much needed single person and some targeted family housing.
 - Fairfield, Sauchie - 18 newbuild units on the Council owned site prioritised for family housing adjacent to existing open space, delivered late 2014/15.
 - Primrose Street, Alloa - potential for up to 60 town centre 1 and 2 bed flats as part of a wider partnership regeneration of the area including commercial and retail facilities. This development contributes to the vitality of the town centre and is considered a high priority to deliver both accommodation and commercial regeneration to the town centre. Initial decisions with the developer lead officers to be optimistic that the acquisition of good value completed units is possible. An RSL needs to partner this investment and initial discussions have commenced with a potential organisation. Key to this project going forward is a successful bid to the Scottish Government's regeneration fund, the first stage commencing 28 June, 2012. The Council intends to support this project as a priority regeneration objective.
 - Earlsfield (Alloa Park) - possible innovative mid rent and social rent proposal in partnership with institutional investors and the private sector which will deliver a range of house types in area of substantial need. The current proposals show such demonstrable VFM that this site is being promoted ahead of those on the shadow programme. The procurement options need to be considered for this site and other potential sites within area. If this is not concluded other sites will be brought forward.
 - Former Community Centre, Tillicoultry - proposals at this site are currently being evaluated as part of the Capital Stimulus Initiative tender exercise. Subject to 5.6 (Innovative Financial Models) this site is earmarked for social housing in Year 5.
- 6.4. The Strategic Housing Investment Programme (SHIP) confirms that, in addition to the provision of new social rented housing, other initiatives to increase affordable housing supply are being explored. This includes the option to participate in a further phase of the National Housing Trust (NHT) initiative for mid market rent housing, which will be considered for Clackmannanshire in the coming year and again any firm proposal will be reported during the coming financial year.

6.5. Risks associated with the development programme include;

- All units costs at this early stage are indicative and based upon known prices of recent developments and where off the shelf acquisition is concerned indicative sales, costs, full cost plan and feasibility work will be completed on a project by project basis
- Timescales given are subject to change and are indicative at this time. All sites in the plan are assessed against a range of criteria including 'deliverability'
- Work with the private sector, where land or future investment are not entirely within Council control will be fully assessed for legal and financial risk as projects progress.

7.0 Sustainability Implications

- 7.1. The supply of affordable housing is a central contributor to the Council's commitment to reduce carbon emissions. The project at Alva will provide 48 carbon zero homes to gold energy standards. Every attempt will be made to negotiate enhanced home energy standards with prospective developers for all new affordable homes. The Council will also pursue the inclusion of renewable technology where feasible in the developments it supports.
- 7.2. Overall the delivery of more affordable housing is a central plank to the sustainability of a thriving and vibrant Clackmannanshire.

8.0 Resource Implications

8.1. Financial Details

The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes ☒

- 8.2. Finance have been consulted and have agreed the financial implications as set out in the report.

Yes ☒

- 8.3. The funding for affordable housing is set out in full in the accompanying SHIP and Strategic Local Programme. This highlights the Affordable Housing Supply Programme allocation from the Scottish Government, which is £5.526m over 5 years:

2012/15	£2.675 million
2015/15	£1.245 million
2016/17	£0.955 million
2017/18	£0.651million

The allocation for future years is indicative at the moment. These are likely to increase once annual budgets are confirmed.

- 8.4. In addition, the SLP assumes an HRA contribution of £6.25m from 2013 to 2018 and this has been approved in the HRA Capital Plan approved by Council in February 2013. The SLP identifies a slightly greater contribution of £7.53m which, over the life of the plan, is anticipated will be reduced by a RSL becoming involved.

8.5. Staffing

There are no direct staffing implications and all are assumed within existing resources. Any additional staffing required for the developments will be included in the direct project costs.

9.0 Exempt Reports

9.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

10.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box ☒)

The area has a positive image and attracts people and businesses	<input checked="" type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input checked="" type="checkbox"/>
Vulnerable people and families are supported	<input checked="" type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input checked="" type="checkbox"/>
The environment is protected and enhanced for all	<input checked="" type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

(2) **Council Policies** (Please detail)

The SHIP helps to deliver the priorities identified in Clackmannanshire's Housing Strategy 2012-17, approved by Council on 20 December 2012.

11.0 Equalities Impact

11.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☒ No ☐

12.0 Legality

12.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

13.0 Appendices

13.1. Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1: Strategic Housing Investment Plan (SHIP) 2013- 2018.

Appendix 2: Summary Strategic Local Programme

14.0 Background Papers

14.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☒ (please list the documents below) No ☐

Housing Need and Demand Assessment - 2010

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CLACKMANNANSHIRE COUNCIL

STRATEGIC HOUSING INVESTMENT PLAN 2013 - 2018

Draft - Subject to Council Approval

draft

1.0 Introduction

- 1.1 The Strategic Housing Investment Plan (SHIP) sets out the priorities for housing investment, following on from the priorities set out in Clackmannanshire's Housing Strategy (CHS), and keeping in mind the distinct goals of the strategy:
- Creating a more effective housing system, and
 - Tackling social justice issues, such as the effects of poverty, age and disadvantage.
- 1.2 To create an effective housing system and tackle social justice issue, we need to build additional new housing, offering choice of tenure and promoting mixed communities. As public finance is limited, it is essential to look at new ways of funding affordable housing with little or no public subsidy.
- 1.3 The future population of Clackmannanshire will be older, and have fewer larger households. To cater for this changing demographic, smaller, more accessible houses need to be built. In addition the older population in social housing is increasingly being replaced by younger, particularly single households.
- 1.4 This SHIP details the affordable housing units programmed for delivery over the next 5 years, from 2013 to 2018. The SHIP is subject to constant review to take into account changes in finance, development constraints and changing priorities. It is a working tool to enable the council to direct affordable housing, while forming the basis for more detailed programme planning.

1.0 Clackmannanshire Housing Strategy

- 2.1 The Clackmannanshire Housing Strategy, was passed by Council in December 2012. The key focus of the SHIP is to reinforce the eight priority areas and outcomes identified in the Strategy:
- **New Housing Supply** - Quality, affordable housing is maximised
 - **Best Use of Existing Housing** - The housing we already have is optimised and effective in providing choice and meeting need
 - **Homelessness** - Homelessness is reduced and homeless and potentially homeless households have access to effective and appropriate housing option
 - **Support for Independent Living** - Those requiring assistance to live independently at home have access to effective housing support
 - **Specialist Housing** - People have access to specialist or adapted accommodation where there is an assessed need
 - **Energy Efficiency and Fuel Poverty** - Energy efficiency is improved and fuel poverty and carbon emissions are reduced across all tenures
 - **Improving Neighbourhoods and Communities** - Organisations and partnerships working with communities will improve the quality of life for all households
 - **Housing Investment** - New, improved and innovative funding opportunities will ensure a flow of funds to achieve essential housing priorities.

Strategic Priorities

- 2.2 The Housing Strategy states the overall priorities for activity and specific actions targeted for housing investment include:
- Developing innovative and flexible models for cost effective new housing,
 - Maximising the amount of housing, including affordable housing,
 - Optimising the Council's newbuild programme,
 - Working with housing associations to deliver new affordable housing,
 - Promoting and increasing low cost home ownership schemes,
 - Promoting strategic development sites,
 - Maintaining a programme to bring private sector empty homes into use,
 - Maintaining a programme to purchase existing housing for social stock,
 - Increasing the supply of temporary and interim accommodation through newbuild and off the shelf purchase,
 - Delivering specialist housing in appropriate new developments,
 - Using Council land and assets to provide additional affordable housing,
 - Using income from reduction in council tax discounts to provide additional affordable housing.
- 2.3 In addition to the listed projects meeting the priorities in the Strategy, they also need to be deliverable. An evaluation matrix has been developed, using a set of criteria to measure the strategic fit and viability of each site. The emphasis for development is deliverability. Sites with lower scores may still be classed as deliverable during the course of the five year SHIP if it is considered that constraints identified can be resolved in a reasonable timescale.

Our Corporate Strategy: Taking Clackmannanshire Forward

- 2.4 The SHIP provides detailed resources in order to support our corporate aim to provide Better Housing and Environment, in particular building new Council Houses and working with partners to maximise the availability of affordable housing.

3.0 New Housing Supply Targets

- 3.1 The HNDA shows the need for 454 affordable and 188 private houses each year for the next 5 - 10 years. However, in the current economic climate, this level of housing provision annually is not considered to be realistic or achievable. In view of this, a more modest supply target of 173 new private and 31 affordable homes annually has been set, based on what the Land Audit figures say is achievable.
- 3.2 High volumes of affordable housing as part of private development are unlikely to be provided in the coming years, as private house building in general has fallen. Clackmannanshire's affordable housing programme was around 60 per annum at its peak. This would suggest that the need for affordable housing will continue to be greater than supply over the course of the CHS and the Local Development Plan.

- 3.3 In addition to available Government funding, the Council is actively pursuing new, innovative models of housing provision in order to fill this gap left by reduced investment, including embracing new financial models, using land to best effect and actively seeking effective partnerships.

General Needs

- 3.4 There is a need for both small, single person homes and large family houses. The social sector has less than 200 large houses of 4 or more bedrooms and we need additional houses of this type to meet the needs of larger families. There are growing numbers of small, single households (especially young people) who have limited income and need suitable affordable housing. Our research shows that 7 out of 10 people under the age of 35 cannot afford to buy or rent on the open market.

Specialist Housing

- 3.5 The Council will continue to provide an element of particular needs housing on suitable sites. Most recently, the Dalmore Centre in Alva was redeveloped by the Council to provide 9 amenity properties.
- 3.6 The Joint Commissioning Plan for Older People is currently out for consultation by the Stirling and Clackmannanshire Housing, Health and Social Care Partnership. The document focuses on shifting the balance of care for older people away from reliance on care home and hospitals, to supporting older people to stay in their own homes.
- 3.7 The housing contribution contained in the Joint Commissioning Plan links to the Housing Strategy's key outcomes:
- Those requiring assistance to live independently at home have access to effective housing support,
 - People have access to specialist or adapted accommodation where there is an assessed need,
 - Organisations and partnerships working with communities will improve the quality of life for all households,
 - Improve current referral processes and information sharing between services
 - Define the need for specialist housing and agree best way to supply gaps in provision,
 - Deliver specialist housing on appropriate new housing developments,
 - Introduce a housing options service.

4.0 Partnership Working

- 4.1 There is continued emphasis on partnership working to deliver the SHIP. We are working with other services to deliver the Council new build programme and are working with Hadden Construction and the Scottish Futures Trust (SFT) to deliver National Housing Trust (NHT) houses for mid market rent. Ochil View Housing Association will act as management and maintenance agents for the properties.

- 4.2 The Council, in partnership with private developers and Paragon and Link Housing Associations, has approval for the Scottish Government Greener Homes Innovation Scheme. This was approved by Council in May 2013 , and will provide 48 new, affordable, high quality, highly energy efficient housing on Council land in Alva.
- 4.3 Ochil View Housing Association has taken the decision to cease actively developing in the immediate future. The Council is building to increase its own stock but will continue to explore RSL partnership working to encourage a range of investment in affordable housing.

5.0 The Planning Context

- 5.1 Any new housing development should address the needs of the people of Clackmannanshire, regardless of tenure. The key mechanism for this is the planning system. We are working alongside planning colleagues to create a mix of housing sizes and tenures with the aim of providing housing opportunities for all and helping to prevent further market failure.
- 5.2 The proposed Local Development Plan is currently under consideration and includes provision for the increase and delivery of affordable housing, which is supported by the Housing Needs and Demand Assessment. The proposed Affordable Housing Policy (SC2), subject to full Council approval, includes that housing proposals for 20 or more homes, or over 1 hectare, will be expected to include a range and choice of house types, tenures and sizes, including affordable housing.

6.0 Particular Policy Initiatives

Bring empty homes back into use

- 6.1 Together with Falkirk and Stirling, the Council has invested in an empty homes officer, who will facilitate the Forth Valley Empty Homes Project. The project will tackle the issue of empty homes directly, and aims to bring around 20 properties back into use in the first year.
- 6.2 The reduction of the council tax discount given to second homes and long term empty dwellings from 50% to 10% came into effect from 1 April 2012, a total of £97,621, collected in 2012/13, will be used to invest in affordable housing.
- 6.3 £75,000 has been awarded from the Scottish Government to fund an empty homes loan scheme in Clackmannanshire. In addition to the funding, a further £25,000 will be invested by the Council. The scheme will offer owners of empty properties a grant and interest free loan to renovate their property. In return, the property will be used for affordable, private renting for a period of 5 years.

Purchase Existing Housing for Social Stock

- 6.4 Around £2.24 million is to be used for acquisition of existing properties. Just over £0.8 million in Government subsidy and £1.4 million from the Housing Revenue Account budget. The initiative aims to provide around 40 extra properties for social rent.

- 6.5 The Council has maintained its commitment to make off the shelf purchase a means of delivering units, however, in order to provide a balanced program and maximise opportunities, this commitment has been marginally reduced.

Local Authority Mortgage Scheme

- 6.6 As a measure to address the shortage in supply of affordable housing in Clackmannanshire, and to help the housing market and the local economy in general, the Council supports the development of a Local Authority Mortgage Scheme (LAMS).
- 6.7 The scheme is aimed at first time buyers who can afford to enter the housing market but are struggling to come up with the 25% deposit typically required by lenders. The indemnity will be in place for a fixed 5 year period for each mortgage granted under the scheme.

Greener Homes

- 6.8 The Greener Homes Innovation Scheme is a £10 million Fund which has sought to attract bid applications that offer new approaches to the delivery of energy efficient affordable housing using innovative modern methods of off-site construction.
- 6.9 The Scottish Government is seeking to support a wide range of proposals that offer new approaches to the funding and delivery of affordable housing. Bids are expected to be: Quality sustainable, greener homes, that could be either new build or conversion. They are required to have the potential for replication to transform the way affordable housing can be delivered in future and offer value for money taking into account rent levels reflecting the intended user of the home.
- 6.10 A bid for the Alva school site was approved by the Government as meeting this criteria and was approved by Council on 16th May 2013. The land to facilitate the development will be transferred to a private sector partner at nominal value.

7.0 Update and Future Investment Priorities

Resources

- 7.1 The resource planning assumptions, which give an indication of the level of resources being allocated by the Government, are set out for the next 5 years are as follows:

2013/14/15	£2.675 million
2015/16	£1.245 million
2016/17	£0.955 million
2017/18	<u>£0.651 million</u>
Total	£5.526 million

- 7.2 The Council and its partners will, as indicated in the Housing Strategy, pursue a range of ways to deliver affordable housing within the level of available finance.
- 7.3 The Council has already committed for 25 new builds at the former Dalmore Centre site in Alva and the site at the Orchard in Newmills, Tullibody which have recently been completed at a cost of £1.878 million.
- 7.4 One of the key priorities for the Council is the provision of temporary homeless accommodation, vital to addressing the Strategy key action that no homeless applicants are required to live in B & B accommodation. The development at Hallpark will help to achieve that by providing 25 one and two bedroom flats, due to complete next year, for an investment of £1.716 million.
- 7.5 The HRA funding is already included in the 5 year HRA Capital Plan approved in February, 2013 at Council.

8.0 Affordable Housing Supply Programme

- 8.1 The proposed Strategic Local Programme is contained in the tables at the back of this SHIP. This includes the following initiatives:

A. Off-the-Shelf purchase

- 8.2 This is the purchase of good value/quality second hand housing for rental.

B. Primrose Street, Alloa

- 8.3 In order to support delivery of this Primrose Street site, in Alloa town centre, the Council intends to bid for the Scottish Government's £40 million Regeneration Capital Grant Fund, which is aimed at transformation of long term disadvantaged areas. The bid process centres upon projects which will deliver large scale positive improvements to deprived areas and which can engage and involve local communities. One of the projects, is in Alloa town centre, at the newly demolished privately owned Primrose Street site, which sits adjacent to the Council's Speirs Centre.

- 8.4 In addition to the 60 flatted dwellings, retail space and additional commercial premises will complement existing investment in rail transport and be a final part of the jigsaw to redevelop Alloa Town Centre. Initial discussions with the owner developer reflect good value average acquisition costs for social rented units.

B. Fairfield, Sauchie

- 8.5 The site is vacant and in Council ownership with capacity for up to 18 new council houses. This site is one of a number of potential housing sites within the Council's wider property asset management plan. This is ideally situated to deliver quality new Council owned family housing adjacent to existing open space.

C. Earlsfield, Alloa (Alloa Park)

- 8.6 There have been initial meetings with the site developer and Scottish

Government Innovation Unit proposing delivery of affordable housing via a pension fund investment model. The model could deliver affordable housing at well below government subsidy levels and at much reduced borrowing and construction costs.

Initial discussion with the funder and developer reflect good value lease costs with low grant funding levels social rented units.

The proposal is in the early stages however, though the same model has already delivered a commitment to 10,000 affordable houses in Wales. The Council would be keen to pursue such a model in order to deliver additional affordable housing in an innovative way, if the financial model proves advantageous.

8.7 **Former Community Centre, Tillicoultry**

The Council owned strategic opportunity sites at the former Tillicoultry Community Centre and former Tullis factory in Tullibody (see below) are under consideration for development through a Local Asset Backed Vehicle approach with a private developer partner aimed at generating investment and capital. This 'capital stimulus initiative' uses the Council land value as the lever which could potentially include an element of affordable housing on each site at a reduced public subsidy level.

The Tillicoultry site is a possible mixed use development with the opportunity for around 30 affordable houses.

8.8 **Shadow Programme**

To assist with the identification of suitable sites for slippage, we are operating a **shadow programme**, where sites can be identified as possible options should the opportunity arise. These can be brought forward if required and if feasible.

8.9 **Alloa Road, Tullibody (Tullis Site)**

The 50 affordable units capable on this second 'capital stimulus initiative' site is subject to a current procurement process and the outcome will determine the nature of development. This could feasibly include either Council new build or mid market rent, depending on the outcome of tendering.

8.10 **Elm Grove, Alloa**

This site is owned by Ochil View Housing Association and was considered as part of the Bowmar Masterplan for area regeneration. It will be considered as an option for future years but is less viable currently because of the economic downturn and the need for a developer partner. As stated earlier, Ochil View are not actively developing new housing, although they have stated they would consider purchasing off the shelf from a developer.

8.11 **Branshill Park, Sauchie (former Forth Valley College site)**

In January 2012, planning approval was given on the former Forth Valley College site in Sauchie. A 7% affordable housing contribution was agreed on this site, or £300,000 (equivalent to 10 affordable homes). This contribution was negotiated taking into consideration wider requirements and constraints on this site.

8.12 Main Street, Sauchie

This site may be declared surplus and is identified in the LDP for future development but subject to a range of other potential development activity.

8.13 The Shore, Alloa

This is a residential brownfield redevelopment opportunity identified in the Local Development Plan, with some of the land in Council ownership. An element of affordable housing will be required on this site.

8.14 Stirling Street, Alva

It is the Council's intention to re-develop this town centre site, as part of the ongoing commitment to the regeneration of town centres. Up to 17 units for affordable housing could be provided on the site.

8.15 Sauchie West

This is a large site with a significant proportion of affordable housing earmarked through the affordable housing planning policy. There is currently 100 units in the shadow programme, although this figure is negotiable.

9.0 Units in Addition to Affordable Housing Supply Programme

9.1 National Housing Trust, The Glen, Coalsnaughton,

Following approval at Council in December 2011, Hadden Construction will join the Council and the Scottish Futures Trust in the National Housing Trust Initiative in Coalsnaughton. This will deliver 28 Mid Market Rent houses with the £2.9 million contribution from the Council's General Fund being underwritten by the Scottish Futures Trust.

9.2 In June 2013, The Scottish Futures Trust launched NHT 3 as well as an NHT Council variant, both aimed at delivering mid rent housing. The Council will therefore now consider its future commitment to the NHT model, as part of the programme set out in this report.

9.3 Greener Homes, Former Alva Academy

The Council, in partnership with private developers, Paragon and Link Housing Associations, has approval for the Scottish Government Greener Homes Innovation Scheme. This was approved by Council in May 2013 and subject to planning permission will provide 48 new affordable, highly energy efficient housing.

9.4 Increase in Homeless Accommodation

The Council's General Fund is purchasing, with a contribution from income received from the reduction in council tax discount for empty homes, the purchase of 50 units to reduce the use of B & B, delivering savings to the Council.

In addition, the Council is funding the refurbishment of 10 maisonettes in a block of flats at the Orchard in Tullibody. This will provide 18 bedsit units for temporary accommodation for homeless people.

10.0 Ensuring Equalities

- 10.1 An equalities impact assessment is carried out on each SHIP. The SHIP has no negative impact on the six equality groups, in fact it is likely that these groups will benefit from a positive impact.

11.0 Strategic Environmental Assessment

- 11.1 The SHIP is part of the CHS, which had a pre-screening as required by the Environmental Assessment (Scotland) Act 2005. Clackmannanshire Council as a "responsible authority" for the purpose of the Act, has determined that no SEA submission is required for this document. Specific environmental issues will be considered as part of the Local Development Plan process when planning applications for sites are submitted.

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MAIN PROGRAMME

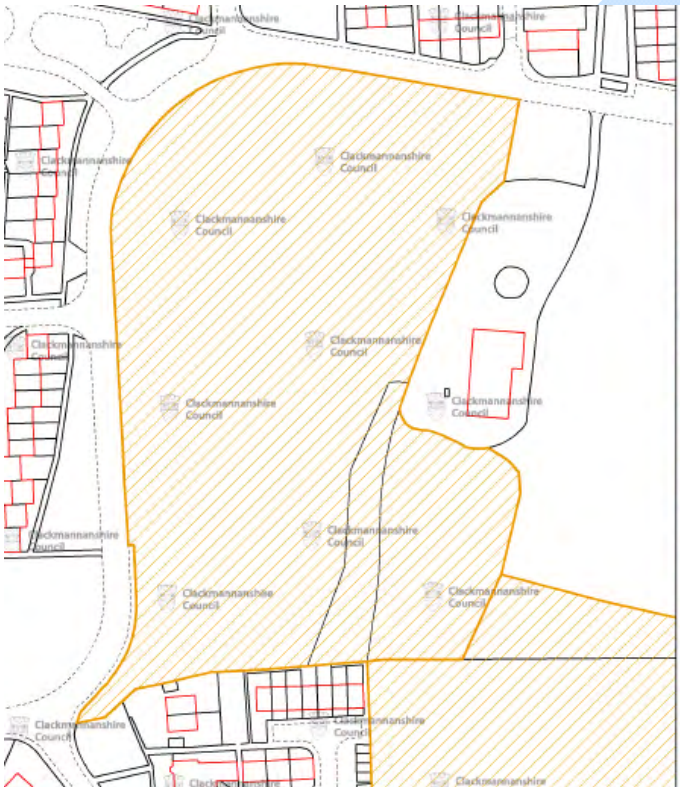
Reference H01 Primrose Street Alloa (Co-op)



Reference H09 Earlsfield, Alloa



Reference H10 Earlsfield, Alloa



Reference H20 Fairfield, Sauchie

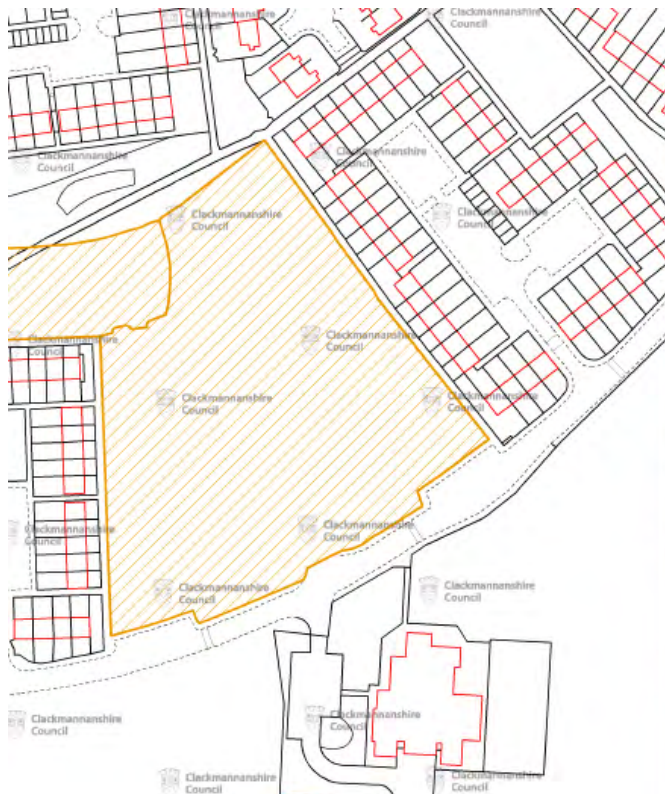


SHADOW PROGRAMME

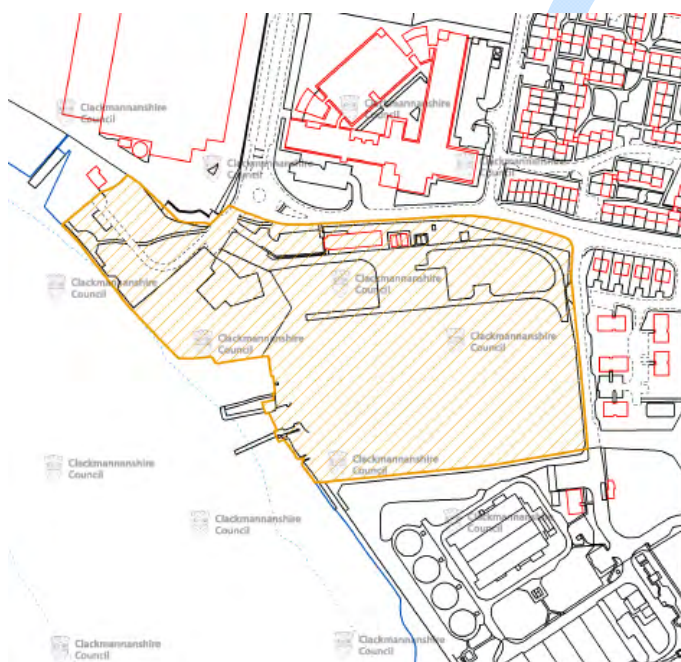
Reference H19 Sauchie West



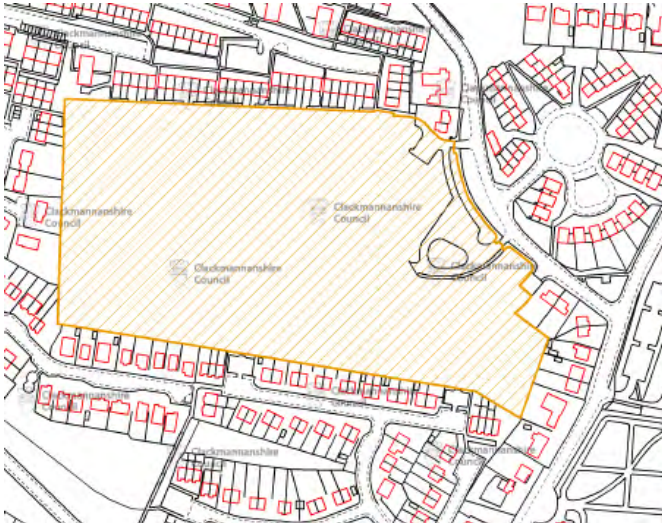
Reference H11 Elm Grove, Alloa



Reference H13 The Shore, Alloa



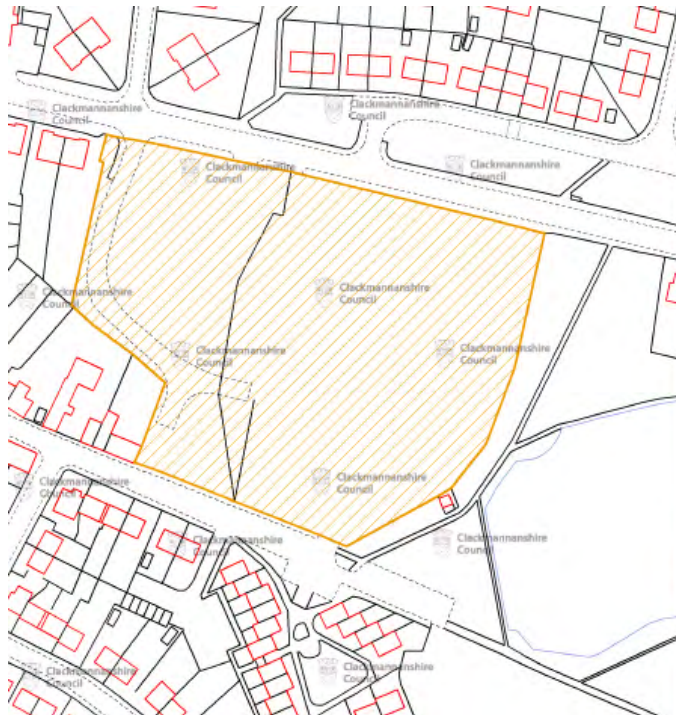
Reference H18 Branshill Park, Sauchie



Reference H22 Main Street, Sauchie



Reference H29 Alloa Road, Tullibody (Tullis)



Reference H44 Stirling Street, Alva



draft

STRATEGIC LOCAL PROGRAMME 2013-2018 : MAIN PROGRAMME **Appendix 2**

Site		Tenure			Start year					Completions year					Unit Cost £000	Grant/ Unit £000	HRA cost/ unit £000	RSL cost/ unit £000	Total Grant £m	Total HRA £m	Total HRA & Grant £m
		Soc Rent	MMR /LCO	Tot	13/ 14	14/ 15	15/ 16	16/ 17	17/ 18	13/ 14	14/ 15	15/ 16	16/ 17	17/ 18							
Years 1 and 2 2013/14 - 2014/15 Assumed Govt funding available £2.675m																					
Property Acquisitions	C	40		40	20	20				20	20				55	21	34	0	0.840	1.360	2.200
Primrose St, Alloa (Co-op) (H01)	RSL	30		30		30					30				75	42	0	33	1.260	0	1.260
Fairfield, Sauchie (H20)	C	18		18		18					18				120	30	90	0	0.540	1.620	2.160
Total yrs 1+2		88		88	20	68	0	0	0	20	68	0	0	0					2.640	2.980	5.620
Year 3 2015/16 Assumed Govt funding available £1.245m																					
Primrose St, Alloa(H01)	C	30		30			30					30			75	30	45	0	0.900	1.350	2.250
Earlsfield Alloa (H09 & H10)	D/C	25		25			25					25			110	20	0	0	0.500	0	0.500
Earlsfield Alloa	D/C		25	25			25					25			110	0	0	0	0	0	0
Totals yr 3		55	25	80	0	0	80	0	0	0	0	80							1.400	1.350	2.750
Years 4 and 5 2016/17 - 2017/18 Assumed Govt funding available £1.606m																					
Earlsfield Alloa	D/C	25		25					25					25	110	20	0	0	0.500	0	0.500
Earlsfield, Alloa	D/C		25	25				25					25	110	0	0	0	0	0	00	0
Former Comm Centre, Tilli (H49)	C	40		40				20	20				20	20	110	30	80	0	1.200	3.200	4.400
Totals yr 4 + 5		65	25	90	0	0	0	45	45	0	0		45	45					1.700	3.200	4.900
Total		208	50	258	20	68	80	45	45	20	68	80	45	45					£5.740	£7.530	£13.270

Figures are estimates

C: Council RSL: Registered Social Landlord

D: Developer

MMR: Mid Market Rent

Red: Planning s75 sites

STRATEGIC LOCAL PROGRAMME 2013-2018:				SHADOW PROGRAMME - POTENTIAL FUTURE SITES						
	Tenure			Unit Cost £000	Grant per Unit £000	HRA cost per unit £000	RSL cost per unit £000	Total Grant £m	Total HRA £m	Total cost £m
	Soc Rent	MMR	Tot							
Alloa Road, Tullibody (Tullis)	50		50	tbc	tbc	tbc	tbc	tbc	tbc	
Elm Grove, Alloa (H11)	20		20	tbc	tbc	tbc	tbc	tbc	tbc	
Branshill Park, Sauchie (H18)	7		7	tbc	tbc	tbc	tbc	tbc	tbc	
Main Street, Sauchie (H22)	22		22	tbc	tbc	tbc	tbc	tbc	tbc	
The Shore, Alloa (H13)	20		20	tbc	tbc	tbc	tbc	tbc	tbc	
Stirling Street, Alva (H44)	17		17	tbc	tbc	tbc	tbc	tbc	tbc	
Sauchie West (H19)	100		100	tbc	tbc	tbc	tbc	tbc	tbc	
Total	236		236							

Local Development Plan references are in brackets

Report to: Council

Date of Meeting: 27th June 2013

**Subject: Housing Revenue Account (HRA) Financial
Business Planning Model for Clackmannanshire
Council Housing 2013 - 2018**

Report by: Head of Community and Regulatory Services

1.0 Purpose

- 1.1. This report presents to Council the Housing Revenue Account (HRA) Financial Business Planning Model and outline assumptions for the period 2013 - 2018. The primary purpose of the Financial Business Plan is to ensure the Council can manage its HRA assets by ensuring their longer term management and maintenance is sustained in accordance with the Council's approved financial strategies.

2.0 Recommendations

- 2.1. It is recommended that Council:
- (a) approve the finalised Housing Revenue Account Financial Business Planning Model including the assumptions contained within the model (3.6.3);
 - (b) instruct the Head of Housing and Community Safety to submit an annual statement to Council which highlights progress in delivering against the main assumptions contained within the model and for this to be the focus of the annual rent consultation process with tenants;
 - (c) instruct the Head of Housing and Community Safety to carry out a review of HRA Assets (non housing stock) to establish those which are currently providing a positive financial return to the HRA and those which do not;
 - (d) note that a review is currently being carried out into Clackmannanshire Council's rent structure;
 - (e) note that following approval of the outline assumptions, a Business Plan document setting out the assumptions and priorities contained within the model, will be prepared and shared with tenants, customers and partners.

3.0 Considerations

3.1. Background

The HRA Financial Business Plan, which has a major significance in setting the HRA operational day to day expenditure as well as the capital investment budget, has been under review. Aligned with the consultation on the Clackmannanshire Council Housing Strategy (CHS), tenant priorities for the Council's landlord service were consulted on during May and June 2012. The review of the HRA financial Business Plan 2013/18 follows approval at Council on 20th December 2012 of the new Clackmannanshire Housing Strategy 2012-17, which also established core strategic housing priorities and a renewed vision for the area.

3.2. The current Business Plan 2008-2013

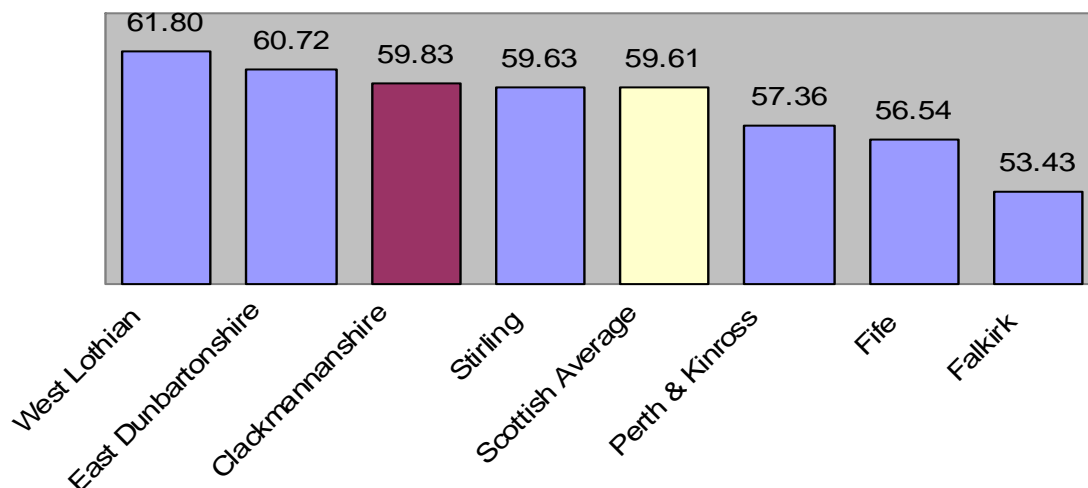
3.2.1. Following tenant consultation, the Business Plan 2008-13 was approved by Council in January 2009. This confirmed the investment priorities that our tenants wanted, which were:

- All our stock to meet the Scottish Housing Quality Standard (SHQS) by 2015. All properties should be compliant with the basic Tolerable Standard, free from serious disrepair, energy efficient, fitted with modern facilities and services, healthy, safe and secure;
- Deliver the Clackmannanshire Standard - To include higher quality 'Secure by Design' front doors and higher quality kitchen and bathroom standards as part of the replacement programme;
- The Housing Revenue Account to retain £3m as a working reserve balance.

3.2.2. The current plan approved by Council in 2009 agreed rent increases of RPI inflation + 2% until 2015, and then RPI inflation + 1% for the remainder of the plan period (2038).

3.2.3. Currently, our rent charges are in line with the Scottish average:

Average Weekly Rent levels in 2012/13 (Sample local authorities)



3.3. Achievements

The Council has made around £40 million of capital investment in the last 5 years to improve the standard and availability of council housing. As a landlord we have delivered the following:

- SHQS - 92.3% of our housing stock now meets this national standard, which is currently the highest in Scotland for local authority landlords;
- Customer Service Excellence standard;
- Reduction of rent arrears which are now under the Scottish average;
- Re-letting times which are substantially quicker placing us among the top performers (and improvers) for reducing void rent loss;
- The Scottish Housing Regulator's appraisal of our Improvement plan confirmed that there was 'evidence of improved performance and outcomes for service users' and that 'the Housing service has maintained its recent good progress';
- The Clackmannanshire Standard - the kitchen and front door replacement programme is now complete;
- The bathroom programme is due to complete in 2016;
- In the last year 1,111 houses received full new central heating systems with "A" rated energy efficient combi boilers;
- Gas networks provided to areas previously off the gas grid - areas such as Craigview, Branshill Park in Sauchie, Carseview in Tullibody, and areas of Tillicoultry;
- New build Council houses in Alva and Tullibody are due for let from April 2013.

3.4. Purpose of review

3.4.1. As reported at the Special Council meeting in February 2013 the HRA Financial Business Plan was undergoing review, with a view to developing a new financial model. This review was necessary, as not only had the end of the last Business Plan period been reached, but significant changes to the local and national housing landscape had to be considered. This also provided an opportunity to re-assess rent levels and borrowing required to support the ongoing investment in the stock.

3.4.2. In February the Special Council approved that the finalised HRA financial Business Plan model 2013 - 2018 would be presented to Council on 27th June 2013. As part of the review, the Housing, Health and Care Committee agreed the current position of the review on the 23rd May 2013 and briefings on the model for elected members were held on the 3rd and 24th of June 2013.

3.4.3. The main influencing factor in the Business Plan is the stock investment decisions and, during 2010 and 2011 a major stock condition survey was carried out by the council. This survey on the internal and external condition of our properties looked at 21% of our stock comprising over 1,000 homes. This was a proportionate sample against our actual build types, giving a fair and representative indication of the current condition of the stock, as well as the work

and investment required to ensure that it continues to meet the standards set by the Council in support of our tenants' expectations.

3.4.4. The stock condition survey found that our houses and flats are in a 'reasonably good condition' and have benefited from a 'proactive maintenance regime'. However the consultants were insistent that, owing to the ages of some building components (namely roof coverings), sustained investment will be required to ensure that the stock continues to be kept in a good condition. The stock condition survey is further complemented with additional 500 property condition surveys which are carried out each year by the Housing Asset Officer to ensure a proactive maintenance regime, to reduce pressure on the reactive repairs budget, and to identify work required to properties in order for them to meet SHQS.

3.4.5. The condition survey also indicated the significant investment required in mixed tenure situations, which means that considerable match funding from owners and private landlords is required in order to maintain those assets. It estimated that some £12m of owners contributions (at today's prices) will be required to supplement the work of the Council in blocks, otherwise the investment required to maintain these assets in a lettable condition could be at risk. In addition, if owners don't participate in upcoming programmes this will present a challenge to the Council in obtaining and maintaining full compliance with the SHQS standard. Processes to meet this challenge are being developed, utilising relevant legislation in accordance with the Council approved Private Sector Housing Assistance Scheme, where appropriate.

3.5. Tenant Consultation and the view of the Tenants Federation

3.5.1. To assist council tenants in making an informed choice on the Business Plan model and rent levels, the Tenants Federation commissioned an independent financial report. This was carried out by the Tenants Information Service (TIS) and is available at Appendix A.

3.5.2. The consultation on the Business Plan model and associated rent levels was made available on Clacksweb on 20th March 2013. This included background information for tenants on rent levels, associated investment cycles that tenants could expect, and the review carried out into the financial modelling by the Tenants Information Service. This was in line with the approach taken to consult on the budget setting process for the General Fund during December 2012 and January 2013. Tenants had the opportunity to take part in an online survey which closed on 15th April 2013.

3.5.3. The approach to marketing the consultation incorporated a number of mediums to ensure as wide a coverage of publicity as possible. Following the launch of the consultation on Clacksweb, the Alloa Advertiser published a press release on 25th March 2013. This was followed up by a number of Facebook and Twitter messages encouraging tenants to complete the survey. This was further complemented by highlighting the consultation to our register of

interested individuals, tenants and resident groups and raised awareness via community councils. The "Help Shape Housing in Clackmannanshire" event was held in Alloa Town Hall on Saturday 13th April 2013, with housing staff available to answer questions on the plan and allow tenants to take part in the consultation. This event was also advertised on Clacksweb, social media, local press and local radio mentioning specifically that the consultation would be available at the event and on Clacksweb for those unable to attend.

3.5.4. The Tenants Federation praised the Council for fully utilising all available methods to encourage tenant participation in our consultations which is line with the Charter. The Federation are encouraged that this process of engagement will continue in line with the Charter.

3.5.5. The main points of note from the consultation are:

- Respondents feel that the rent charged by the council is affordable and good value for money and agree with the rent proposals;
- 81% of respondents agree that we should review current charges for different sizes of properties, 50% agree that we should charge higher rent for new build properties;
- Bulky uplifts and garden aid services will continue to be provided and the costs charged to the HRA to be funded through rent charges;
- Disturbance allowances for the kitchen and bathroom programmes will cease on the completion of the current bathroom replacement programme, payments will continue for tenants who have re-wiring completed and full central heating replacements;
- There is strong support for building new socially rented housing;
- Respondents agree that the council is doing enough to ensure properties are energy efficient.

3.5.6. A key action for the Council will be to review the rent differentials in line with the consultation of the 2014-15 HRA budget proposals. The action to review was included within the approved Housing and Community Safety Service Business Plan 2013-14. The conclusion to the review, along with recommendations, will be presented to Council along with the Housing Revenue budget for 2014-15. Any proposed changes to the Council's rent structure must fit within the context of the level of income proposed in the model (Appendix B).

3.5.7. The Tenants Federation as the umbrella group for all local tenant and resident groups, have commented separately on the proposals. Their comments are detailed in the independent reports commissioned by the Federation (Appendix A - Tenants Information Service Report - A Brief Analysis of the Latest Housing Revenue Account, March 2013) and the update report produced in April 2013. The report identifies a number of specific issues, namely a concern about below inflation increases for management and maintenance costs, and new build development costs.

3.5.8. The concern over inflation was addressed by Council Officers at the HRA Board, including mitigation activity and a commitment to an

updated annual report. As the activity to purchase off-the-shelf properties is in the early stages further analysis of costs will have to be carried out to verify baseline figures. We are satisfied that this will be carried out as part of the Council's first annual review in 2014/15.

- 3.5.9. The Federation in the longer term has concerns over appropriate debt levels and external borrowing, and would like this to be kept under review. Finally, the Federation would like to see the Council consider a headline cap on rent increases, notwithstanding the rent proposals made in the report.

3.6. Proposed HRA Financial Model 2013 - 2018

- 3.6.1. The Scottish Housing Regulator (SHR) will be seeking a demonstration from the Council in our Annual Return on the Charter (ARC) that discussions have taken place with our customers to ensure that decisions made generally reflect the views expressed by tenants and the community. Therefore, when developing the HRA financial model, the Council had to ensure that adequate consideration was given to the views expressed by tenants during the initial consultation. This required the Council to explore the balance of delivering tenant priorities, expanding into new build development and keeping rents affordable whilst maintaining prudence in terms of borrowing. The TIS Independent Finance Review states in accordance with that balancing act that "the model submitted to us shows a positive position going forward with reasonable levels of rent increases, an active Capital programme with new build and affordable levels of debt."
- 3.6.2. This further illustrates that, should the Council seek further expansion into new build, either rent levels or borrowing would need to increase beyond the key assumptions proposed in this report. It should be noted that although the report by TIS states that they are "impressed with the HRA model submitted to us and in terms of presentation is one of the best we have come across for simplicity and ease of understanding" they do raise concerns relating to some of the model assumptions and these concerns are addressed in the remainder of the report. However, it should be noted that following TIS carrying out a financial sensitivity analysis for interest rate rises and inclusion of full inflation they conclude "the plan is still (just) affordable." This again highlights the pressure that could be placed upon increases to rents beyond what tenants find palatable to fund further investment or require a review of the borrowing position.
- 3.6.3. The table below details the outline assumptions made in the planning model. Appendix B details the summary cash flow throughout the planning period 2013 - 2018 and the impact over the next thirty years. This details that in the first two years £12.5m of Capital investment will be funded through our working reserve and current revenue. The indicative capital programme that will be delivered through this planning period is presented at Appendix C.

<u>Category</u>	<u>Assumption</u>
Inflation	September 2012 (RPI) rate of 3% used.
Rent Increases	RPI+1% for 2014/15, RPI+0.75% for 2015/16, RPI+0.5% for 2016/17 then RPI thereafter for the remaining period (2017/18 onwards).
Capital Programme	As indicative budget (Special Council, February 2013) then Increased by RPI from year 7 onwards (2019/20).
Repairs and Maintenance and Other Expenses	2014/15 inflated in line with RPI then half RPI ongoing.
Supervision and Management	Based on 3 year budgets to 2015/16 then half RPI thereafter.
Working Reserve Balance as % of Rental Income	No lower than 4% using CIPFA guidance.
New Socially Rented Housing	605 over 30 years (assumes continuing Government grant support).
Borrowing	In line with the treasury management strategy, borrowing to remain relatively flat and not to exceed £35m.

3.6.4. The planning model has been developed in-house and will enable the Council to review how we are progressing in delivering against the model assumptions. It will also provide a mechanism for the Housing, Health and Care Committee to proactively monitor the HRA budget and decisions relating to Service priorities to be made within the context of the 30 year model. The model will also enable the Council to produce necessary reports required by the Scottish Housing Regulator in relation to the Social Housing Charter.

3.6.5. The model demonstrates that our borrowing will be highest in year 4 (2016/17) of the plan where the Council will need to borrow £3.5m to fund that years capital programme. The Council's HRA total outstanding borrowing will peak in year 9 (2021/22) when the total amount due by the HRA will reach £34.8m. This will be within our borrowing constraint of £35m in accordance with the Councils approved financial strategies.

3.7. Proposed rent increases 2013 -2018

3.7.1. Over the last decade, most council landlords in Scotland have increased rents at above inflation. This has occurred for a variety of reasons some common and some individual. In line with the Charter, costs and rent increases that are not transparent as to their purpose or benefit will come under increased scrutiny from tenants when they are required to pay higher real rent levels.

3.7.2. As a Council we need to ensure the rent remains affordable for our tenants and we have received comments through the consultation that we are perhaps reaching the limit in terms of affordability. In addition, we also had to be mindful of the effect of Welfare Reform and the possible inflationary restrictions that could be placed on Housing Benefit awards to social landlord tenants in the future. Therefore, our proposal to increase rent at a lesser rate than the current plan took account of these external pressures, whilst still delivering on tenant priorities within the context of the Council's approved financial strategies.

3.7.3. The following table shows the average rent level for Clackmannanshire Council tenants based on the current plan until 2017/18 compared with the new proposed plan. This assumes RPI inflation will be 3% (as at September 2012). The proposed plan will still require above inflation increases for the first few years (3.6.3), however by year 5 it assumes rent increases will be restricted to inflation. The table demonstrates that, by the end of the plan period, tenants will be paying around £2 a week less than if the current Business Planning model rent proposals continued.

Average rent increases 2013 - 2018

	2013/14	2014/15	2015/16	2016/17	2017/18
Avg Rent (£) - Current Plan	67.79	71.18	74.03	76.99	80.07
Avg Rent (£) - Proposed Plan	67.79	70.50	73.15	75.71	77.98
Saving (£)	0.00	0.68	0.88	1.28	2.09

3.7.4. The Scottish Government is currently seeking views on their Guidance on the Operation of Local Authority Housing Revenue Accounts (HRAs) in Scotland. The aim of this guidance is to ensure that HRA expenditure provides maximum benefit for Council tenants and there is sufficient transparency to allow proper scrutiny of the HRA by tenants and their representative groups. A key principle is ensuring that HRA assets should principally benefit HRA tenants either in direct usage or as investments providing a financial return. The guidance is also concerned with Council tenants not solely funding work such as general estate maintenance where owner occupiers or tenants of other landlords benefit from this work. The Council is therefore required to review HRA assets to establish which ones are providing a positive financial return. This may result in some assets being transferred out of the HRA account. This scope and resource requirement for this review will be included in the Housing and Community Safety Service plan for 2014/15 following completion of the Government Guidance.

3.8. Capital Programme 2013 - 2018

3.8.1. The outline priorities for investment for the next 5 years, including anticipated costings, were agreed by Special Council in February 2013 (Appendix C). These priorities include provision for the

completion of the bathroom programme by 2016, and a window replacement programme which is due to start next year. Key items included in the capital programme in the next planning period 2013 - 18 include:

- 452 replacement roofs & 1,300 wall upgrades (render)
- 2,300 new central heating systems
- 100 new doors
- 598 properties fitted with new windows
- 200 new kitchens
- 3,000 replacement bathrooms
- 80 door entry systems

3.8.2. The TIS report raises concerns about the application of inflation in the early years of the capital programme. However, a number of contracts have already been placed for suppliers with fixed prices for delivery. The last Business Planning period heavily benefited from substantial external grant funding and similar opportunities will be explored during the course of the next planning period to maximise this type of investment in stock. The Council has a robust investment replacement cycle for key elements, including, roofs, re-wiring and central heating installations (Appendix D). However, items will not be replaced unless they reach the end of their useful life.

3.8.3. A slight risk to the Business Plan assumptions in terms of borrowing is the finalised contract prices for central heating systems and the roof and render programme. The first annual review will reflect upon this and propose any changes required to the planning model. Progression of the roof and render programme will rely on owner contributions (3.4.5) and this could cause delays due to negotiation and dialogue with owner occupiers.

3.9. Repairs & Maintenance

3.9.1. The bulk of the maintenance service is delivered by the internal direct labour organisation (Property Contracts Unit). Clackmannanshire Council repairs costs measured on an average property basis are below the Scottish average for other local authority landlords. The most recent data available for the average cost of repairs per property is from 2011/12, when the Scottish average was £1,064 against the Clackmannanshire average of £863.

3.9.2. To further support the current competitive cost position the internal delivery of the repairs and maintenance services for council tenants has undergone a significant change. As part of the initial phase of IT developments to help provide efficient and effective services to tenants, Facilities Management has expanded the use of the Servitor system to be the corporate repairs system. The expansion of this system will facilitate a more efficient works scheduling system which allow the ability to offer tenants appointment slots for some repairs. The introduction of this system, aligned with significant investment in stock, is anticipated to bring about reductions in costs.

3.9.3. The new approach to managing repairs aims to reduce costs by increasing the number of jobs carried out by each tradesman. Placing a restriction on costs only to rise by half the rate of RPI will deliver the efficiency benefit. In addition, as reported to Council in March, pay inflation is assumed to be maintained at 1% across the period until 2017/18. This will also place downward pressure on the Repairs & Maintenance and Supervision & Management budget allowances.

3.10. Supervision & Management

3.10.1. Supervision & Management budget for 2013/14 is likely to place us below the Scottish Government estimated cost per house for local authority landlords.

3.10.2. Previously, the assumption had been that stock levels would reduce through Right to Buy sales and planned demolitions and the housing management role would diminish in line with this. This reduction in stock and management requirement has not come to fruition. In contrast, the requirements of the Housing Service have changed so that a greater focus is now on the support of tenants and the management of tenancies.

3.10.3. To ensure that the HRA is able to fund the resources required to deliver on these priorities and outcomes, the Supervision & Management budget has been set to increase for the next 3 years in line with the required budgeted salary increases and then by half of RPI thereafter. This includes mitigation activities around welfare reform, within current budget levels.

3.10.4. The TIS report questions whether this inflation amount is achievable. The Council anticipates further savings as the service embraces new ways of working with the centralisation of staff and improved use of technology as part of the corporate move to Kilncraigs. Some of the new methods of working will be delivered through the development and introduction of a new Housing Business Management IT System (HBMS). This change programme was discussed as part of the HRA budget challenge process. The Directors Group are currently collating the outcomes of each of the budget challenge sessions with Services to identify opportunities to work with the corporate business transformation team. For the HRA it is expected that this will involve a review of processes, eliminate waste, ensure resource delivery maintains focus on front line activity and so delivery of the savings achieved will offset any additional inflationary pressure.

3.11. Use of working reserve balances to support investment

3.11.1. The last Business Plan had as a key requirement, the need to ensure the long term viability of the HRA and Capital account with a minimum working reserve balance of £3m. Part of the review of the model has been to investigate the use of the £3m working reserve. In the last plan the purpose of this working reserve was to help smooth out the borrowing pattern with the required capital investment. It

provided a cushion against unexpected events such as severe winter damage and challenges to the HRA's cash flow. It could be argued that this had the affect of keeping rents higher than they may necessarily have been.

- 3.11.2. For the next Business Planning period, in order to help maintain the balance of rent increases, borrowing and investment, it is proposed that the level of working reserve balance is reduced to 4% of rental income. This means that in 2014/15, the operating working reserve will be £689k. This will be slightly above the Council's approved Finance Strategy for the General Fund which is to retain uncommitted non HRA working reserves of a minimum of 3% of net expenditure. The working reserve is in line with CIPFA (Chartered Institute of Public Finance) guidance which recommends HRA working reserves of 4% of net expenditure. Setting the working reserve based on income rather than expenditure will be prudent given the considered challenges of Welfare Reform and the introduction of Universal Credit. The impact of these national policies will be monitored throughout the Business Plan period by the Corporate Welfare Reform Working Group.

3.12. New socially rented housing

- 3.12.1. The Scottish Government approved Clackmannanshire Housing Need and Demand Assessment (HNDA) which shows that we need more homes to meet the future growing population and smaller homes. The research from the HNDA also shows that we need to provide an additional 5,724 properties to meet local demand in Clackmannanshire over the next 10 years. Of this total, 3,220 should be available for social rent. To support this the plan includes budget to buy or build approximately 20 new properties a year for the next 30 years. The Strategic Housing Investment Programme (SHIP) details other initiatives that are being explored, to increase supply. This includes the National Housing Trust funded development, the Council's backed mortgage scheme to support first time buyers, and bringing back empty homes into use. The need for affordable housing will continue to be greater than overall supply during the course of the Clackmannanshire Strategy 2012-17 and the Local Development Plan (LDP). Therefore, the backlog of households in housing need in Clackmannanshire is likely to continue to rise as a result of the requirements not being met.

- 3.12.2. The investment in new build is based on the continuation of the receipt of grant funding from the Scottish Government's Affordable Housing Supply Programme, and the availability of suitable Council owned land at zero / low cost. The General Fund's contribution to housing supply would be the release of this land for development.

3.13. Financial Plan Model monitoring

- 3.13.1. In order to progress the Business Plan review and ensure that tenants are suitably involved in decision making, the HRA Board was formed in June 2012. The Board has been scheduled to meet quarterly throughout 2013/14 in alignment with the Housing, Health

and Care Committee to ensure that tenants are integral to our approach of budget and resource monitoring. Rent reviews will be carried out in line with the corporate approach of involving the public in reviewing budget savings and ensuring that our collective community engagement can be maximised.

3.13.2. As well as the quarterly HRA Board meetings an annual review will be carried out by the Housing and Community Safety Service to ensure that budgets remain in line with the plan. The reviews will be reported to Committee and Council as part of the budget review.

3.13.3. Following approval of the outline assumptions, a Business Plan document setting out assumptions and priorities contained within the model, will be prepared and shared with tenants, customers and partners.

3.14. Risks to the Financial Model

3.14.1. The Scottish Social Charter outcome 13 requires landlords to ensure value for money while increasing the quality of services. It will therefore be important throughout the Business Planning period to ensure that key budget areas such as Repairs & Maintenance and Supervision & Management costs are monitored, and any variances clearly documented. In terms of Repairs & Maintenance this monitoring will allow for any lessons learned to be incorporated into the capital investment programme.

3.14.2. Some key risks that the HRA Board and Council will have to monitor throughout the Business Plan period are as follows:

- Required rent increases not being fully implemented
- The impact of welfare reform on cash flow
- Demands on resources as a result of housing legislation
- Supervision and management / repairs costs increasing beyond the scope of the plan due to inflationary pressures and/or efficiencies not being realised
- Receiving appropriate contributions in mixed tenure blocks for common improvement works, in line with title conditions.

4.0 Sustainability Implications

4.1. The sustainability implications of this report are comprehensively positive in terms of community participation, the local economy, energy efficiency, the environment, asset management and human resources.

5.0 Resource Implications

5.1. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes ☒

- 5.2. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

6.0 Exempt Reports

- 6.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below)
No ☒

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box ☒)

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input checked="" type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input checked="" type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input checked="" type="checkbox"/> |
| Vulnerable people and families are supported | <input checked="" type="checkbox"/> |
| Substance misuse and its effects are reduced | <input type="checkbox"/> |
| Health is improving and health inequalities are reducing | <input checked="" type="checkbox"/> |
| The environment is protected and enhanced for all | <input checked="" type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input checked="" type="checkbox"/> |

- (2) **Council Policies** (Please detail)

8.0 Equalities Impact

- 8.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☒ No ☐

- 8.2. All Council tenants and Housing Service users paying rent and receiving services will be affected by the housing financial Business Plan. The Capital Programme investment including the elemental life cycle elemental replacements will affect all council tenants with the planned investment in housing stock. The commitment to build and or buy additional social housing stock will benefit individuals seeking social housing in Clackmannanshire.

9.0 Legality

- 9.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

10.0 Appendices

- 10.1. Appendix A - Tenants' Information Service Report - A Brief Analysis of the Latest Housing Revenue Account, March 2013
- 10.2. Appendix B - Financial Business Plan Model for Clackmannanshire Council Housing 2013 - 2018, Summary Cash Flow
- 10.3. Appendix C - Indicative Housing Capital Programme 2013 - 2018
- 10.4. Appendix D - Capital Programme Investment Cycle

11.0 Background Papers

- 11.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).
Yes ☒ (please list the documents below) No ☐
- 11.2. The Business Plan for Clackmannanshire Council Housing 2008/13 (January 2009)
- 11.3. Housing Revenue Budget 2013/14 and Capital Programme 2013/14 (February 2013)
- 11.4. Clackmannanshire Council Stock Condition Survey of Domestic Assets, Michael Dyson Associates Ltd (July 2011)
- 11.5. Housing Services Financial Business Plan survey results April 2013
- 11.6. Tenants' Information Service Report - Clackmannanshire Council HRA Board Paper review April 2013
- 11.7. Consultative draft guidance on the operation of Local Authority Housing Revenue Accounts (HRA's) in Scotland

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Clackmannanshire Council – HRA Review

A Brief Analysis of the Latest Housing Revenue Account

March 2013

A Review for TIS by



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Contents

OVERVIEW	2
1. ROBUSTNESS AND INTEGRITY OF THE MODEL	2
2. SOUNDNESS OF ASSUMPTIONS	2
INFLATION	4
RENT INCREASES	4
CAPITAL PROGRAMME	4
REPAIRS AND MAINTENANCE AND OTHER EXPENSES	4
SUPERVISION AND MANAGEMENT	5
RESERVES AS A % OF RENTAL INCOME	5
NEW HOUSING	5
BORROWING	6
OVERALL VIEW ON THE COUNCIL'S ASSUMPTIONS	6
3. SENSITIVITY ANALYSIS	7
AREAS OF SENSITIVITY IN THE PLAN	7
INTEREST RATES	7
INFLATION	8
OVERALL VIEW ON THE SENSITIVITY OF THE PLAN	8
4. CONCLUSIONS	9
APPENDICES	
APPENDIX A	SINGLE CONTROL MODEL (ANALYSIS OF COUNCIL HRA AND OTHER INFORMATION)



Overview

1. Work was carried out looking at the latest Housing Revenue Account (HRA) issued by the council on 21 February 2013.
2. Our analysis involved firstly checking the robustness and integrity of the model supplied by the council (making sure their sums add up) and secondly ensuring the assumptions concerning rent increases and the capital programme were affordable with acceptable levels of debt.
3. Finally, we also carried out sensitivity analysis which means we applied alternative levels of inflation and cost increases to establish areas where the planned approach could be vulnerable to changes in future economic conditions.

1. Robustness and Integrity of the Model

- 1.1 The council supplied a summary HRA model and provided a more detailed budget that allowed us to reconcile the 2013/14 opening balances. Following this, we were able to check the soundness of the model. We concluded that all the various figures linked correctly etc.
- 1.2 We only discovered a couple of small errors on the model concerning the calculation of principal repayments leading to a small change in outstanding loan balances. However, this is not significant and actually shows an improved position. For example, the closing loan balance at the end of year 30 should be £5.698M (or £1,037 per unit) rather than £6,477 shown (£1,179 per unit).
- 1.3 We have some issues around the use of cost inflation and new build/Off the shelf stock numbers and costs. This will be addressed in the next section.
- 1.4 To summarise, the model submitted to us (before our analysis) shows a positive position going forward with reasonable levels of rent increase, an active capital programme with new build and affordable levels of debt.
- 1.5 Our own comments and calculations on the model are shown at Appendix A (in red). This also includes related information concerning the project.
- 1.6 In conclusion though, we were impressed with the HRA model submitted to us and in terms of presentation is one of the best we have come across for simplicity and ease of understanding.

2. Soundness of Assumptions

- 2.1 A number of direct opening balances are used for initial years in the model



and we secured an additional (more detailed) file to help us reconcile these figures. The council were very helpful in assisting us with this.

- 2.2 The council rely on a number of assumptions. These are shown in the table below.

<u>Category</u>	<u>Assumption</u>
Inflation	September 2012 rate of 3% used (RPI)
Rent Increases	RPI+1% for 2014/15, RPI+0.75% for 2015/16, RPI+0.5% for 2016/17 then RPI thereafter for the remaining period (2017/18 onwards).
Capital Programme	Increased by RPI from year 7 onwards (2019/20)
Repairs and Maintenance and Other Expenses	2014/15 inflated in line with RPI then 1.5% ongoing
Supervision and Management	Based on 3 year budgets to 2015/16 then 1.5% thereafter (2016/17 onwards).
Reserves as % of rental income	No lower than 4% using CIPFA guidance
New Housing	605 units shown as being available over 30 years
Borrowing (council figures)	Peak borrowing of £34.830M (£6,866 per unit) in year 9 (2021/22). Borrowing at the end of year 30 (2042/43) is £6.477M (£1,179 per unit). Full repayment takes place in year 42.

- 2.3 On the face of it, this is a good plan with sound financing leaving the option open for even higher levels of new build. However, while we are happy with the way the plan is constructed and what it is trying to achieve, we have some concerns over the realism of increases below the rate of inflation for some key costs.

- 2.4 We have taken each of the assumptions above and subjected them to a brief analysis.



Inflation

- 2.5 Inflation is based on the RPI rate at September 2012 of 3%. However, as this is in effect a cash flow plan, a number of years in some of the categories show a rate of cost increase below the rate of inflation. This has helped to produce a sound set of financial figures with the ability to deliver a substantial capital programme with new build. We are unsure how realistic these assumptions are over the longer-term. This will be explored in more detail by category below and in the sensitivity testing section.

Rent Increases

- 2.6 The level of rent increases shown in the table appears reasonable and certainly below increases we have seen in other councils. Increases of only RPI from 2017/18 onwards will be particularly welcomed by tenants.

Capital Programme

- 2.7 The programme is a full one and includes provision for new build throughout the 30 year period of the plan. However, we have some concerns over the absence of any inflation in the first 6 years of the programme and some discrepancies between the number of new build units to be built/acquired and their costs (this will be examined in more detail in the New Housing section below).
- 2.8 Costs are apparently shown without any inflation in the first 6 years until year 7 (2019/20) when they are inflated each year at RPI (3%). We would normally expect all costs to be inflated from year 1. This means in the first 6 years (provided they have not been inflated separately and then directly entered by the council) costs are at today's prices and effectively reduce in real terms over the first 6 years of the plan.
- 2.9 The costs for year 7 onwards also are only inflated at 3% on the non-inflated value at year 6. Normally, we would expect the full cumulative effect of inflation to be provided for.

Repairs and Maintenance and other Expenses

- 2.10 Costs are inflated at 3% for 2014/15 and then only increase by 1.5% (1.5% below the rate of inflation) for year 2015/16 onwards.
- 2.11 This assumes real terms cuts each year to the budget which does not seem realistic over the longer-term. The council should explain their reasoning for this approach.



Supervision and Management

- 2.12 Costs for the first 3 years of the plan are entered directly from the 3 year budget so we assume they have been inflated at 3% for the period to 31 March 2016 (it certainly looks this way). From 2016/17 onwards, all costs are inflated at only 1.5% (1.5% below the rate of inflation). Again, this represents a year on year cut of 1.5% to the budget in real terms.
- 2.13 While in the current economic climate this may seem reasonable (and it looks like public sector cuts will be here for the foreseeable future) we are not sure how realistic this will be over the longer-term. We recommend the council revisit this assumption or explain their reasoning.

Reserves as a % of Rental Income

- 2.14 The Chartered Institute of Public Finance and Accountancy (the main accountancy body for the public services) issue bulletins on a regular basis outlining Local Authority accounting guidance.
- 2.15 The council have used specific guidance in this area to set a minimum level of reserves (reserves as a % of rental income) of no less than 4% each year. We consider this a prudent operating level.
- 2.16 Reserves actually increase beyond the 4% benchmark from year 15 onwards (2027/28).

New Housing

- 2.17 The plan provides for new council housing over 30 years (605 units in total with a total cash investment of £100,725 per unit).
- 2.18 We applaud the council's ambitions with regard to investment in new housing. The supply of new affordable housing by RSLs is set to reduce in future years so using its ability to encourage regeneration and further investment is a laudable strategic objective.
- 2.19 We do however have some issues in trying to reconcile the overall spend in the early years of the plan with the investment being made. For example, the capital programme shows an investment in new build housing of £1.25M per year but house numbers in the first 3 years do not appear to tie up with this expenditure.
- 2.20 In year 1 the council intend to construct or buy off the shelf 61 units, in year 2 61 and in year 3 units. No additional units are planned for years 4, 5 and 6 despite investment being shown. Moreover, even if we allow for the total new housing investment in years 1 to 6 of £7.75M, the costs to build/acquire the



new units are only in the region of £62k per unit which seems on the low side. Work we are carrying out for another Scottish Council suggests the cost of building new social housing could be as high as £133k per unit although we accept some keenly priced tenders are being received at present also.

- 2.21 The council should explain their reasoning on this in more detail as future years' development costs also appear to be on the low side (even allowing for inflation - where provided).

Borrowing

- 2.22 Borrowing is perfectly affordable in the plan submitted by the council (although there is a small error in the calculations as mentioned previously). The borrowing can be described as "flat" which means no sharp increases or decreases over the life of the plan.
- 2.23 Borrowing reaches a peak of £6,866 per unit in year 9 (2021/22) then is gradually repaid each year only leaving a residual debt balance of £1,179 per unit at the end of the 30 year period. The residual balance is eventually repaid in year 44 (2057/58).

Overall View on the Council's Assumptions

- 2.24 We have two concerns with the plan.
- 2.25 Inflation is an issue as we would question the realism of below inflation increases over a 30 year period for management and maintenance costs. The council is able to maintain a comprehensive capital program at affordable rent and debt levels only by initiating real terms cuts to these costs for a substantial number of years. Our sensitivity testing in the next section will focus on inflating these costs at the quoted RPI of 3% to test the robustness of the plan to absorb such a change.
- 2.26 Also, no inflation is shown for capital costs in the first 6 years. Again, we would question the validity of this although the council may be banking on maintaining prices through lower tenders during this period. While we can see the logic of this in such a poor economic climate, this point should still be raised with council officials.
- 2.27 Secondly, we cannot quite tie up the new build stock numbers with the investment being made – especially in the early years. In addition, development costs for new build stock and off the shelf purchases look on the low side although we recognise some highly competitive tenders are being achieved in the current environment. Again, this subject should be raised with council staff.



3. Sensitivity Analysis

Areas of Sensitivity in the Plan

- 3.1 The council did not carry out any sensitivity analysis on the model presumably knowing this work would be carried out by FinancialEdge for TIS.
- 3.2 We have limited our sensitivity analysis to inflation and interest rates in the plan as the rental increases proposed appear on the reasonable side (but see 3.3 below) and also we need further clarification on the costs of new build housing – this will need to come from the council before we carry out sensitivity testing in this area.
- 3.3 The treatment of inflation is the major “talking point” of this plan and hence we have concentrated on this area to establish if the application of full inflation causes the plan to be unaffordable or only affordable with rent increases in excess of RPI for later years.

Interest Rates

- 3.4 The Council are able to access very competitive long-term financing for the HRA. This means a long term rate of 4.05% for new borrowing. We have tested the sensitivity of new borrowing on the plan by using slightly higher interest rates of 4.5% and 5%. We have not used rates higher than this because it is a fairly safe assumption the council will continue to be able to access competitive long term financing (certainly far more competitive than is available in the private sector).
- 3.5 We are not able to test increases on existing CDC housing borrowing so we are assuming - as this is existing debt subject to longer-term repayment profiles - current rates of interest rates on this borrowing will remain fairly stable throughout the repayment period.
- 3.6 Using a rate of 4.5%, there is little sensitivity for new borrowing. Peak borrowing reaches £33.436M in year 9 (adjusted for the small error in the original calculations) and debt at the end of year 30 is £6.03M. This compares with the corrected debt at year 30 of £5.698M.
- 3.7 Using the slightly higher rate of 5%, again there is little sensitivity. Peak borrowing reaches £33.595M in year 9 (adjusted for the small error in the original calculations) and debt at the end of year 30 is £6.360M. This compares with the corrected debt at year 30 of £5.698M.
- 3.8 Based on these figures, for new borrowing, we conclude that the plan is robust in terms of new interest rates.



Inflation

- 3.9 We have approached this from three angles. Firstly, we tested the affordability of the plan using 3% RPI for all years for management and maintenance costs but left the capital program as it is (no inflation for the first 6 years).
- 3.10 Secondly, we have applied 3% RPI to management and maintenance costs as well as the first 5 years of the capital program.
- 3.11 Thirdly we have applied 3% RPI to management and maintenance costs, the first 5 years of the capital program and applied full cumulative inflation on the capital program from year 6 onwards.
- 3.12 The results from the 3 scenarios compared to the original (debt corrected) position is as follows.

Category	Existing (debt corrected) HRA	M & M (3%)	M & M (3%) + Capital (5 years at 3%)	M & M (3%) + Capital (full inflation of 3% - cumulative from year 6 onwards)
Cumulative Surplus (year 30)	83.358M	2.108M	1.748M	1.748M
Peak debt (total)	£33.297M	£47.264M	£51.879M	£116.209M
Peak debt (per unit)	£6,866	£8,829	£9,692	£21,117
Peak debt year	2021/22 (year 9)	2035/36 (year 23)	2035/36 (year 23)	2043/44 (year 31)
Debt at year 30 (total)	£5.698M	£38.724M	£44.757M	£113.228M
Debt at year 30 (per unit)	£1,037	£7,050	£8,148	£20,613
Full loan repayment year	2057/58 (year 44)	2072/73 (year 59)	2073/74 (year 60)	2073/74 (year 60)

Overall View on the Sensitivity of the Plan

- 3.13 At a push, the plan could withstand like for like inflation increases throughout



for management and maintenance costs and the first 5 years of the capital programme (all at 3%). While debt per unit and repayment periods are increased, it is probably (just) on the right side of affordability. Nevertheless, any additional business plan risks that materialised may have to be mitigated by above inflation rent increases at some point. Additionally, if there is an aversion politically to the higher levels of debt and the significantly longer repayment periods then the plan may be deemed unaffordable in any case. If applicable, rent increases above the rate of inflation are inevitable.

- 3.14 Financing costs to income would still be below 20% throughout although the revised borrowing schedule would need to be tested against overall council prudential borrowing limits for an ultimate check on affordability.
- 3.15 The plan does become unaffordable if year 6 capital costs are adjusted for cumulative inflation as they form the base for subsequent inflation increases throughout the 30 year period. Financing costs to income are in excess of 20% from year 12 onwards and cumulative and unit debt levels are clearly unacceptable. The only way such an arrangement could “stack-up” is if rent increases above the rate of inflation were implemented for the whole (or part) of the period of 2017/18 onwards.

4. Conclusions

- 4.1 The council must be congratulated on producing an easy to follow and well constructed HRA model. There are a couple of small errors in the financing sections that have been corrected by us. This results in an improved financial position (lower debt than originally shown).
- 4.2 While we are happy with the opening balances of the plan and its robustness and integrity as an operational document, we have some concerns over the treatment of inflation. We do not believe the use of a 1.5% increase rate for management and maintenance cost is realistic as this represents a year on year cut in real terms (using a base RPI of 3%).
- 4.3 Similarly, no inflation is shown for capital costs in the first 5 years of the plan or cumulative inflation for year 6 onwards.
- 4.4 The council will need to clarify their thinking with new build costs and related stock numbers as we have some difficulty making sense of the timing of costs and the delivery of new units in the early years of the plan.
- 4.5 We undertook sensitivity testing of the plan for interest rates rises and the inclusion of full inflation. We can conclude the plan is still (just) affordable if full 3% inflation is restored for management and maintenance costs as well as the first 5 years of the capital plan, although it will be more vulnerable to other risks and the loan repayment period is a lot longer. However, if there is no



- appetite for this politically, then there may be no option but for rent increases above the rate of inflation to be applied in later years.
- 4.6 We do not believe it is affordable if capital costs from year 6 onwards are subjected to cumulative inflation from year 1. This may not be a major problem though as the council is still investing £8.3M at today's prices from year 6 onwards and while its value then will be lower, the resultant spend should still be sizeable enough to make a difference to council tenants in Clackmannanshire.
- 4.7 We suggest tenants, in particular, should discuss the treatment of inflation by the council and listen to their views on the approach they have taken. They need to hear evidence that management and maintenance costs are realistic and that the planned capital programme as well as new council housing can indeed be delivered without the need for "RPI plus" rent increases from year 5 onwards.



Appendix B - Financial Business Plan Model 2013-2018 Summary Cash Flow

Summary Cashflow	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HOUSING REVENUE ACCOUNT																		
Repairs & Maintenance	4,625	4,764	4,835	4,908	4,981	5,056	5,132	5,209	5,287	5,366	5,447	5,529	5,611	5,696	5,781	5,868	5,956	6,045
Supervision & Management	3,641	3,672	3,757	3,814	3,871	3,929	3,988	4,048	4,108	4,170	4,232	4,296	4,360	4,426	4,492	4,560	4,628	4,697
Capital Financing Costs	3,059	3,163	3,191	3,238	3,331	3,179	3,219	3,323	3,418	3,502	3,573	3,629	3,670	3,694	3,697	3,698	3,700	3,701
Other Expenses	1,078	1,249	1,267	1,286	1,306	1,325	1,345	1,365	1,386	1,407	1,428	1,449	1,471	1,493	1,515	1,538	1,561	1,584
Total Expenditure	12,403	12,848	13,051	13,245	13,488	13,489	13,683	13,945	14,199	14,444	14,680	14,903	15,113	15,308	15,486	15,664	15,844	16,028
Income	(16,610)	(17,397)	(18,067)	(18,676)	(19,234)	(19,808)	(20,440)	(21,134)	(21,851)	(22,592)	(23,357)	(24,149)	(24,967)	(25,813)	(26,686)	(27,595)	(28,542)	(29,527)
Net / Surplus for year	(4,207)	(4,549)	(5,017)	(5,431)	(5,746)	(6,319)	(6,757)	(7,189)	(7,651)	(8,147)	(8,678)	(9,246)	(9,854)	(10,505)	(11,201)	(11,932)	(12,697)	(13,499)
Net / Surplus from Previous Year	(4,495)	(3,000)	(689)	(717)	(741)	(764)	(787)	(812)	(839)	(868)	(898)	(928)	(960)	(992)	(1,026)	(1,397)	(2,174)	(3,383)
Contribution to Capital Account	5,702	6,860	4,989	5,407	5,723	6,296	6,731	7,161	7,623	8,118	8,647	9,214	9,821	10,471	10,830	11,155	11,489	11,834
Cummulative Net / Surplus at end of Year	(3,000)	(689)	(717)	(741)	(764)	(787)	(812)	(839)	(868)	(898)	(928)	(960)	(992)	(1,026)	(1,397)	(2,174)	(3,383)	(5,048)
CAPITAL ACCOUNT																		
Total Capital Programme Funded By:	7,877	8,025	6,487	8,909	7,015	8,300	8,549	8,805	9,070	9,342	9,622	9,911	10,208	10,514	10,830	11,155	11,489	11,834
House Sales	(814)	(680)	(680)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Funded From Current Revenue (CFCR)	(5,702)	(6,860)	(4,989)	(5,407)	(5,723)	(6,296)	(6,731)	(7,161)	(7,623)	(8,118)	(8,647)	(9,214)	(9,821)	(10,471)	(10,830)	(11,155)	(11,489)	(11,834)
Borrowing Requirement	(1,361)	(485)	(818)	(3,502)	(1,292)	(2,004)	(1,818)	(1,644)	(1,447)	(1,224)	(975)	(696)	(386)	(43)	0	0	0	0
Total Funding	(7,877)	(8,025)	(6,487)	(8,909)	(7,015)	(8,300)	(8,549)	(8,805)	(9,070)	(9,342)	(9,622)	(9,911)	(10,208)	(10,514)	(10,830)	(11,155)	(11,489)	(11,834)
Annual Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combined HRA & Capital A/C	(3,000)	(689)	(717)	(741)	(764)	(787)	(812)	(839)	(868)	(898)	(928)	(960)	(992)	(1,026)	(1,397)	(2,174)	(3,383)	(5,048)
Total Outstanding Borrowing	33,825	33,768	32,746	32,049	34,020	33,773	34,321	34,681	34,830	34,744	34,400	33,775	32,840	31,569	29,932	28,234	26,518	24,782
PRUDENTIAL INDICATOR																		
AFFORDABILITY - Financing Costs to Revenue Stream	18.61%	18.33%	17.76%	17.43%	17.41%	16.13%	15.83%	15.80%	15.72%	15.57%	15.37%	15.10%	14.76%	14.37%	13.91%	13.46%	13.02%	12.60%
Debt per unit	6.813	6.740	6.512	6.380	6.773	6.724	6.819	6.863	6.866	6.822	6.728	6.580	6.373	6.103	5.764	5.416	5.067	4.718
Working Balance as % rental income	18.2%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	5.3%	7.9%	11.9%	17.2%

Appendix B - Financial Business

Summary Cashflow	19 2031/32 £'000	20 2032/33 £'000	21 2033/34 £'000	22 2034/35 £'000	23 2035/36 £'000	24 2036/37 £'000	25 2037/38 £'000	26 2038/39 £'000	27 2039/40 £'000	28 2040/41 £'000	29 2041/42 £'000	30 2042/43 £'000
HOUSING REVENUE ACCOUNT												
Repairs & Maintenance	6,136	6,228	6,321	6,416	6,512	6,610	6,709	6,810	6,912	7,016	7,121	7,228
Supervision & Management	4,768	4,839	4,912	4,986	5,060	5,136	5,213	5,291	5,371	5,451	5,533	5,616
Capital Financing Costs	3,703	3,704	3,706	3,276	2,744	2,665	2,668	2,481	2,483	2,276	2,167	1,781
Other Expenses	1,608	1,632	1,657	1,682	1,707	1,732	1,758	1,785	1,812	1,839	1,866	1,894
Total Expenditure	16,214	16,403	16,595	16,359	16,023	16,144	16,349	16,368	16,578	16,582	16,688	16,519
Income	(30,552)	(31,620)	(32,730)	(33,886)	(35,096)	(36,364)	(37,684)	(39,057)	(40,488)	(41,975)	(43,525)	(45,138)
Net / Surplus for year	(14,338)	(15,216)	(16,135)	(17,527)	(19,073)	(20,220)	(21,335)	(22,689)	(23,910)	(25,393)	(26,838)	(28,619)
Net / Surplus from Previous Year	(5,048)	(7,197)	(9,859)	(13,063)	(17,271)	(22,625)	(28,715)	(35,496)	(43,195)	(51,664)	(61,153)	(71,610)
Contribution to Capital Account	12,189	12,554	12,931	13,319	13,719	14,130	14,554	14,991	15,440	15,904	16,381	16,872
Cummulative Net / Surplus at end of Year	(7,197)	(9,859)	(13,063)	(17,271)	(22,625)	(28,715)	(35,496)	(43,195)	(51,664)	(61,153)	(71,610)	(83,358)
CAPITAL ACCOUNT												
Total Capital Programme Funded By:	12,189	12,554	12,931	13,319	13,719	14,130	14,554	14,991	15,440	15,904	16,381	16,872
House Sales	0	0	0	0	0	0	0	0	0	0	0	0
Capital Funded From Current Revenue (CFCR)	(12,189)	(12,554)	(12,931)	(13,319)	(13,719)	(14,130)	(14,554)	(14,991)	(15,440)	(15,904)	(16,381)	(16,872)
Borrowing Requirement	0	0	0	0	0	0	0	0	0	0	0	0
Total Funding	(12,189)	(12,554)	(12,931)	(13,319)	(13,719)	(14,130)	(14,554)	(14,991)	(15,440)	(15,904)	(16,381)	(16,872)
Annual Balance	0	0	0	0	0	0	0	0	0	0	0	0
Combined HRA & Capital A/C	(7,197)	(9,859)	(13,063)	(17,271)	(22,625)	(28,715)	(35,496)	(43,195)	(51,664)	(61,153)	(71,610)	(83,358)
Total Outstanding Borrowing	23,027	21,251	19,432	17,612	15,979	14,581	13,198	11,787	10,440	9,063	7,759	6,477
PRUDENTIAL INDICATOR AFFORDABILITY - Financing Costs to Revenue Stream	12.19%	11.80%	11.41%	9.76%	7.91%	7.43%	7.19%	6.47%	6.26%	5.55%	5.12%	4.07%
Debt per unit	4.367	4.015	3.657	3.302	2.985	2.714	2.447	2.177	1.921	1.662	1.418	1.179
Working Balance as % rental income	23.7%	31.4%	40.2%	51.5%	65.2%	80.0%	95.7%	112.6%	130.3%	149.2%	169.0%	190.3%

Appendix C - Indicative Housing Capital Programme 2013-2018

	2013/14 Requirements	2014/15 Indicative	2015/16 Indicative	2016/17 Indicative	2017/18 Indicative
	£'000	£'000	£'000	£'000	£'000
SHQS ELEMENTS					
Primary Building Elements					
Structural Works	150	150	150	150	50
Secondary Building Elements					
Damp Proof Course and Rot Works	50	50	50	50	50
Roof/Rainwater/External Walls	610	705	620	2,303	2,100
External Doors	80	50	10	78	80
Windows	0	250	250	1,819	1,800
Energy Efficiency					
Full/ Efficient Central Heating	928	837	1,854	1,854	800
Modern Facilities & Services					
Kitchen Renewal	50	157	100	250	250
Bathroom Renewal	2,970	3,500	1,400	100	20
Health Safe & Secure					
Safe Electrical Systems	309	200	218	300	200
CO Detectors	80	20	20	170	
External Works: Fencing, Gates Paths	20	20	20	30	20
Secure Door Entry Systems (4 year replacement project)	150	201	100	60	20
NON SHQS ELEMENTS					
Newmills & The Orchard Business Case	500	0	0	0	0
Disabled Adapation Conversions	50	50	50	50	50
External Lead Pipe Replacement	5	0	0	0	0
Demolitions	0	0	0	0	0
Feasiblity Work	20	20	20	20	0
Council House New Build	1,250	1,250	1,250	1,250	1,250
Housing Business Management System	250	210	0	0	0
Environmental Improvements (Includes £30k for Pine Grove in 2013/14)	125	125	125	125	125
Misc Conversions & Adaptations (Includes £80k for Pine Grove in 2013/14)	180	130	150	150	100
HRA Roads & Footpaths Improvements	100	100	100	150	100
Total (SHQS + LCS +EE From 2018)	7,877	8,025	6,487	8,909	7,015
 Estimated House Sales (per Business Plan)	 (814)	 (680)	 (680)	 0	 0
 Total Capital Programme	 7,063	 7,345	 5,807	 8,909	 7,015
 Total CFCR Investment Applied	 (5,702)	 (6,860)	 (4,989)	 (5,407)	 (5,723)
 Projected Borrowing Requirement	 1,361	 485	 818	 3,502	 1,292

Appendix D

Investment Cycle

The anticipated lifespan of the elements replaced as part of the current capital programme is listed in the table below. These timescales have been used to inform the proposed spend on capital investment over the life of the plan. The Capital investment strategy includes the continuation of the stock meeting the Scottish Housing Quality Standard (SQHS), Clacks Standard as well as additional energy efficiency measures.

Element to be replaced	Lifespan to be replaced (years)
Roofs	Average 50+ years
Windows	30
Kitchens	25
Bathrooms	25
Doors	25
Re-wiring	25
Central Heating (Full system replacement including radiators etc)	25+
Central Heating Boilers	12 - 15

Report to Council

Date of Meeting: 27th June 2013

Subject: Housing Allocations Policy Review 2012/13

Report by: Director of Services to Communities

1.0 Purpose

- 1.1. The Council's Allocations policy has been reviewed to ensure that it complies with legislative requirements, follows good practice as set by the Scottish Government and is in line with local priorities.
- 1.2. The proposed changes to the Council's current Housing Allocations Policy were presented to the Housing, Health and Care Committee in January 2013 and a draft policy was made available on the members portal.
- 1.3. The Committee was invited to note the consultation response and the proposed changes to the Allocations policy and to comment and challenge as appropriate.
- 1.4. The Committee authorised officers to formulate the final policy document and present to Committee for agreement and submission to Council for approval.
- 1.5. A briefing for elected members took place on 4 February 2013 to allow further discussion and comments. Further consultation also took place with the Clackmannanshire Tenants and Residents Federation. The draft policy document has been amended to reflect the comments and feedback received.
- 1.6. The final Allocations Policy document was presented to the Housing, Health and Care Committee on 23 May 2013. Committee agreed the final document for submission to Council for approval and a copy of the final Allocations Policy document is attached to this report.

2.0 Recommendations

- 2.1. It is recommended that Council approve the finalised Allocations Policy.

3.0 Background

- 3.1. The Council's Allocations policy must comply with a number of statutory responsibilities as set out in the Housing (Scotland) Act 1987 as amended.

Landlords are obliged to discuss changes with their tenants and show how they have taken their views into account.

- 3.2. In addition to compliance with the legal framework, the Council's allocations policy is expected to meet the outcomes of the Scottish Social Housing Charter relevant to allocations. These are Equalities, Housing Options, Access to Housing and Tenancy Sustainment.
- 3.3. The Scottish Government published a Good Practice Guide for Social Housing Allocations in March 2011. This document set out what landlords should include in their policy.

4.0 Summary of proposed changes to the Allocations Policy

- 4.1. The proposed changes to Clackmannanshire Council's Allocations Policy are as follows:

- Update aims and objectives
- Introduce Choice Based Lettings
- Deliver an enhanced Housing Options Service
- Introduce transfer led allocations to create vacancy chains and make best use of stock
- Place all homeless applicants on one band
- Assess private rented tenants in line with other applicants who have a home of their own
- Establish a protocol for ex-service personnel leaving the forces
- Introduce a more person centred medical assessment process
- Amend eligibility for size of property in line with Welfare Reform

- 4.2. Aims and Objectives

The aims and objectives have been reviewed to ensure that they are clear and relevant and reflect Scottish Government and local priorities.

- 4.3. Introduce Choice Based Lettings

In line with the Scottish Government's recommendation that landlord's maximise choice for applicants when allocating houses, and as one of the key priority actions set out in Clackmannanshire Council's Corporate plan, we will develop an approach which allows us to increase the facility to operate a Choices Based lettings system for allocating vacant properties. It is acknowledged that a Housing Management IT system will be required to enable a choice based lettings system to operate and procurement and development of a new IT system is scheduled to take place this year.

- 4.4. Deliver an enhanced Housing Options Service

We are committed to taking a proactive approach to homelessness prevention. We aim to help people to keep their homes and to reduce the number of people who find themselves in a housing crisis and who we have a duty to provide housing for. We will provide a full Housing Options Service which means looking at an individual's options and choices in the widest sense. Our Housing Options service will make sure that people looking for housing get information that helps them make informed choices and decisions about the range of housing options available to them and that if someone is at

risk of losing their home they will get advice about how to reduce that risk and avoid becoming homeless.

4.5. Introduce transfer led allocations to create vacancy chains and make best use of stock

The Council will introduce transfer led allocations where it will release urgently required housing. Letting properties in this way will create vacancy chains which will enable us to resolve several applicants' housing need from one initial vacancy.

4.6. Place all homeless applicants on one band

In 2003 the Scottish Parliament passed legislation stating that local authorities would have a duty to provide every unintentionally homeless person with a home by 2012. It removes the priority/non-priority need distinction in the homelessness assessment process. The new policy will place all applicants who are assessed as unintentionally homeless on Band 2.

4.7. Assess private rented tenants in line with other applicants who have a home of their own

Applicants who live in private rented accommodation will only be awarded points for being in insecure accommodation at the point that their private let becomes insecure e.g. when served with a Notice to Quit. Applicants in these circumstances will be provided with a full Housing Options review including a homelessness assessment if appropriate.

4.8. Establish a protocol for ex-service personnel leaving the forces

In accordance with the Armed Forces Community Covenant between the serving and former members of the Armed Forces and their families working and residing in Clackmannanshire, and the Clackmannanshire Alliance, Clackmannanshire Council will put a protocol in place to ensure that ex-service personnel returning to this area are not disadvantaged. We are working with representatives at SSAFA (Soldiers, Sailors, Airmen and Families Association) to agree on a protocol to enable planned moves for ex service personnel who are returning to Clackmannanshire as their local area.

4.9. Introduce a more person centred medical assessment process

There are no changes to what our Allocations Policy says about health, mobility or care needs. Our policy has two levels of award due to health/mobility/care needs - severe and moderate. There is however, a need for us to review the process of assessing health, mobility and care needs. We are currently working with Forth Valley Health Board to establish a person centred approach which will be more in line with Housing Options.

4.10. Amend eligibility for size of property in line with Welfare Reform

Recent changes to the Welfare Benefits System made by national Government are due to be implemented. These changes will have an impact on some of our working age tenants and some prospective tenants. We will therefore change the house size criteria for our tenants so that applicants will be offered properties for which they can receive the full Housing Benefit.

4.11. As the changes to the benefits system are introduced and the full impacts become known, it may be necessary to review the Allocations Policy and other Housing policies during this period of transition.

5.0 Consultation

- 5.1. The Housing (Scotland) Act 2001 as amended in 2010, obliges social landlords to talk with tenants and tenants organisations on changes to policies. The Allocation Practice Guide 2011 states that allocations are important to people and by involving them at an early stage can assist landlords to make improvements. The guidance also states that landlords should involve equality groups and raise awareness in the communities about the availability of housing and the constraints we operate within. In order to inform changes to this policy a web based survey questionnaire was used, face to face meetings with specific groups took place and housing applicants visiting Lime Tree House were also invited to complete the survey questionnaire. The following groups were consulted:

- Clackmannanshire Housing Management Team
- Clackmannanshire Housing front line staff
- Social Services
- Tenants Federation
- Mental Health Services
- Ochil View Housing Association
- Paragon Housing Association
- Multi racial groups
- Violence Against Women Groups
- Disabilities Groups
- Clackmannanshire Council Members
- Keith Brown MSP
- Gordon Banks MP
- Housing Applicants

The results of the initial consultation were reported to Housing, Health and Care Committee in January 2013.

- 5.2. The results of the initial consultation showed general positive responses to the proposed changes and additional comments and feedback from elected members and members of the Tenants and Residents Federation have been reflected in the policy document. Specifically, the layout and the format of the policy document has been reviewed to make it clear and easy to understand.

6.0 Changes to processes

6.1. Process for direct lets

The new Allocations Policy document sets out clearly the policy for assessing different types of housing need, and how applicants with differing types of assessed housing need will be prioritised for housing. This will enable Clackmannanshire Council to minimise the number of cases where applicants have an exceptional level of need, and/or the circumstances are so unusual, that the allocation policy cannot adequately assess and prioritise them. Scottish Government Guidance recognises that there may be very rare occasions where an applicant may have exceptional housing circumstances

which fall out with the points scheme but emphasises that their numbers must be minimal and there must be clear audit trails for decisions made.

- 6.2. The new policy sets out how in these rare situations, applicants may be made a direct offer of housing through powers delegated to the Head of Service and to ensure improved transparency and governance, the consideration of any direct lets must be made in consultation with the Governance Manager.

6.3. Mutual Exchanges

It is recognised that throughout the Council housing stock there will be tenants, with or without a housing need who would prefer to move to a different area, or size of property. One of the most effective ways of enabling these moves is by mutual exchange.

- 6.4. To make the mutual exchange process more effective the Council has purchased a web based exchange system with our CHR partners. This service is free to tenants who will be encouraged to register. When they have registered their details, they can check online to see if there are other tenants who may wish to swap houses with them. We can also help tenants to use the system to search for potential tenants to swap with. The system will provide automatic notification to tenants if there is a potential match for them. The Council will continue to assess and approve all mutual exchange applications in accordance with legislation and policy.

7.0 **Conclusions**

- 7.1. The new Allocations Policy will provide Clackmannanshire Council with a policy that meets legislative requirements and Scottish Government good practice guidance, and reflects the priorities and values of Clackmannanshire Council.
- 7.2. By taking an innovative approach in terms of delivering an enhanced housing options service we will be able to put the customer's needs at the centre of our service and help us to improve their outcomes in terms of meeting their housing need.
- 7.3. We will develop an approach which allows us to increase the facility to operate a Choices Based lettings system for allocating vacant properties. This is in line with the Scottish Government's recommendation that landlord's maximise choice for applicants and give applicants an opportunity to have more control in terms of resolving their housing need.
- 7.4. The Council must maximise opportunities to make best use of stock. Transfer led allocations will give the Council flexibility to free up urgently required housing. Helping tenants to move house will increase the availability of larger family homes. Investing in a web based mutual exchange system will increase options for tenants to move to a property which is more suitable for the needs of their household.
- 7.5. As we create opportunities for some categories of applicants to be prioritised for an offer, it is inevitable that some applicants will be disadvantaged by the

changes. The implementation plan will include careful consideration about how the changes and impacts are communicated to applicants.

8.0 Sustainability Implications

- 8.1. The Allocations Policy Review is a key element of the Clackmannanshire Housing Strategy which makes the commitment to sustaining communities. The CHS is subject to an environmental impact assessment.

9.0 Resource Implications

- 9.1. The General Fund 2013/14 budget includes provision of £40k to enable the implementation of Choice Based Lettings, to be recharged to the HRA once implemented.

10.0 Exempt Reports

- 10.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

11.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box ☒)

The area has a positive image and attracts people and businesses	<input type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input checked="" type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

- (2) **Council Policies** (Please detail)

12.0 Equalities Impact

- 12.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☒ No ☐

13.0 Legality

- 13.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

14.0 Appendices

- 14.1 Appendix 1 - Draft Allocations Policy Document

15.0 Background Papers

- 15.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)
Yes ☒ (please list the documents below) No ☐

All background papers are available to members on the portal.

- Clackmannanshire Council Allocations Policy Survey Questionnaire
- Clackmannanshire Council Allocations Policy Survey Results
- Summary of survey results
- Bands and categories of need
- Housing Options Hubs
- Clackmannanshire Council Allocations Policy 2005

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Appendix 1

Housing Allocation Policy Clackmannanshire Council

CONTENTS

Introduction

Aims and Objectives

Applying for a house

- Who can apply?
- How do I apply?
- Housing information and advice
- Making the most of your housing options

Your housing choices

- Where you want to live
- Size of Housing
- Types of Housing
- Housing offers

Prioritising applications for housing

- Bands and Points
- What we do not take into account
- Gathering supporting information

How we allocate housing

- Matching applicants to vacant properties
- Choice Based Lettings
- Transfer led allocations
- Transferring Tenants
- Making an Offer

Types of tenancy offered

Nominations

Local Lettings Initiatives

Creating safe communities where people can manage their tenancies without any problems

Keeping an application up to date

Suspending applications

Removal of applications from the list

Provision of false information

Access to personal information and files

Equal Opportunities

Appeals procedures

Monitoring and reporting

APPENDICES

1. Quick Guide to the housing application process
2. Reasonable Preference categories
3. Basic Amenities and Tolerable Standard
4. Corporate Parenting Protocol

Introduction

Clackmannanshire Council currently owns and manages around 4,950 properties of various sizes and types. Approximately 350 of these tenancies are terminated each year and the Council needs to allocate these properties to new tenants efficiently and effectively.

At any one time the total number of applicants wishing to be housed by the Council is around 1500 with a further 440 current Council tenants wishing to be rehoused. The council processes around 120 new housing applications each month. In most areas of Clackmannanshire there is a mismatch between the demand for council houses and the number of applicants requesting the type and size of council houses available.

The council has experienced a reduction in the amount of properties available for let over recent years but the number of applicants has remained the same. Given the difference between the supply of and demand for Council houses this Allocation Policy has been developed to take account of the different circumstances and housing needs of our applicants and to prioritise according to these needs.

We aim to give priority to those in greatest need and to achieve this we have developed a system comprising of four groups and award of points to reflect need. We have also introduced measures that increase opportunities and choice for current and prospective tenants and that make the best use of our stock.

Clackmannanshire Council's vision and values as set out in the Council's Corporate Plan, underpin the aims and objectives of this policy. The policy has been developed to comply with current legislation, using guidance and best practice from the Scottish Government and the Chartered Institute of Housing. It incorporates the outcomes of stakeholder consultation with staff, services users and elected members.

This policy complies with the statutory responsibilities as set out in the Housing (Scotland) Act 1987 as amended.

In addition to compliance with the legal framework, the Council's allocations policy is expected to meet the outcomes of the Scottish Social Housing Charter relevant to allocations. These are Equalities, Housing Options, Access to Housing and Tenancy Sustainment.

Aims and Objectives

The aims and the objectives of the policy are:

- Fair and equitable
- Consistent and transparent
- Meet legislative requirements and good practice
- House those most in need
- Prevent homelessness
- Extend choice for applicants
- Customer Focused
- Make best use of Council Housing Stock
- Reflect objectives of Clackmannanshire Housing Strategy

Applying for a House

Who can apply for housing?

We accept applications from anyone aged 16 years and over.

* Sole or joint applicants who are subject to immigration control in terms of section 118 of the Immigration and Asylum Act 1999 are not eligible for admission to the Council waiting list. European Economic Area nationals are only eligible for admission to the lists if they have the right to reside in the UK.

If you are aged 16 or over, you have the right to apply for housing and have your housing need assessed. It is important to remember that applying for housing does not mean we will definitely offer you housing. There are more people applying for housing than there are homes available. However, the number of people interested in housing does vary depending on the type of house and where it is (for example, houses with gardens are more popular than some flatted types of property.)

We will give you advice about your housing options and your chances of being offered housing.

You can apply for housing in a number of ways:

By completing an application form

You must fill in an application form if you want to apply to us for housing, even if you are already our tenant and you are applying to move to another property.

Mutual Exchanges

We recognise that some tenants, with or without a housing need, would prefer to move to a different area, or size of property and we want to increase opportunities for current Council tenants to find the home that best suits their family needs without having to wait on the list. If you rent your home from us, another local authority or a registered social landlord and you would like to swap with another tenant from any of these landlords, you can apply to exchange your home. We will also give you advice and help to increase opportunities for finding a suitable tenant with whom to swap.

All mutual exchange applications are subject to assessment and approval by the Council in accordance with legislation and we have a separate policy which sets out how we deal with mutual exchanges.

Protocols with other services and agencies

We have a number of protocols in place with key partners, agencies and services. These protocols are formal arrangements setting out how we will work together and share information. We only accept referrals for housing from partners where there is an agreed protocol in place.

Council staff

Anyone can apply for housing and this includes our staff and local councillors. If you work for us, you must apply in the normal way by sending us a housing application form. We will not give you preference over anybody else simply because you work for us. Any housing application we receive and are considering making an offer on, from a member of staff, local councillor or their close relative, will require to be approved by the Head of Service.

How do I apply?

You can apply online at:

- <http://www.clacksweb.org.uk/council/forms/housing/commonhousingregistrationform/>
- you can get a housing application form from our offices
- you can contact us by telephone
- you can write to us
- you can email us

If you need help completing the form or need parts of the form translated into a different language or format, please let us know when you contact us.

We have developed a Common Housing Register with Ochil View Housing Association and Paragon Housing Association. This means that it is easier for

you to apply for housing as you only need to fill in one application form and you can choose which landlords you want to apply to. (Although you only need to fill in one form, please remember that all three CHR partners will use their own Allocations Policies to prioritise your application for housing with them.)

Once you have completed the Common Housing Register registration form, your application is registered on the housing list of your preferred CHR partner(s). Your landlord of choice will carry out an assessment of your circumstances according to their policy and may contact you for further information if this is required in order to fully assess your housing needs.

Housing information and advice

We are committed to taking a proactive approach to homelessness prevention. We aim to help people to keep their homes and to reduce the number of people who find themselves in a housing crisis and who we have a duty to provide housing for.

We will provide a full Housing Options Service which starts with housing advice when you approach us for help with housing. This means looking at your options and choices in the widest sense. Our Housing Options service will make sure that:

- If you are looking for housing you get information that helps you make informed choices and decisions about the range of housing options available to you
- Once you are on the housing list you can review your housing options
- If you are at risk of losing your home you will get advice about how to reduce that risk and avoid becoming homeless.

Prevention of homelessness

Our aim is to prevent homeless situations before they arise by providing the best housing and support options available. We want to help people make informed choices and decisions about what is the right option to meet their housing needs.

People who believe that they may be at risk of losing their home and becoming homeless will receive advice and guidance on the range of housing options available, as well as guidance or support to help continue living in their current home. In some cases, after reviewing their housing options, the best option may be to apply under our homeless assessment procedures. If the homelessness assessment finds that the applicant is unintentionally homeless, these applicants will be placed onto the homeless group.

We will also give detailed guidance and advice about other ways to find housing without going through the homeless assessment process. The points framework has been developed to make sure we prioritise, within the group we put them in, the needs of people who are homeless or who could become homeless. This means that for some applicants, an assessment of housing need may result in the applicants being awarded points in line with our points

framework. The aim is always to provide a full assessment of need and provide the best opportunity for applicants to access the range of options available, that best meet their needs.

If an applicant, or a member of their household is being abused or harassed or is at risk of serious harm due to hate crime, violence, or criminal activity and it means they cannot stay in your home, or return to their home, they can apply to us for a homelessness assessment. We will provide help which may include temporary housing and contact with independent support agencies. In some cases applicants may not want to apply through the homeless assessment process. In these circumstances we will be sensitive when assessing housing needs as we recognise, for example that it is important that people suffering domestic abuse are removed from this situation as quickly as possible. Because of this, we will make sure that people in these circumstances have as many options as possible for rehousing including being recorded on our waiting lists for as many types of housing and areas of housing as would be suitable. In cases where there is risk due to criminal activity we will always work with our Community Safety partners to ensure that all relevant information is available to assess the applicants needs.

Making the most of your housing options

When you apply for housing, you can choose what type of property you want to live in and where you want to live. Our housing staff will do all they can to help you in applying for council housing, but admission to the Council list does not mean applicants have the right to be housed by the Council. Our staff can also provide advice and help on a wider range of options to meet your housing needs. We can give you advice about what type of social rented housing is available in the areas you have chosen and how often they become available. With this information, you will be able to make realistic choices about how you can find somewhere to live.

Downsizing Incentive Scheme

If you are a current Council tenant and you live in a property that is too big for you and your household, we will make sure that you get advice about the options available to you if you want to consider moving to a smaller property more suitable to your needs. This may be another council property, a local housing association tenancy or a mid market rent property. We may also be able to provide some incentive or practical assistance in terms of advice to help you manage the move. This could include, for example, us arranging to help you to dispose of furniture or belongings that you cannot take with you if you move, or some additional help to decorate your new home.

Your housing choices

Where you want to live

We will try to match you with a home in the area you want. When you apply you should choose as many areas as you are interested in. This may increase your chances of being offered housing. When you apply for housing, we will give you advice about the priority we have given you and your chances of being housed in your preferred areas.

The lettings areas that you can choose

LETTINGS AREAS					
1	ALLOA	BOWMAR			
2	SAUCHIE	FISHCROSS			
3	CLACKMANNAN	KENNET	FORESTMILL		
4	TULLIBODY	CAMBUS			
5	TILlicOULTRY	COALSNAUGHTON	DEVONside	DOLLAR	MUCKHART
6	ALVA	MENSTRIE			

You will always have the chance to change your choice of area. We have more properties in some parts of the county and the number of properties available in an area can affect the length of time you may have to wait for a suitable property to become available.

Size of Housing

The Council is committed to giving applicants as much choice as possible in the size and type of housing which they can apply for. To make best use of the housing which is available there will be some limits to the choices that people can make.

In assessing the appropriate size of property that you may be offered, Clackmannanshire Council has adopted the standards of occupancy in line with Welfare Reform as the occupancy levels for allocation of our housing stock.

We will therefore allocate one bedroom for each of the following:

- a couple
- a person who is not a child (aged 16 and over)
- two children of the same sex
- two children who are under 10

- any other child, (other than a foster child or child whose main home is elsewhere).
- a carer (or group of carers) providing overnight care

While all applications will be assessed on the number of bedrooms required according to the details above, the Council may allocate a property of a different size, depending on circumstance and subject to availability of housing stock.

Types of Housing

The Council has a range of different types of housing across Clackmannanshire. However, when considering the type of property that you would like it is important to note that:

- Well over half of the properties which become available for letting each year are flats – either traditional flats, 4 in a block or maisonettes. Only a quarter of the properties which become empty are houses. This means that applicants are likely to wait longer for a house.
- The smaller properties – 1 and 2 bedrooms are more likely to be flats.

There are some properties in Clackmannanshire which are only available for applicants with particular needs for example, housing that has been specially designed or adapted to meet the needs of people with mobility or accessibility issues.

You will be asked about any particular needs you may have when you apply, and these needs will be assessed as part of the application process. The assessment of need will identify the most appropriate house type for you and your household. Due to the lack of ground floor properties, where these become available, priority will be given to applicants who have an assessed need for ground floor accommodation.

Housing offers

We want to make sure that we match you with a property that is suitable for you. We will support you in making your housing choices in terms of where you are thinking of living and what type of housing you need.

We will tell you what your realistic chances are of being offered housing in your preferred areas.

Any offers of housing we make will match the choices that applicants make when they apply so we don't expect many people to refuse housing offers.

We understand that sometimes your needs change, so if you refuse an offer we will ask if you want to review your housing options. We will also consider if we need to give you more detailed information and advice about your housing options and your chances of being housed.

We do not have a lot of housing available in certain areas and we have a legal responsibility to provide, within a reasonable amount of time, somewhere safe

and secure to live, to people who are homeless. It may not always be possible to offer you housing that matches your preferred areas or type of housing. If we cannot offer you housing in your preferred areas, we will make sure that the housing we offer you is close to any support or services you need such as schools , hospitals etc. We will make sure that the housing we offer you meets your immediate housing needs.

We will make sure that we provide a review of your preferences to enable a reasonable offer to be made to meet your housing need. A reasonable offer is one where we will take account of the particular circumstances and assessed needs of the applicant and the household. We will also take account of stock availability, demand and legislative requirements when determining if an offer is reasonable.

If you are awarded priority and placed on Band 1 because of a serious and urgent need to be housed, we will review your housing choices and options with you to make sure that they are the best possible, and we will not allow you to be unnecessarily restrictive in the types of housing and areas that you have asked for. We will also make sure that you are listed for as many types and areas as would be suitable for you. When we offer you housing, we will also make sure that the offer meets your immediate assessed housing needs.

Prioritising applications for housing

When allocating houses the law states that we must give reasonable preference to homeless people, households who are overcrowded, large families, those living in unsatisfactory housing conditions and those living in below tolerable standard property. **Appendix 2** sets out the details of what the legislation and guidance is on these reasonable preference categories.

This policy aims to allow us to appropriately match properties to applicants and create sustainable tenancies, and at the same time, meet the requirement to give reasonable priority to these key groups.

Bands and Points

Clackmannanshire Council manages the housing waiting list in bands and points. This means that when you apply for housing, we will put your application into one of four bands and we will give you a certain number of points.

The points awarded for the different types and levels of need are set out in the table below.

Type of Need	Degree of Need	Points
Statutory Homelessness		14 points
Insecurity	Insecure Accommodation (e.g. living with friends/relatives or served with a Notice to Quit from landlord)	8 points
Overcrowding	2 or more bedrooms short (severe overcrowding)	12 points
	1 bedroom short (moderate overcrowding)	6 points
Health/Mobility/Care	Severe	14 points
	Moderate	6 points
Lacking Amenities/Poor Condition	lacking amenities/disrepair - serious	12 points
	lacking amenities/disrepair - moderate	6 points
Time in Need	3 or more years	4 points
	2 years	3 points
	1 Year	2 points
	6 months	1 point

Statutory Homeless

All applicants assessed as homeless or threatened with homelessness (within the meaning of Part II of the Housing (Scotland) Act 1987 will be awarded 14 points. These applicants will be placed on Band 2.

Insecure accommodation

8 insecurity points will be awarded to applicants who do not have self contained accommodation for their household, e.g. living with family or friends. These applicants will be placed on Band 3. Applicants with insecurity points may also be eligible for overcrowding points if they do not have the sufficient number of bedrooms for their household set out in this policy. Applicants in private rented accommodation will be awarded insecurity points should they be served with a Notice to Quit from their landlord.

Overcrowding

Overcrowding points will be awarded to households who lack sufficient bedrooms for their household composition as set out in the section on size of housing above. Applicants who are assessed as overcrowded will be placed on Band 3.

Health/mobility/care needs

If an applicant states that they have health, mobility or care issues, we will contact the applicant to carry out further assessment, to help establish any additional priority which should be applied to the application.

The assessment will determine if the applicant or a member of their household has health/mobility/or care needs which are likely to be assisted only by a move to alternative accommodation. This may be:

- Improvement, or alleviation of a health condition, including mental health problems
- Increased independence, either physical or social, of the member of the household concerned

Assessment for accommodation on the grounds of health, mobility or care needs may involve a visit to the applicant in their home. Where appropriate health professionals such as occupational therapists or community psychiatric nurses will take part in the full assessment of the applicant. An assessment of the suitability of any proposed property to be offered to an applicant with health, mobility or care needs may also be carried out by the Occupational Therapist.

Where there is a health/mobility/care need for more than one member of the household, the needs of the relevant members will be assessed and the highest priority given to the member of the household with the highest need.

Where the needs can be met by an alteration to the current property or by additional services, the priority will not be awarded.

➤ Severe health/care award

Applicants assessed as having severe health, mobility or care needs are awarded 14 points and will be placed on Band 3. A severe award will be made where the assessment determines that the applicant cannot reasonably be expected to occupy their current (or most recent) permanent accommodation as a result of their circumstances. This could apply where,

- The applicant or household member cannot be discharged from hospital to their previous accommodation because of changed needs
- The applicant or household member is housebound, or has severely restricted independence, but would not be so, in suitable accommodation. This could apply where the applicant is seeking to move close to a carer which would enable greater independence.
- The applicant or household member has a serious condition, which is aggravated by their current accommodation.

➤ Moderate health/care award

Applicants assessed as having moderate health, care or support needs are awarded 6 points and will be placed on Band 3. A moderate award will be made where the assessment determines that the applicant requires to move urgently from their current accommodation but can continue to occupy this accommodation for a further limited period.

Lacking Amenities/Poor Condition

Applicants will be awarded 12 points for lacking amenities or poor condition of accommodation if:

- they are living in housing which is below the tolerable standard,
- they are living in housing where the property lacks any *one* of the basic amenities (including evidence of lead piping)

and/or

- they are living in housing where one of the primary building elements is in serious disrepair (walls, internal floors, foundations, roofs).

Applicants will be awarded 6 points for poor condition of the accommodation if:

- they are living in housing below the tolerable standard where two or more of the secondary building elements are in serious disrepair (roof covering, chimneys, guttering/downpipes, windows and/or doors)

and/or

- there is penetrative or rising dampness.

People living in accommodation which is below the tolerable standard are also eligible to apply as statutorily homeless. Further information about basic amenities and the below tolerable standards can be found at **Appendix 3**.

Time in Need points

Applicants in Bands 2 and 3 are also awarded points reflecting the time they have waited since these needs were assessed by the Council. These are referred to as 'time in need' points and these are measured from the point at which the housing need is assessed.

There are 4 bands, or lists, and applicants are placed on the appropriate band according to their circumstances and assessed housing need as follows:

Band 1

- Applicants who require to move because of demolition, closing orders, or Council approved regeneration initiatives.
- Current council tenants who by moving will release social rent housing which is urgently needed for other applicants with high needs. For example, current council tenants whose current home is too big for their household.
- Looked after children and young people leaving residential care. Young people over the age of 16 who require permanent housing and who

are looked after by Clackmannanshire Council will have their accommodation needs jointly assessed by Social Services and Housing Services in line with the Council's Corporate Parenting Protocol (**Appendix 4**) to ensure the appropriate supports are in place and realistic housing choices have been made. The assessment will then be jointly agreed by the respective section Heads of Service. Such applications will be given preference over all other applications for offers of housing.

- Ex forces personnel and their families who are returning to their local area. Clackmannanshire Council recognises that ex-service personnel and their families can face particular housing challenges as they leave the Armed Forces. In line with the Scottish Government's commitment to ex-services people, and in accordance with the Armed Forces Community Covenant, Clackmannanshire Council will ensure that ex-service personnel returning to this area are not disadvantaged.
- MAPPA (Multi Agency Public Protection Arrangements) is the framework which joins up the agencies who manage offenders. Under these arrangements, local agencies work together to best protect our community from the serious harm that some offenders may still present after being convicted. Although offenders do not get special treatment, arrangements may be made to house a particular offender when it is required as a matter of public safety. Social housing providers (Local Authorities and Registered Social Landlords) should ensure their housing allocations policy considers arrangements for housing sex offenders.
- Direct Lets - The Council may in very limited circumstances choose to make a direct offer of housing to an applicant. In these rare situations applicants may be made a direct offer of housing through powers delegated to the Head of Service. Consideration of any direct lets will be made in consultation with the Governance Manager and applications approved for a direct let will be placed on Band 1. (Further details on Direct Lets are set out on page 18)

Band 2

- All statutory homeless applicants

Band 3

- Severely overcrowded
- Moderately overcrowded
- Insecure accommodation
- Severe health issues which will be alleviated by re-housing
- Moderate health issues which will be alleviated by re-housing
- Living in housing severely below tolerable standard
- Living in Housing below tolerable standard

Band 4

- Applicants who are adequately housed

Within Bands 1 and 4, applicants are placed in order of date of application. In Band 1 however, there is the potential for more than one applicant to have the same date of application, for example, where multiple households are

required to move because of a regeneration project involving more than one property. Where this occurs, the Council will prioritise applicants by the length of time they have lived in the property from which they are required to move.

Where two applications for housing are received from the same household, both parties may be assessed as overcrowded. Points will be awarded to both applicants until one is rehoused. If rehousing one applicant/household means that the other is no longer overcrowded, priority will no longer apply to the remaining applicant.

Applicants will receive a full assessment of their housing needs and will be provided with advice about their housing options. We will always provide advice about the best options if they are assessed as having more than one type of need. Applicants will receive the points for the highest assessed need so this means, for example that an applicant who is moderately overcrowded but is assessed as having a severe health need for accommodation will be awarded the severe health points, and matched to properties for their specific health requirements.

Priority for housing is awarded on the basis of assessed need and a change in circumstances may alter the priority awarded to an applicant.

Should a change in circumstances result in moving to another Band, the applicant will not transfer existing points to the new Band but have the level of priority re-assessed according to the applicant's new circumstances. The date of application remains the same.

What we do not take into account when assessing your needs

We will not take account of any of the following when we allocate our housing:

- Whether you live in the area you want housing in
- The length of time you have lived in the area
- Any debts that are not related to your current or former tenancy
- Any debts you have already paid
- Debts relating to your tenancy if:
 - They are less than one-twelfth of the yearly amount of rent you pay; or
 - You have already arranged a repayment plan and kept to it for at least three months and you are still keeping to the repayment plan
- Your and your family's income
- The value of any property you or your family own
- Your age, as long as you are over the age of 16 and the home you want to move to has not been specifically designed or adapted for elderly people to live in.

Gathering supporting information

All applicants and anyone included on an application aged 16 years of age or over are required to provide details of any Council or Housing Association tenancy they have held during the last three years. Any current or former

tenancies will be checked to determine whether they are/were conducted in a satisfactory manner and that there are no outstanding debts relating to the tenancy. This may involve a visit to the applicant's home and in the case of current council tenants the visit will include checks to ensure that tenancy conditions are being adhered to and the property is in a satisfactory condition.

If there are outstanding debts for a previous or current tenancy we require evidence that the applicant has made an agreement with their landlord to pay any arrears and has kept this agreement for at least 3 months and is still continuing to make the payments as agreed, in order to be actively considered for housing.

Where evidence is obtained from a reliable and official source that an applicant, or anyone who would be a member of the applicant's household in a Council tenancy, has a history of anti social behaviour unsatisfactory conduct of a current or former tenancy, or has been evicted from a former home for anti social behaviour or there is the presence of an ASBO (Anti Social Behaviour Order) we will take into account the causes and impact of such behaviour when considering applicants for the allocation of housing.

If there are any issues as a result of checks we will contact the applicant to discuss these further and advise on the next steps.

For some applicants, the information which is provided in their application form and any checks we carry out e.g. a visit to the applicant, will be sufficient to assess needs. For some, there will be a need to undertake further assessment. Depending on the individual circumstances, this may involve requests for additional information or interviews with specialist staff.

Some applicants may need additional help with the application process and/or when they receive an offer and move into their new home. Applications for housing from applicants requiring support in order to cope in their home and maintain a tenancy will be assessed by the Housing Service and the appropriate professionals, such as the Housing Support Team or Social Services, to determine the best option for the applicant(s).

A member of staff can also be nominated to provide continuing advice and support about the allocations process to all applicants who have health, care or support needs or who are homeless or threatened with homelessness and who wish this assistance. This may be a staff member who is already working with the applicant.

The information on the application form is entered into the allocations computer system including details of areas of choice and house types selected. The application is then awarded points in line with this policy.

An application's place on the list is determined by the applicant's assessed housing need and points awarded, and the date of the priority award.

The applicant must then wait for an offer of accommodation or, take part in the choice based lettings process by expressing an interest in properties that are advertised as part of our choice based lettings scheme.

All Council tenants who apply are also encouraged to register on our Mutual Exchange list to increase the opportunities for a move.

A guide to the housing application assessment process is set out at **Appendix 1**.

Exceptional cases

Clackmannanshire Council recognises that our policy may not cover all of the circumstances that lead to you needing a move. Very occasionally an applicant may have exceptional housing circumstances which fall out with the points scheme. In these rare situations applicants may be made a direct offer of housing through powers delegated to the Head of Service. To ensure transparency and governance the consideration of any direct lets will be made in consultation with the Governance Manager. In these cases we will offer you the first suitable home that becomes available. If you refuse this offer of housing, we will stop dealing with your application as urgent and deal with your application in line with our normal allocation policy.

How we allocate housing

Matching applicants to vacant properties

Applicants are placed on the list on the appropriate band according to their circumstances and assessed housing need. When we know that a property will soon become available, we will start to decide who the property is most suitable for. Firstly we will decide which Band the property should be offered to. To do this we use a rota system. This ensures that all categories of need are considered on a regular basis for the allocation of a property. We have developed detailed procedures for our staff to follow when they decide which Band to offer a property to. These procedures include a clear audited record of the process.

- We need to look at reasonable preference (See Appendix 2 for definition) in terms of our total lets across our stock and throughout the year. We set targets each year to make sure that the number of houses let to different types of applicant is proportionate to the number of these types of applicant who are on the list, taking into account the availability of stock.
- We monitor the outcomes of our lets on an ongoing basis, and we will adjust the rota if these targets are not being met.

Once the Band to select from has been determined, we then identify all of the applicants in this Band whose needs and preferences match the property. We then offer the property to the person with the most points.

There are a number of exceptions to this process.

- If the property is adapted.
We want to make sure that we make best use of our adapted properties. (This means that they have been specifically built or have had things changed in them or added to them such as a level access or wet room shower, to make them suitable for people with particular needs). To allocate these properties we will always check the Band on which applicants with an assessed mobility need for housing are placed e.g. Band 3. In some cases we will ask for an Occupational Therapist to check the property's suitability for an applicant before making an offer.

If there are no applicants with an assessed mobility need for the type of adapted property available, then we may choose to offer the property to a different Band or applicant with a different assessed need so we can match the property to the most suitable eligible person on the list.

- If a ground floor property is deemed particularly suitable for people with health/mobility needs.
We want to make sure that we make the best use of our suitable ground floor accommodation for those applicants who have been awarded points for health or mobility needs. We will check within the band that the rota indicates we should allocate from, for applicants with a health or mobility need for ground floor accommodation and if there are no suitable applicants on the band with an award of points for ground floor accommodation, we may choose to move to another band and offer to the applicants with the highest priority award for ground floor accommodation.
- Where there are applicants on Band 1 for whom there is a specified date on which they will require immediate accommodation, and for which a planned move has not been possible by means of the rota, e.g. young person leaving care.
- Should an assessment of a housing application show that an applicant's circumstances are so unusual that the points system in this policy cannot adequately assess and prioritise the exceptional level of need, and where the applicant needs to be housed urgently, a Direct Let may be considered. There is a clearly defined process and written procedures in place to manage Direct Lets. All such cases will be prepared by the appropriate Team Leader and checked by the Service Manager before being submitted to the Head of Service for consideration. Prior to approval (if appropriate) by the Head of Service, the case will be forwarded to the Governance Manager for examination. Such cases will be very rare and so numbers will be minimal. The number of Direct Lets that are considered and the number of Direct Lets that are approved will be monitored and reported as part of the Allocations Policy performance monitoring framework.

Choice based Letting

In line with the Scottish Government's recommendation that landlord's maximise choice for applicants when allocating houses, and as one of the key priority actions set out in Clackmannanshire Council's Corporate plan, we will develop an approach which allows us to increase the facility to operate a Choices Based lettings system for allocating vacant properties.

Applicants will still provide information to us to allow us to assess and prioritise applicants according to their housing need. When operating the Choice Based Lettings system, the details of properties available for letting will be advertised setting out the size of household that will be considered, any special features or requirements, (e.g. adaptations to the property) and the Band or category of need that will be given priority. Applicants will be required to express an interest in properties advertised which match their requirements and when bids are received, we will offer the property to the most suitable applicant with the highest number of points.

As part of our Housing Options Service we will make sure that all applicants get the information and practical help that they need, when applying for housing.

Transfer led allocations

Some Council tenants live in properties that are not suitable for their needs, but they might never receive an offer due to the high volume of applicants on the waiting list who do not have a home. It is important for the council to make best use of stock and take account of the requirements of our existing tenants who require more suitable housing. The Council will introduce transfer led allocations where it will release urgently required housing. Letting properties in this way will create vacancy chains which will enable us to resolve several applicants' housing need from one initial vacancy. When we let the second and any subsequent lets in any chain of vacancies, we will apply the rota. This will mean that the property is offered to the person with the highest points in the band it has been allocated to.

Transferring Tenants

When a transfer applicant applies, an inspection of the house and private garden area (if applicable) will be carried out and if there are any outstanding repairs that are their responsibility, as described in the Scottish Secure Tenancy Agreement the Council will inform them in writing and the applicant must complete these before any offer is made.

Making an offer

Once identified, the applicant with the highest priority will be offered the property. We will arrange an accompanied viewing with the applicant as soon as the property is available. We want to minimise the time that a property is empty so often we will issue an offer to the eligible applicant before the property is available to view. In these cases applicants may accept the offer subject to viewing the property.

If an applicant refuses an offer, an offer will be made to the next applicant, in order of priority, who meets the eligibility criteria.

Types of tenancy offered

The types of tenancy agreements which Clackmannanshire Council may offer are:

Scottish Secure Tenancy (SST)

This is by far the most common tenancy granted by councils in Scotland. Unless a tenant abandons the tenancy or the council obtains a court order to end the tenancy, a SST will usually continue for as long as the tenant wishes.

Short Scottish Secure Tenancy (SSST)

This is a tenancy granted in specific circumstances for a minimum term of 6 months. At the end of the term of the SSST the landlord can:

- Offer a full SST
- Offer a further SSST;
- Seek repossession.

In some types of Short SST the landlord must provide, or ensure the provision of, housing support services. If a prospective tenant is unwilling to cooperate with this support, the tenancy offer may be withdrawn.

Nominations

Nominations will be made to Registered Social Landlords (RSLs) in line with the nomination agreements negotiated between the Council and individual RSLs. Nominations to Registered Social Landlords will not be advertised but selected directly from the list of applicants since other landlords in the area have opted to retain traditional allocation policies. Nominations will be selected in line with each RSL landlord's allocations policy.

The number of applicants nominated to other landlords in the area is subject to agreement between each landlord and the Council in line with legislation and guidance.

Local Lettings Initiatives

In exceptional circumstances the Council may agree a Local Lettings Initiative for a particular area. A Local Lettings Initiative will require specific approval by Council Committee and will only be agreed where all the following conditions are satisfied

- a) There is clear evidence, independently verified, that the current allocations policy is exacerbating identified problems within the community concerned. This would require clear, robust and verified evidence from a number of sources of the need for a Local Lettings Initiative
- b) The Local Lettings Initiative demonstrates clearly how the revised policy will address these problems

- c) Outcomes for the Local Lettings Initiative are quantified and given a specific time frame
- d) A monitoring and reporting framework is in place to provide ongoing information on the effectiveness of the Initiative.

Local Lettings Initiatives must be consistent with the principles and objectives of the overall Council allocations policy, relevant legislation and guidance and performance standards. They would also be subject to same principles of scope and flexibility relevant to the allocations policy in relation to quotas, eligibility criteria and eligibility for house types/size.

The Local Lettings Initiative will be reviewed by Council Committee after an agreed period.

Creating safe communities where people can manage their tenancies without any problems

If you have support needs (such as needing help managing a tenancy)

If you have support needs (such as needing extra help to manage your tenancy), you must tell us when you apply.

Telling us about your housing and support needs helps us to understand your circumstances and lets us give you the best advice on your housing needs to help support you in your home. This also means that we can work with other agencies and council services (such as social work) to make sure that we can give you the help you need.

If, following the assessment of your application, we think that you need help, we will work with you and other professionals to find the best way of meeting your needs in your new home. We will ask your permission to share information about you with others.

We want to make sure that you can move in to your new home and live in it safely, while making sure that you do not break the conditions of your tenancy so if you have support needs and we offer you a property, we will make sure that the support you need is in place before you move into the property we have offered you.

Keeping applications up to date

Applicants are required to notify the Housing Service of any change to their circumstances as soon as possible so that their application can be reviewed.

Information submitted by applicants will be reviewed on an annual basis. This review of applications is taken to ensure that the housing list consists only of those actively interested in housing.

In reviewing the waiting list, the Council will write to you asking for confirmation that you wish to remain on the list. We will also ask you to notify us of any change to your housing circumstances. If we do not hear from you, within 28 days we will send you a reminder letter. If you do not reply to that

reminder letter within 7 days, your application will be removed from the waiting list.

Applicants removed from the list in these circumstances will be re-instated without penalty if they contact the Council within 6 months of the second reminder being issued and their application will be re-instated with any necessary amendments. If contact is made after 6 months, a new application form will be required.

Suspending Applications

The Council will in a few clearly defined circumstances exercise its right to suspend an application for active consideration of an allocation. In doing so it will act in line with the Housing (Scotland) Act 2001, the associated guidance on access to waiting lists and allocations, regulation and good practice guidance.

If we do suspend your application for active consideration of an allocation, we will confirm to you the reasons for the suspension and how and when your suspension will be reviewed.

We will only suspend your application from active consideration for housing in the following circumstances:

- If you owe rent that you have not agreed a repayment plan for.

If you have owed your landlord rent in the past but have paid what you owe, we will not suspend your application from active consideration for housing. However, we must make sure that if you owe your current or former landlord money for your tenancy, you plan to repay it as soon as possible. If you owe money to a current or former landlord for a tenancy we may suspend your application for active consideration for housing unless:

- You have paid what you owe in full
 - You owe less than or equal to 1/12 of the annual rent you pay;
or
 - You have arranged to pay what you owe and have kept to that arrangement for at least three months, and you are still keeping to this arrangement
- If you have behaved anti socially

We may also suspend your application for active consideration of an offer of housing if you have behaved anti socially including the following:

- If you or anyone in your household has been evicted for anti social behaviour
- If you or a member of your household has behaved anti socially and reached a 'Notice of Proceedings for Recovery of Possession' (Council tenancy)

- If you have been given an ASBO (Ant Social Behaviour Order) that is currently in force
- If you are waiting on a court decision on whether you will be given an ASBO
- If you have had a 'Notice of Proceedings for Recovery of Possession' served on you because you have broken the conditions of your tenancy.
- If you have a history of anti social behaviour used in deciding a criminal conviction relating to a current or previous tenancy

Anti social behaviour includes violence, verbal abuse, harassment, vandalism, noise disturbance, arson, carrying an offensive weapon, or using or selling illegal drugs.

We will work in partnership with our Community Safety partners and share information through the Forth Valley Information Sharing Protocol to collate documentary evidence to ensure that there is reliable and accurate information to determine cases suspended from active consideration for housing for the reasons indicated above.

We will consider each case of anti social behaviour on an individual basis. We will be fair when we look at whether or not to suspend your application from active consideration for housing. If we do suspend your application, you will be notified in writing and if we think that we need to, or if we think it is appropriate, we will help you to keep to the conditions of your current tenancy by arranging support for you. We may put you in touch with a housing officer who will give you help and we may also put you in contact with other people who can provide support including independent organisations that can help you.

If you can show that an appropriate support package is in place and that you are working with others to improve your behaviour and change your actions, or you think that there are valid reasons to confirm that your behaviour and actions have changed and we are satisfied that the anti social behaviour is unlikely to recur, we will review your application for active consideration for housing.

Applicants who are offered a tenancy within 3 years of an eviction for anti social behaviour, or applicants and/or any person who will be part of their household who has been the subject of an ASBO at any time, will be offered a Short Scottish Secure Tenancy.

If an application is suspended the applicant will be informed in writing with detailed reasons for the suspension, the evidence for those reasons and advice on how the suspension may be lifted. The applicant will also be advised of their right to appeal.

Lifting of suspensions

Suspensions are not permanent and may be lifted for one or a number of reasons:

- Behaviour of the applicant has changed.
- A support package is put in place.
- A satisfactory arrangement has been made to pay off any outstanding arrears/debts.

The suspension of applications will be reviewed and monitored regularly to ensure that they are still valid.

Removal of applications

An application may be removed from the list only if:

- the applicant has requested removal from the register (usually in writing)
- the death of the applicant. Where there is a surviving partner the application will automatically transfer to that partner. If there is no surviving partner, the application will transfer to any other person named in the application, who has been resident with the applicant for 6 months if that person is aged 16 years and over. The application will be re-assessed.
- the applicant fails to respond to a periodic review of the housing register.

Provision of false information

If it is proven that an applicant has provided false and/or misleading information on the application form or omitted relevant information that has led to a greater level of priority, the application will be re-assessed and the level of priority amended if necessary. The application may be suspended from offer during the period of re-assessment.

If an applicant has knowingly provided false and/or misleading information and this information influenced the Council's decision to allocate a tenancy, the Council may take legal action to re-possess that tenancy.

Access to personal information and files

The Council will act in line with Data Protection Act 1998 and the Freedom of Information (Scotland) Act 2002 regarding application information. All information provided by applicants will be held in confidence and will not be released beyond the terms of registration under the Data Protection Act without the express permission of the applicant. Applicants will be asked to sign a mandate in the application form to allow the Council to share any information, although applicants have the right not to do so. All applicants have the right, subject to certain conditions and exemptions, to receive a copy of all information and data held in relation to their application for housing.

Equal Opportunities

Clackmannanshire Council believes that equality of opportunity should be a guiding principle in all of its activities. The Council is actively working towards the elimination of policies and procedures which discriminate. It is opposed to any form of discriminatory practices on grounds including gender; marital status; religious belief; disability; race; ethnic origin; colour; nationality; political belief; sexual orientation; socio-economic status and age. Anyone with a grievance or complaint that contravenes Equal Opportunities legislation and guidelines can make a complaint in line with the Council's complaints procedures.

Appeals procedures

All applicants will have the right to appeal against any decision taken during the application and allocation process. Further information on how to do this is available at Council offices, as is a list of independent advisory bodies. This will be provided to you at the point of decision. Ultimately, if you are dissatisfied with the response you receive, you can refer the matter to the Scottish Public Service Ombudsman by writing to:

SPSO
4 Melville Street, Edinburgh
EH3 7NS
Email: ask@spo.org.uk
Telephone: 0800 377 7330

Monitoring and reporting

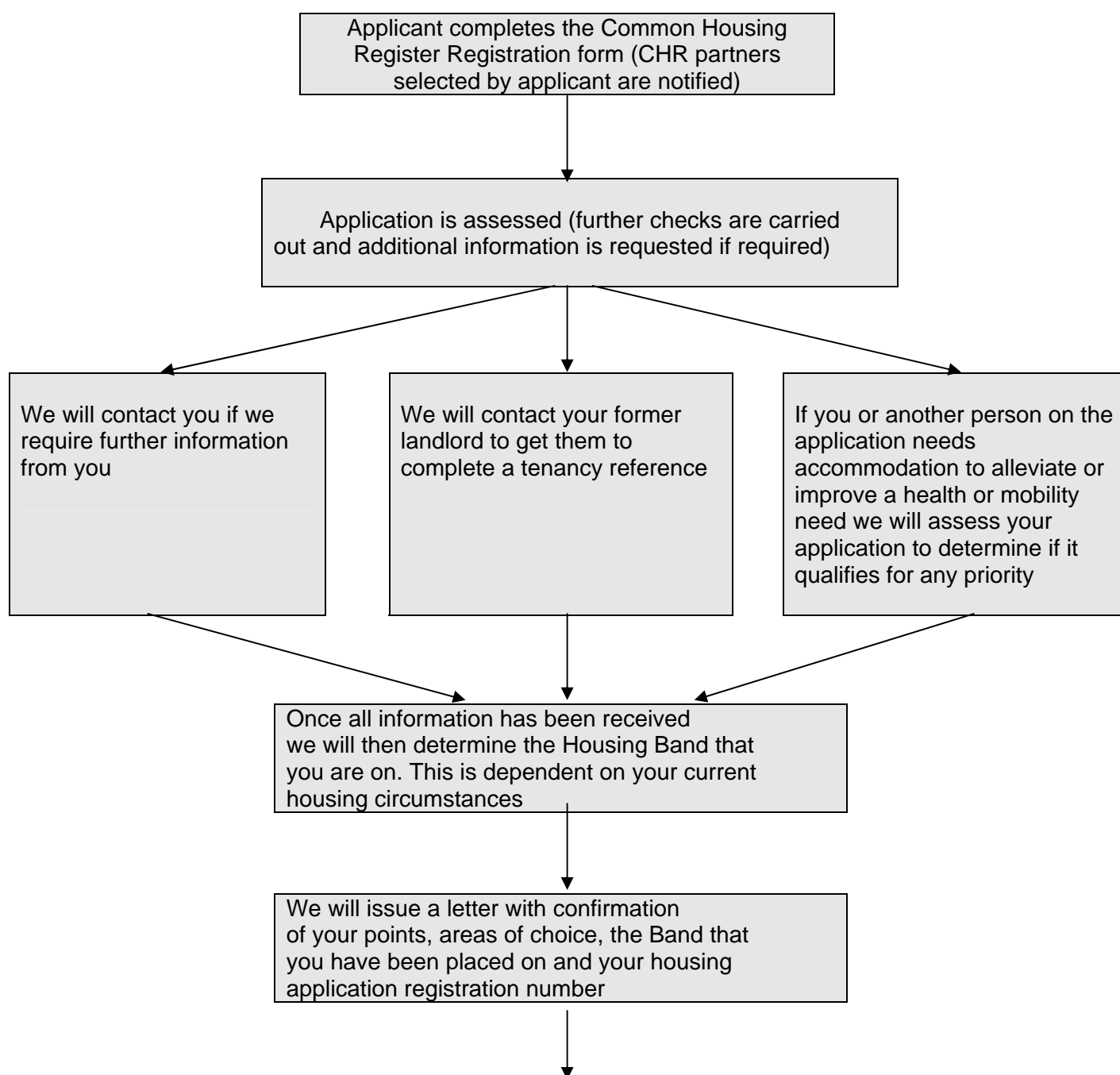
The Council is clear about the importance of monitoring the performance of its allocations policy to ensure in particular that:

- The outcomes are in accordance with the stated objectives
- Those searching for housing are satisfied with the service they receive
- The policy and priorities take account of changing needs within the local community and of any changes in the Council's supply.

The outcomes of this policy will be recorded and monitored in accordance with the Scottish Social Housing Charter and key performance results and outcomes delivered will be reported to Committee on a quarterly basis.

The Council will ensure that all aspects of the allocations policy, processes and procedures are regularly reviewed to assess decision making, accurate data entry and validation and monitoring of lets by both the Housing Service and its partners.

Quick guide to the housing application process



Important Information

- We will give you information to help you make informed choices and decisions about the range of housing options available to you.
- Housing advice is available to you during the life of your housing application.
- We may visit you during the life of your housing application.
- If your circumstances change or if you know longer want housing, please let us know.
- Failure to respond when we try to contact you may result in your housing application form being cancelled but we will always notify you in writing before we cancel your application.

Reasonable Preference

Reasonable preference refers to the priority given to applicants for housing. It means that you must give due weight to the factors as set out below.

Section 20(1) of the 1987 Act (as amended) requires that in selecting tenants for their houses, all local authorities and RSLs must give reasonable preference:

a) to persons who

(i) are occupying houses which do not meet the tolerable standard; or

(ii) are occupying overcrowded houses; or

(iii) have large families; or

(iv) are living under unsatisfactory housing conditions; and

b) to homeless persons and persons threatened with homelessness (within the meaning of Part II of the Housing (Scotland) Act 1987 (as amended) and unless they would not be such persons without the local authority having regard to a restricted person, for example, asylum seekers and non-EU nationals).

"Tolerable Standard" is as defined by section 86 of the 1987 Act and amended by section 102 of the 2001 Act and section 11 of the Housing (Scotland) Act 2006. A house meets the tolerable standard if it:

- is structurally stable;
- is substantially free from rising or penetrating damp;
- has satisfactory provision for natural and artificial lighting, for ventilation and for heating;
- has satisfactory thermal insulation;
- has an adequate piped supply of wholesome water available within the house;
- has a sink provided with a satisfactory supply of both hot and cold water within the house;
- has a water closet or waterless closet available for the exclusive use of the occupants of the house and suitably located within the house;
- has a fixed bath or shower and a wash-hand basin, each provided with a satisfactory supply of both hot and cold water and suitably located within the house;
- has an effective system for the drainage and disposal of foul and surface water;
- in the case of a house having a supply of electricity, complies with the relevant requirements in relation to the electrical installation for the purposes of that supply;
- has satisfactory facilities for the cooking of food within the house; and
- has satisfactory access to all external doors and outbuildings.

Part VII of the 1987 Act defines "overcrowding". When the number of people sleeping in a house breaches the room standard or the space standard (both of which are set out below) a house is overcrowded.

The space standard determines the number of people who are permitted to sleep in a home based on:

the number of rooms available as sleeping accommodation. Rooms that are counted are rooms normally used in the locality as a bedroom or living room;
the size of those rooms. Rooms under 50 square feet (4.645m²) are ignored; and
the ages of people who live there. Children under 1 year old are not counted and children over 1 and under 10 count as a half.

You can calculate the permitted number of people in a property by looking at both of the tables below. Table 1 tells you how many people can sleep in the house according to the number of rooms. Table 2 tells you how many people can sleep in each room according to the size of the room and the total for each room, when added together, tells you how many people can sleep in the house. You need to

look at both tables and the smaller of the two numbers produced is the permitted number of people that may live in that house. If the permitted number is exceeded, the house is overcrowded.

Table 1: Number of rooms available for sleeping	Number of people who can sleep in the property
1	2
2	3
3	5
4	7 1/2
5 or more	2 for each room

Floor area of room	Number of persons who can sleep there
110 sq ft or more (10.219m ²)	2
90 sq ft (8.361m ²) or more but less than 110 sq ft	1 1/2
70 sq ft (6.503m ²) or more but less than 90 sq ft	1
50 sq ft (4.645m ²) or more but less than 70 sq ft	1/2

The law does not define large families.

The law also does not define "unsatisfactory housing conditions". However the term covers the physical condition of the house as well as its unsuitability as a result of a medical condition or the disability of the occupant. It also covers other aspects of an applicant's circumstances, such as unsatisfactory living arrangements, problems with neighbours, harassment and domestic abuse.

Part II of the 1987 Act (as amended) defines "homeless persons". A person is homeless if he or she has no accommodation in the United Kingdom or elsewhere, or if he or she has accommodation, but it would not be reasonable for him or her to occupy it. A person is homeless if he or she has accommodation, but:

- cannot secure entry to it;
- it is probable that occupation of it will lead to abuse;
- it is probable that occupation of it will lead to threats of abuse from someone who previously lived with him or her and who is likely to carry out the threats;
- it is a moveable structure, vehicle or vessel and there is no place where he or she is entitled or permitted to place it and live in it (this has particular relevance for Gypsies/Travellers);
- it is overcrowded and may endanger the health of the occupants; or
- it is not permanent accommodation and the local authority has a duty to provide permanent accommodation. Permanent accommodation includes accommodation owned by him or her or in which he or she is a tenant with a secure or assured tenancy. It also includes a short Scottish Secure Tenancy where such a tenancy has resulted from previous anti-social behaviour or from any prospective tenant or resident under an anti-social behaviour order.

Part II of the 1987 Act (as amended) also defines "persons threatened with homelessness". A person is threatened with homelessness if it is likely that he or she will become homeless within 2 months.

Appendix 3

Basic Amenities

A property would be considered lacking basic amenities if it did not have:

A fixed bath or shower

A wash hand basin

A kitchen sink

An internal w. c.

A hot and cold water supply at three points (bath/shower, w. c. and wash hand basin)

Below the Tolerable Standard

A property will fail the tolerable standard if:

It is not structurally stable

It is not free from rising and penetrating damp

It lacks piped wholesome water

It lacks a sink with satisfactory hot and cold water

It lacks cooking facilities

It does not afford exclusive use of and suitably located WC

It lacks access to external doors

It lacks drainage and disposal of foul and surface water

It lacks suitable provision for natural and artificial lighting, ventilation and heating

Primary Building Elements - A fail is measured by the requirement for repair or replacement of more than 20% of the component.	Secondary Building Elements- A fail is measured by the requirement for repair or replacement of more than 20% of the component. Failure by two or more elements.
Wall structures Internal floor structures Foundations Roof structure	Roof covering Chimney stacks Flashings Rainwater goods External wall finishes Access decks/balustrades Common access stairs/landings, pathways within the curtilage of the dwelling Individual dwelling balconies/verandas Individual dwelling attached garages, internal stairs Damp Proof Course Windows/doors Common windows/roof lights Underground drainage

Appendix 4

Housing and Childcare Services Protocol for preparing young people leaving care for independent living.

1. Purpose of the Protocol

Clackmannanshire Council has a corporate parental responsibility for Looked After Children and young people in our area.

One of our priorities within this responsibility is greater and improved housing support for care leavers, including dedicated provision.

Our Corporate Parenting Strategy recognises that times of transition in a young person's life need to be planned and supported. The Strategy also recognises that it is important that relevant information is shared to ensure a consistent service.

We are required to develop a more integrated support Pathways Plan for care leavers with dedicated support from the housing service, including developing housing support options that keep young people away from general homelessness provision.

2. Aims

- We aim to provide housing accommodation for young people leaving care, avoiding the homeless Route
- We are committed to ensuring that young people leaving care are never left roofless
- Our long term aim for young people leaving care is that they have a secure settled home
- We will aim to provide suitable accommodation for young people with particular needs.

3. Legislation/Government Guidance

- Children Scotland Act 1995 sections 29 and 30
- Looked After and Young People: We can and must do better Scottish Executive 2007
- These are our Bairns Scottish Government 2008
- Housing (Scotland) Act 2001
- Homelessness (Scotland) Act 2003

4. Council Policy

- Allocations Policy
- Corporate Parenting Strategy
- Homeless Policy

5. Roles & Responsibilities.

Child Care Services

100% of children who leave care (and are eligible) will have a Pathways Plan.

In order for a planned approach to accommodation Child Care Services will involve Housing Services from the beginning of the Pathways Plan.

The impact of emergency cases will be minimised by early engagement with Housing Services and a risk assessment.

A permanent single person's tenancy may not be the best option for a young care leaver in the first instance. Child Care Services will consider other options for transitional accommodation.

Housing Services

Housing Services will be fully involved in the Pathways Plan for young people leaving Care.

The Housing Tenancy Services Manager (or Tenancy Services Housing Options Co-ordinator) and Assessment and Case Management Co-ordinator will attend planning meetings for care leavers with Child Care Services.

Housing Support requirements will be identified by Housing Support Services who will be involved at initial planning stage.

In order to reduce the likelihood of anti social behaviour, or other issues regarding compliance with tenancy conditions we will provide a named Housing Officer as a contact for the young person.

Housing Services will assess the young persons housing need and where required will recommend a Direct Let authorised by Head of Service (or delegated Housing Service Manager) in line with policy and procedures.

Housing Services will provide for Corporate Parenting within the review of the Allocations Policy.

Housing Services will engage with other Social Housing Providers to increase options for young people.

6. Monitoring & Review

Child Care and Housing Services (including Housing Support team) will meet bi/monthly to discuss progress of current cases.

Tenancy Services Manager will present a report to HSMT on an annual basis, this will cover areas such as volume of cases, resource implications, success and progress of tenancies.

Signed

Head of Services Housing.....

Head of Child Care Services

