

**BETTER HOMES, STRONGER COMMUNITIES:
A FRAMEWORK
FOR TENANT-LED CHANGE**

Transfer document

Pre-transfer document

Glasgow Housing Partnership Steering Group

BETTER HOMES AND STRONGER COMMUNITIES

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FOREWORD

Glasgow's housing conditions are amongst the worst in the UK. Faced with that harsh reality we owe it to the people of this city to introduce this radical and visionary plan. Everyone connected with this project accepts that the status quo is not an option.

This project is a gigantic undertaking but everyone is united that this will benefit the people of Glasgow, not only in the short term, but for generations to come.

In the first months of a new century the harsh truth is there for us all to see. Housing conditions, combined with high levels of deprivation and unemployment, cause major instability in the social and economic fabric of the city.

Below this sits a pernicious cycle characterised by a housing debt burden supported by fewer and fewer people, higher rents which are becoming increasingly unaffordable, and increasing numbers of households caught in the poverty trap. This removes the incentive and opportunity for many people to take active employment and over the medium term increase their income and overall economic activity.

The spiralling debt burden of the city is causing fiscal instability, which is not sustainable. As the debt rises, opportunities for fresh investment and the funding of other priorities may diminish.

What we are left with are conditions, which are unacceptable in a modern society. The trends, the facts and the figures are there to be seen by all;

- ❑ Debt burden per Council house has increased by 250% from £3,220 to £11,325 in cash terms (1979-1999).
- ❑ Rent per house has increased from £17.71 to £42.66 per week – an increase of 131% in real terms (1983-1999).
- ❑ Local authority housing stock numbers have fallen by 44% from 174,000 to 94,000 (1979-1999). Transfers to CBHAs (13,000 houses) CBHA housing has increased at the same time and people have chosen to become owners.
- ❑ Over the past 20 years, rent increases have been below inflation on only 3 occasions.
- ❑ Over the past 10 years on average over 50% of tenants' rent goes to service existing debt.
- ❑ Capital investment per house has fallen by 23% in real terms (1989-1999).
- ❑ Current investment required in Glasgow's housing is £1.6 billion. At current levels of investment, this will take almost 30 years to complete.
- ❑ The proportion of Council houses suffering from dampness is 25% higher than the Scottish average. Lack of central heating is twice the national average (25%).

- Almost 60% of stock has no double glazing (40% for Scotland).
- Over 80% of the city's stock does not meet current electrical standards.

Add to that growing concerns about neighbourhood security and safety and a pronounced level of dissatisfaction among tenants with their homes is twice the national average.

Nobody who cares for our community or our tenants can argue with the facts, nobody can hide away from the reality. Things must change. The key question is not if, but how.

How best can we ensure improved investment in Glasgow's housing to meet modern living standards and how can we ensure that such investment is lasting in a way in which provides not just for the current generation but the children of tomorrow.

This Framework will allow the opportunity to develop new and radical forms of local housing management, ownership and community-based regeneration. Local people must be at the centre of change in realising better housing and better-equipped organisations to deliver improved housing management and repair services. These are critical components in encouraging demand and stability in socially rented housing and in building stronger communities. The proposition we have commended is one which allows that evolution to a local level to take place in accordance with community capacity and choice. Change must be driven forward by communities at that local level.

But this Partnership must not be seen only as a housing venture but as a vehicle for wider change, offering hope for jobs, education and new technology initiatives that will run parallel with this proposal.

And moulding this proposal will be the tenants of Glasgow. This framework lays the foundation for change. It will be the people of Glasgow that will build upon it.

The tenants of Glasgow are quite clear of their priorities. From preliminary work done on tenants' expectations, their clear priorities are:

- Damp-free and modern homes.
- Affordable rents
- Effective repairs
- Protected or enhanced tenants' rights
- Safe communities which are stable and environmentally attractive
- Local accountability and control in the delivery of housing services
- Effective housing management which is decisive on issues like anti-social behaviour.

It will be the people of Glasgow who are the architects of this proposal.

Their voice will be heard during every part of this development, their hopes and aspirations accommodated and their fears and worries answered.

This is for the people. This is by the people.

1. THE VISION

1.1 Introduction

The document sets a framework for achieving an unparalleled expansion in community regeneration and housing improvement in Glasgow. The key trigger to a better Glasgow will be the transfer of the City Council's housing stock to non profit community organisations. This will unleash greater community empowerment, control and ownership by tenants. *[The framework has been agreed in principle by Glasgow City Council and the Scottish Executive].*

This document merely defines a starting point for action. It does not prescribe or dictate the process of transfer. The future of Glasgow's housing is rightly a matter on which the views of tenants, the Council, Government and the wider community can and should have an impact. The framework aims to provide the opportunity for tenants to have a key role in driving the process by organising around local priorities. Individual tenants need to be informed and involved at every stage in the process. Moreover, it is widely recognised that the initial proposal will have to allow much scope for future evolution of roles and organisations.

Housing transfer will be a key element in achieving a new vision for Glasgow and contributing to the wider issues of social inclusion, building sustainable communities and employment creation. This document sets the framework through which tenants and the wider community will play a key role in delivering this vision and the benefits that can be attained both in the short and long term.

1.2 City Vision – A Vision for Glasgow

All the partners in the Glasgow Alliance (including the public, private and community and voluntary sectors) are committed to a city vision.

"To ensure that Glasgow is a competitive City attracting and retaining jobs, people and opportunities." [Glasgow Alliance]

This vision is underpinned by a number of key priorities and styles of working including:

- Social inclusion and opportunity:** Tackling the problems of poor health, bad housing and poverty and enabling more people to participate in the social, economic, political and cultural life of the City.
- Sustainability:** Building sustainable communities and improving the environment of the City.
- Partnership:** Between different public sector agencies, between public and private sectors and with citizens and the wider community.
- Empowerment:** Enabling communities to play an active role in the decisions affecting their area.

1.3 **A Vision for Housing**

Better homes and the most effective organisation of housing provision have a major role in delivering this agreed City vision. Our vision for housing includes:

- creating strong and sustainable communities which comprise attractive mixed tenure neighbourhoods. These will be communities where people want to live and where they have opportunities for education and training, access to jobs and a variety of community facilities;
- ensuring that rented housing is attractive, fully modernised and energy efficient;
- meeting housing need especially amongst homeless people and others with particular needs;
- improving the quality and choice of housing across all tenures to dissuade people from moving outwith the City and to encourage others to return;
- finding ways to encourage home owners to improve and repair their homes;
- encouraging more effective housing planning and management.

1.4 **Objectives of Transfer**

The Council has the capacity to engender major change in the City's housing provision by transferring its stock. There are six key objectives of transfer:

- securing investment in the houses;
- tackling housing debt;
- promoting community empowerment, community control and community ownership;
- providing opportunities for individuals to purchase their homes;
- creating a more effective housing system;
- achieving excellent standards of design, construction, management and maintenance.

Within these overall objectives, detailed outcomes include:

- full modernisation of all the houses currently owned by the Council which, following discussions with all interested parties, are identified as having a long term life;
- more stable and affordable rents for tenants;
- new opportunities for low cost home ownership and improvements to existing owner-occupied houses;

- contributing to area and community regeneration;
- contributing to social inclusion;
- continuity of employment for Council staff and the provision of new opportunities;
- value for money for the public purse.

1.5 **Partnership**

To realise the vision and achieve these objectives will require commitment and a genuine working partnership. The skills, experience and energy of tenants and communities, the Council, the city's housing associations and other stakeholders must be harnessed to achieve the best possible outcome for the city from this opportunity. This working partnership will be underpinned and informed by the following key principles:

- tenants will be fully involved in the development of proposals for the improvement, management and ownership arrangements for stock at a local level;
- local influence and control over the regeneration/modernisation process and local service delivery will be maximised from the outset;
- a commitment to continuity of employment and opportunity for council staff;
- the potential contribution and involvement of the existing housing association network in the city will be fully utilised;
- transfer by a city-wide ballot to a new, not for profit landlord if tenants wish it;
- subsequently, clear opportunities for ownership of the stock to pass to local organisations beyond the city-wide transfer;
- all parties embrace the goals of community ownership, empowerment and control and the development of individual ownership initiatives.

2. **PRINCIPLES**

2.1 **The Role of Tenants**

The Partnership principles set out above aim to ensure that tenants will be at the centre of this project and that change should be driven from the local level. The framework will provide the opportunity for collectively organising around local priorities. Individual tenants need to be informed and involved at every stage in the process. Tenants will be further consulted on how their involvement might be taken forward.

2.2 **Role of Other Partners**

2.2.1 **CBHAs**

We believe that the creation of a new approach to housing in the city should embrace and build upon the work of existing not for profit providers, namely housing associations and co-operatives.

A working agreement should be established between the Council, the organisations described in para 5 of this report and the city's existing housing associations. Housing Associations and Co-operatives already own and manage 40,000 houses in the city, operating in many neighbourhoods where there are substantial amounts of GCC stock. They have a solid track record in the delivery of effective local housing regeneration and management and offer clear opportunities for tenants in both community ownership and management.

2.2.2 **Tenant Management Co-ops**

The city's tenant management co-operatives should also be actively engaged in developing the proposal. There are 21 tenant management co-operatives active in the city, successfully undertaking devolved service delivery for some of the GCC stock. These organisations operate at community level and represent a valuable resource which should be built upon.

2.2.3 **Other Agencies**

There is a need for broader consultation about the proposed transfer with a number of other key public agencies and organisations. These include:

- Scottish Homes as regulator and regeneration agency.
- The Glasgow Alliance, the GDA and Scottish Enterprise, to complement the investment in housing.
- the European Union where there is potential to draw down resources from a variety of European programmes.
- the private and voluntary sectors.

2.2.4 **The Council and the Scottish Executive**

These organisations have key roles in developing the transfer proposal and in securing subsequent change. Both need to be committed and imaginative in delivering the best for the tenants of Glasgow. Their actions and policies will also crucially affect the transfer proposal. It is therefore essential that we put in place a protocol which guarantees collaboration with the new organisation(s) (see section 5) on a variety of points. In particular, any proposed investment or committed programmes which will impact on the new organisation(s) need to be intimated at an early stage.

3. STRATEGY AND PROCESS

3.1 To achieve the objectives for community regeneration set out in this document, all of the Council's housing stock must be transferred to enable:

- Tenants to set local housing and investment strategies
- Tenants to take control of their housing service
- The improvement of all of the Council's stock which has a long term life
- Tenants to maximise opportunities for community ownership and individual home ownership.

This will require the creation of a number of new vehicles to take ownership of the Council stock, to deliver a housing service and investment programme, and to develop strategic planning and co-ordination at an area level.

3.2 Pre-ballot

In order to assist tenants in developing the transfer proposal it will be necessary to implement the following in advance of the city-wide ballot;

- Glasgow Strategic Housing Partnership

A new Strategic Housing Partnership will be established between the Council and Scottish Homes which will undertake the following strategic functions:

- to monitor and assist the transfer process
- to evolve new arrangements for strategic, funding and development responsibilities
- to establish Area Housing Partnerships
- to monitor the performance of AHPs
- to promote community capacity at a local level
- to develop and promote best practice.

- Area Housing Partnerships

14 Area Housing Partnerships (AHPs) will be established across the city with the remit to develop an Area Housing Plan in each area and to develop community capacity. Each Partnership will have a Board which will consist of tenant representatives, elected members and independent members. It is envisaged that a Councillor could chair each Board. AHPs will be serviced by staff provided by the Council and Scottish Homes. AHPs will be a key driver at a local level in developing Area Housing Plans, organisational structures and with others will assist tenants in establishing the Local Housing Organisations responsible for service delivery. AHPs will require staffing to develop community capacity.

❑ The Glasgow Housing Association

At the same time as the creation of the AHPs, an "interim" Management Committee of the Glasgow Housing Association (GHA) will be established. GHA will be the organisation which takes forward the city-wide transfer proposal. The GHA Board will have 16 members, 6 elected members (4 GCC, 1 MP, 1 MSP); 5 tenants (1 representative from the Federation of Tenant Management Co-ops and 4 from the City-Wide Tenants Forum); and 5 independents drawn from appropriate organisations, such as housing associations, trade unions and the private and voluntary sectors.

❑ Local Housing Organisations

Local Housing Organisations (LHOs) will be established to deliver local housing services under contract from the GHA. This could be new organisations or existing CBHAs. LHOs will be tenant controlled and registered with Scottish Homes. The number of LHOs will be decided in discussion with the Council's tenants with input from the GHA and AHPs. Currently, Neighbourhood Forums are the mechanism for taking forward these discussions, and LHOs will evolve from the Forums. LHO boundaries will achieve a "fit" with AHP boundaries.

❑ Area Housing Plans

AHPs will develop Area Housing Plans in each of the 14 parts of the city. These plans will bring together the housing and investment plans being developed by the Council's tenants in the transfer discussions along with the housing and investment plans of other social housing providers. Indicative allocations for transferring stock will be made by GHA in each area, to assist the AHPs in the development of their plans.

❑ City-Wide Business Plan

The GHA will develop a City-Wide Business Plan, in discussion with the Council's tenants through the LHOs and the AHPs. This will form the basis of the information on local investment proposals provided to tenants in advance of ballot.

3.3 City-wide Transfer

A city-wide transfer is essential because

- ❑ we want a solution for housing across the city
- ❑ it will enable responsibility for outstanding HRA debt to transfer to the national taxpayer, and will generate benefits that justify this
- ❑ it will enable over £1 billion of private funding for improvements to be secured as cost effectively as possible.

City-wide transfer will require a successful ballot of all Council tenants. It will be essential

- ❑ to involve tenants fully in developing the detailed transfer proposal
- ❑ to demonstrate convincingly to tenants that city-wide transfer will deliver
 - comprehensive improvements within an acceptable timescale
 - more stable and affordable rents
 - tenant control
 - improved housing and repairs services
 - choice about management and future ownership arrangements

This will require a comprehensive and sensitive consultation and information strategy, the development of which should be an early task.

3.4 **Extending Community Ownership and Management**

- ❑ A shared aim of the transfer process is to promote local community empowerment, control and ownership. The GHA and the AHPs will have the clear intent and purpose of promoting this shared aim, and the GHA will agree with the Council and the regulator (ie Scottish Homes) a clear strategy for delivering its role. Adherence to this will be monitored by the Council and Scottish Homes, as will the role and performance of the AHPs.
- ❑ Choices will be available to tenants in exercising greater devolved management and opportunities for community ownership. In terms of devolved management, tenants will move to a local management arrangement immediately after city-wide transfer. That local management will be provided by a new Local Housing Organisation or an existing community-based Housing Association according to their choice.
- ❑ From the outset, tenants will be offered advice and assistance about taking ownership at a more local level in future. There will be different solutions for different parts of the city. Four such examples might be:

Tenant Management Co-operatives: where tenant management co-operatives would be given the opportunity to register as community-based housing associations or housing co-operatives.

Community Regeneration: this example is most likely to apply in areas of the city (eg the outer estates) where significant restructuring of the stock and the tenure pattern is required.

Partnership: there are a number of neighbourhoods in the city (some located within SIPs/Regeneration Areas) where there are relatively large well established community sized housing associations and where the Council may not currently be the main provider (eg Partick). These organisations may well prove attractive partners to both tenants and staff.

Estate/Single Landlord: There are a significant number of neighbourhoods across the city where the Council is the predominant landlord with little or no presence of community-based housing associations (eg Knightswood).

Details of how these organisations may evolve are included in Annex 1. Transfer to local ownership will be by means of a local ballot which can take place as soon as it is legally and financially possible after city-wide transfer has been effected.

- ❑ All such further transfers will be subject to the following conditions;
 - the landlord organisations will be registered with Scottish Homes;
 - there must be evidence that tenants have voted for a transfer;
 - the transfer price will be agreed with the GHA;
 - all relevant staff will transfer to the new landlord under TUPE.
- ❑ The overall financial viability of the remaining houses in the ownership of the GHA will be preserved. In order to achieve this and also achieve the agreed objective of promoting local community ownership, the financial arrangement entered into by the GHA both at the point of city-wide transfer and subsequently will be designed to avoid creating financial barriers to onward transfer, to the maximum extent possible.
- ❑ Specifically, the price paid by an acquiring landlord at second stage transfer will reflect the net present value of the net rental stream (cash flow) to the GHA, and will ensure that the transfer will have a neutral financial effect on the GHA. Further discussions will take place with funders on this.
- ❑ At the end of a 10 year period after city-wide transfer, those tenants who have not chosen local ownership will be invited to participate in a survey confirming whether they wish to remain with the GHA or consider transferring to more local ownership arrangements. If the survey shows there is substantial support for further local ownership arrangements, a proposal will be worked up and put to tenants in a ballot.

3.5 **Early Action – Best Practice**

It is important in establishing the new organisation(s) that tenants see early signs of improvements in both service, home improvements and choices of management and ownership. Encouraging tenants to fully engage in the transfer process means that their involvement has to be both valued and productive. In addition, it is crucial that staff and tenants are encouraged to be innovative and to promote and disseminate examples of best practice. This is central to defining the culture of the new organisation(s) and in giving tenants confidence that it truly is community and customer driven. We therefore suggest promoting an early action programme of best practice. It is recommended that the Area Housing Partnerships in conjunction with the Neighbourhood Forums explicitly consider these models of best practice as a basis for developing innovative solutions to community based approaches. These could take the form of;

- ❑ Early action investment which is client specific (eg the elderly)
- ❑ Early action investment which focuses on the worst housing conditions and has a wider social benefit (eg warm homes and its connection to improved health and energy efficiency)

- ❑ Early initiatives which promote models to encourage home ownership, employment and training and ICT inclusion
- ❑ Early progress in initiatives which demonstrate the further development of community ownership. As stated earlier, four such examples of how these might evolve are described in Annex 1.

3.6 **Owner Occupation**

The transfer process gives the opportunity to develop new opportunities for owner occupation and a more holistic approach to housing management which operates across tenures. This is consistent with the welcome announcement by the Scottish Executive of a new single social tenancy and providing guarantees to tenants that they will have a secure tenancy.

A package of new initiatives for promoting owner occupation and assisting existing owners will be developed, which could include

- ❑ a framework which encourages households (tenants or owner occupiers) to improve and maintain their homes
- ❑ a role for the local organisations (LHOs and CBHAs) as community factors
- ❑ credit support for aspiring owner occupiers through a credit union targeted at residential mortgages
- ❑ a structure which will encourage existing RTB owners to 'opt in' to community factoring as a way to address disrepair
- ❑ a safety net for either existing or new RTB owners who find it impossible to meet the financial obligations of owner occupation.

Promoting home ownership and community factoring will form a core objective for the GHA from the outset and will be reflected in the business plans. Significant early wins can be generated from the implementation of this initiative. In addition, the proposals for a modern approach to owner occupation and area management are very positive and provide the opportunity to tap the latent demand which exists for owner occupation amongst tenants.

4. **A PLANNING AND INVESTMENT FRAMEWORK**

The Planning and Investment Framework envisaged is based on the establishment of Area Housing Partnerships which provide the opportunity to develop a much stronger and integrated basis to deliver housing investment and sustainable communities. Area Housing Partnerships will bring together all of the housing providers and tenants in a given area to develop an Area Housing Plan covering the following issues:

- ❑ identifying demand, needs and housing requirements
- ❑ an integrated housing investment strategy covering all providers and tenures
- ❑ the potential for individual home ownership

- the role of the private sector
- the promotion of community management, control and ownership
- the broader opportunities for regeneration, local employment and the potential uses of land.

In developing this Area Housing Plan, it is envisaged that indicative allocations be identified at an area level across the following heads:

- The Investment Programme for transferring Council stock
- Scottish Homes Development Budget
- NHP Funding or other relevant challenge funding programmes targeted to housing
- identified private sector investment.

The local investment strategy should also consider and inform other proposed housing and non-housing investment. It is envisaged that the Area Housing Partnerships should have a clear linkage to the 8 Social Inclusion Partnerships across the city and that joint programmes and activities be developed to strengthen regeneration, employment and social inclusion. Planning for sustainable communities requires an integrated approach to investment in both physical and social infrastructure. Co-ordination will therefore be required across all public agencies and with the private sector.

5. STRUCTURES

5.1 Roles and Responsibilities

The purpose of the organisational structure described below is to devolve responsibility for management and ownership to the community level. This will be achieved by the overall objectives of the Glasgow Housing Association being transferred through service contracts to Local Housing Organisations which will also facilitate transfers of management and ownership to the community level, should tenants wish it.

5.2 Strategic Investment and Planning: Area Housing Partnerships

A range of strategic functions will be undertaken at **area** level by Area Housing Partnerships, with all local housing providers working together and with the maximum possible co-ordination with other regeneration investment organisations in order to realise the optimum benefit for local residents.

Area Housing Partnerships will have a number of strategic functions:

- Promoting community ownership and management initiatives at a local level including an analysis of the appropriateness of current structures for effective service delivery.
- Bringing together all housing providers in developing comprehensive plans for house improvement and restructuring in the area. (Area Housing Plans).

- Linking housing investment into the regeneration agenda and programmes set locally by the Social Inclusion Partnerships (where they exist), otherwise within the new Area Management structure being developed by the Council.
- Wherever possible, link housing investment to other public service investment (eg schools, health services)
- Exploiting opportunities for private sector investment
- Affirm that housing providers' business plans, including LHOs business plans, are consistent with the Area Housing Plan
- AHPs should be jointly established by and report to the City Council and Scottish Homes through the new Strategic Housing Partnership.

In addition, they will be responsible for:

- community capacity building
- supporting local housing staff in defining management and ownership choices for tenants
- sharing best practice between housing providers
- co-ordinating housing matters of mutual interest to housing providers, eg homelessness, demand, waiting lists and allocations.

5.3 **The Glasgow Housing Association**

- will prepare a city-wide business plan on the basis of local business plans produced by the LHOs and affirmed by the Area Housing Partnerships
- will develop a strategy to promote greater community management and ownership at a local level
- will procure funding
- will be the transfer vehicle for the city-wide transfer
- will own the houses
- will be a not for profit housing association
- will be registered with Scottish Homes but not eligible for HAG
- will immediately contract out the delivery of the housing service to LHOs/or existing CBHAs
- will agree and set the investment framework with AHPs and LHOs, monitor performance and undertake financial and quality control necessary to meet the overall funding and business plan

- in consultation with the Local Housing Organisations and tenants, will establish overall rent levels for the stock in ownership
- will employ staff and will immediately second and contract local staff to Local Housing Organisations
- will provide support staff to LHOs after negotiation
- will consult with the statutory organisations, including the Council, on strategic, city-wide priorities
- will support LHOs to procure capital investment
- will cross subsidise between different areas of the city to achieve consistency in housing standards and agreed business plan objectives. This role will require discussion and negotiation with LHOs as part of the preparation of local and city-wide business plans
- where LHOs wish it, the GHA will procure directly on LHOs' behalf where best value can be demonstrated
- will contract with the Council to provide services to assist the Council to meet its statutory obligations (eg homelessness).

5.4 Local Housing Organisations (LHOs)

The LHO will

- be controlled by tenants
- assume immediate responsibility for all housing services
- be represented on the AHP and contribute to the development of the Area Housing Plan
- develop the initial business plan for the area and will determine needs and priorities, and draw up investment plans
- design, procure and manage the local investment programme for stock under management consistent with best value principles
- where LHOs wish it, the GHA will procure directly on the LHOs' behalf where best value can be demonstrated
- be registered with Scottish Homes as a community landlord under proposals to be included in the forthcoming Housing Bill
- manage staff seconded from the GHA and competitively appoint and manage any additional staff required
- facilitate tenant consultation and involvement in partnership with the AHP.

5.5 **Repairs and Maintenance**

The LHOs will assume immediate responsibility for managing the housing repair and maintenance service. The basis of that service will be as follows:

- The LHOs will contract individually for services with the DLO
- The DLO will remain within the Council for an initial period of 3 years
- After a 3 year period, the LHOs will be free to invite tenders from other contractors
- After the 3 year period, the DLO would be free to compete for all or part of the repairs and maintenance budgets of the LHOs and would be free to decide whether to compete for the new investment of over £1 billion
- The contract structure will maximise the benefits of lifecycle costings.

5.6 **Neighbourhood Forums**

Neighbourhood Forums are an important means of developing an initial dialogue with tenants at a local level. It is envisaged that the Forums will have the opportunity to evolve over time to become the new tenant-controlled Local Housing Organisations. The number of LHOs will be a matter for tenants in discussion with GHA and AHPs. This will require adjustment to the existing Forum boundaries, and will be an issue for tenants to resolve during the consultation process. Membership of Neighbourhood Forums will be a matter for the tenants who are directly affected by any proposal. Tenants should consider widening the membership of their Forum to include, on an ex officio basis, owner/occupiers and tenants of CBHAs.

- All Forums will have access to independent advice.
- To assist tenants, a consistent framework will be put in place covering membership and organisation, and all Forums should be chaired by a Council tenant.
- The Council will have the lead role in supporting and working with the Forums. Scottish Homes and AHPs will offer support to the Council with this task.
- Key outputs required from the Forums are as follows:
 - local investment priorities and plan
 - local housing service priorities
 - preferred delivery structures for local services
 - contribution to AHPs and to the Area Housing Plan.

- ❑ The City-Wide Tenants Forum is made up of representatives from each Neighbourhood Forum. This group should have a clear remit to undertake a number of key roles including;
 - informing the transfer process from the tenants' perspective
 - providing a tenants' view of city-wide issues, eg rent setting policy
 - addressing issues of common concern across a number of local Forums, eg MSFs
 - acting as a communication channel between the GHA and the Neighbourhood Forums.

The City-Wide Forum will be a major player in the overall process and should be invited, as a matter of priority, to agree a clear definition of its role.

5.7 **Organisational Structure and Culture**

Ultimately the success of the Glasgow housing transfer will not be determined solely by policy, structure or strategy, albeit these are important. Its success will ultimately be dependent on creating progressive new organisation(s) which are:

- ❑ customer and citizen driven
- ❑ well managed and dynamically led
- ❑ peopled by staff who are motivated, empowered and skilled
- ❑ performance driven
- ❑ inclusive and founded on the principles of partnership.

The new organisation(s) should have the guiding principle of delivering excellence and value to its tenants and customers. That, in our view, means constructing organisation(s) which are:

- ❑ clear about their objectives
- ❑ vigorous in their pursuit of quality services
- ❑ committed to community based management, control and ownership
- ❑ prepared to confront outdated practice and champion the challenge of change.

The new organisation(s) should be committed to the principles of best value and continuous improvement and should therefore seek to promote organisational learning, staff empowerment and change management.

5.8 **Staff and Employees**

Our view is that;

- All staff transferring to GHA will be protected by TUPE.
- All staff working at a local level will be seconded to LHOs or AHPs. Clear contracts will be established for those staff seconded.
- Staff employed by Building Services on HRA client activity will be similarly transferred and seconded where appropriate.
- Staff delivering repairs and maintenance services will remain with the Council for a contracted period of 3 years. Thereafter the DLO will be free to compete.
- Staff will be required to service and support the AHPs and LHOs.
- Senior staff within the GHA/LHOs will be competitively appointed.
- Independent tenant advisors to be appointed to the City-Wide and Neighbourhood Forums
- Detailed proposals require to be worked up for those staff who may be currently employed on housing related activity but who are financed through the General Fund. This will provide clarity and continuity of employment for those concerned.
- The Council and the GHA will need to devise proposals for the FTEs (Full Time Equivalents) of staff who would transfer from central service functions and other contract services within the Council (eg IT, Personnel, Committee support, cleaning, etc). The process envisaged here will not be dissimilar to staff transfers at the time of local government reorganisation.
- Negotiations will be required between the GHA and the Council on staff carrying out existing statutory functions. This may appear to be straightforward but complexities may arise when dealing with 'contracted' activities such as housing benefit and homelessness. Equally, some staff may be currently undertaking duties which span activities to be separately undertaken by the remaining Council organisation and the new housing organisation(s).

5.9 **Boundaries**

New boundaries will require to be established for both the Area Housing Partnerships and the Local Housing Organisations. A decision on the AHP boundaries requires to be taken quickly in order that these Partnerships can be established to support tenants in the development of a transfer proposal. Local Housing Organisation boundaries will be developed through dialogue with tenants and will require to be established in advance of a ballot.

Area Housing Partnership Boundaries

The Development Team has made initial recommendations on both the number and the boundaries of the AHPs, to provide a focus for local discussions. These recommendations will take account of key housing market areas of the city, and as far as possible match existing structures such as SIPs and the proposed new boundaries of the Council's Area Management structure. A final decision on the boundaries will be taken by the Council and Scottish Homes, after discussion with tenants and the Scottish Executive.

Local Housing Organisation Boundaries

LHOs will be the organisations responsible for delivering the housing service to tenants. As such, the views of tenants will be a key factor in determining these boundaries pre-transfer. It is important that the service delivery mechanism is able to reflect local perceptions of what constitute community. It is envisaged that LHO boundaries will typically fit with the new AHP boundaries, however, there is no presumption about the number of LHOs. Final decisions on the new LHOs will rest with the GHA.

5.10 In summary, the mechanism proposed for transfer is illustrated in Annex 2.

6. FINANCIAL ISSUES

6.1 Funders' Views

Section 3 of this report outlines the strategy and process of the stock transfer, including the investment framework. This section sets out a number of the financial issues related to the transfer.

The following will be issues on which funders will concentrate;

- demonstrating sustainable demand for housing at a local and city-wide level
- demonstrating the retained stock has a 30-year plus life
- assurance that rent levels will be guaranteed for the first five years
- a clear order of priority for the use of available cash
- transparency of the organisational structure and governance regime
- funders right to step in along with Scottish Homes as the regulator.

Recent meetings with funders have confirmed continued interest in the Glasgow stock transfer. They confirmed that they were comfortable with the principle points on the structure outlined above but stressed the need for a clear financial and management structure.

Funders also confirmed the importance which they attach to the wider urban regeneration agenda. They will require evidence that local communities have a sustainable future over a thirty-year timescale.

All options which transfer the housing and obligations for maintenance outside the Council will have VAT implications. The VAT implications will be affected by the final choice of operating structure.

6.2 **Availability of Other Funding**

As alluded to previously, there are a number of other sources of capital housing investment, which over the medium term could potentially be used alongside the stock transfer initiative. These include Scottish Homes Housing Association Grant (HAG) and GRO Grant budgets, and Glasgow Development Agency's Brownfield Sites for Housing budget.

It is recognised that these budgets will be substantially committed for the foreseeable future to meet already identified housing priorities. Thereafter, LHOs will be eligible for HAG for new development. This is consistent with the aim to achieve community control of investment decisions and community ownership of the stock. It is proposed that HAG would not be available to the Glasgow Housing Association.

6.3 **Financial Model**

All levels of the management and ownership structure will require a financial model and a cost benefit framework that allows individual investment decisions to be appraised rigorously. This will ensure that the top down and bottom up process of preparing business plans at the city wide and local levels respectively results in a series of seamless business plans across the city. The outputs from the investment analysis will include the following;

- a clear statement of objectives
- a housing needs and demand assessment
- the management and staffing strategy
- option appraisal
- plan for procuring capital and lifecycle maintenance
- financial analysis
- sensitivity and risk analysis

The financial model will allow the cost and benefits of improvement options to be discounted to a common base year to enable comparison with the alternatives. Following any second stage transfer, new landlords will have increased financial autonomy based on individual relationships with funders. There will remain a requirement for a strategic city-wide role which will rest with the Council and the GHA.

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6.4 **Historic Debt**

Approximately £873 million of PWLB loans are outstanding and allocated to the housing revenue account. In addition, a further £57 million of covenant debt is outstanding. Mutually satisfactory arrangements for dealing with this debt will require to be agreed between the Council and the Executive.

- 6.5 Further detailed assessment and investigation is required on all of the financial issues pertaining to the framework as part of the progress towards the ballot.

7. **CONCLUSION**

The proposed transfer is a radical project that offers the largest single opportunity for community renewal in modern times. It places people and communities at the heart of a process of change which if realised will have a pronounced and long lasting impact on the quality of people's lives. It has the capacity to deliver better homes, jobs, training and stronger communities who have real control over their future. Securing that potential will require commitment, energy, enthusiasm and a unity of purpose from a wide range of people and organisations. Building that unity of purpose needs now to be our collective goal.

Transfer document

29 March 2000
BA/LM

Pre-transfer document

**EARLY ACTION – EXTENDING CHOICES OF OWNERSHIP
TO A COMMUNITY LEVEL**

Four categories of circumstances have been identified by the Development Team as warranting different approaches to transferring ownership of the stock down to the level of individual communities. These choices should be made available to tenants at an early date. Where tenants wish it, and where practical, demonstration projects should be progressed, for each of the four examples, namely:

- (1) **Tenant Management Co-operatives**
- (2) **Community Regeneration**
- (3) **Partnership**
- (4) **Estate or Single Landlord**

These are outlined in more detail as follows:

(1) **Existing Tenant Management Co-operatives**

There are currently 21 tenant management co-operatives operating within pockets of City Housing stock, mainly, though not exclusively outwith the Social Inclusion Partnerships and the Regeneration Programme Areas.

Whilst these organisations do not own the stock, they have undertaken successfully devolved service delivery. As with the existing community-based housing associations, the expertise and commitment of the tenant committee members and staff of these existing tenant management co-operatives should be built upon.

Existing tenant management co-operatives could be given the opportunity to register as community-based housing associations or housing co-operatives, and promoted to tenants for ownership transfers with current TMC staff transferring. As some of the TMCs are very small scale, there may be a question over their viability and long-term sustainability as ownership organisations. Early action may therefore be best achieved by focusing on the larger TMCs initially, whilst addressing the more complex issues for the smaller-scale organisations over a longer timeframe.

(2) **Community Regeneration**

This is likely to apply in a large estate or area of the city where significant re-structuring of the physical stock and the tenure pattern in the area is required. The areas will likely be characterised by high concentrations of deprivation, reflected in their status as designated Social Inclusion Partnerships (SIPs) or Regeneration Programme Areas (RPAs). Community ownership has already been successfully established in pockets of these areas through stock transfer to registered housing associations. The consequent resident-led housing regeneration has met with considerable success in turning areas around, and has frequently generated spin-off initiatives to reduce local unemployment or establish much needed community facilities.

The scale of the problems and the regeneration challenge in these areas points to a solution which is driven by local communities, actively involving as many local residents as possible and with intensive management of housing at individual neighbourhood level. Transfers to community ownership in this scenario would most appropriately be at a smaller neighbourhood level.

The aim within the community regeneration example is to build upon a community ownership approach at neighbourhood level, working with the existing network of local housing associations. Transfer for many of these existing organisations may well be an attractive option for tenants and for staff. Small/medium scale ownership transfers could be promoted within a discrete neighbourhood(s) to existing housing associations to demonstrate early action, subject to tenant support.

However, not all transfers within the SIP/RPA areas will be as straightforward – there will be some neighbourhoods which are not covered by an existing housing association. There will be others where the existing housing association(s) may not be appropriately constituted or have sufficient capacity, or may wish to join forces with other housing association providers/or with a new neighbourhood-wide organisation. The more complicated the situation, the more time may be required to achieve optimum solutions. In such areas, promotion of more obvious, straightforward transfer(s) could be achieved relatively quickly, whilst progressing the more complex initiatives would take longer.

(3) **Partnership**

There are a number of neighbourhoods in the inner city (some located within SIPs/RPAs), where there are relatively large, well-established community-based housing associations, and where City Housing may not be the predominant provider. These organisations may well prove attractive transfer “partners” to both tenants and housing staff. Many of these larger associations have had considerable success in widening out their activity beyond housing to address other priority needs within their communities, eg for employment initiatives, community facilities, credit unions, etc.

In these neighbourhoods, rather than create a separate vehicle for any transfer to community ownership, there would be merit in promoting the existing organisations as suitable community landlords, subject to tenant support. Many of the existing organisations will already have constitutions which allow membership by local GCC tenants and could devise further mechanisms to offer transferring tenants greater representation/autonomy within the structure. Many also have the capacity currently to take ownership of a significant portfolio of stock, subject to criteria set out in the Framework.

(4)

Estate/Single Landlord

There are also a significant number of neighbourhoods across the city where City Housing is the predominant landlord with little or no presence of community-based housing associations. Frequently, these tend to be the areas where the stock is generally stable and there is little requirement for radical restructuring of the housing stock or tenure. Regeneration is less of an issue in these areas than with the need for intensive management solutions. Dependent upon the size of the stockholding within individual neighbourhoods, any onward transfers in these circumstances might be of a reasonably large scale.

In these neighbourhoods, new community-based housing associations could be established and promoted to tenants for transfer with local residents forming the management committee, and with staff transferring to the newly created organisations. It should be possible to achieve at least some early transfers in these circumstances, despite the lack of established vehicles and the consequent need to create new organisations to receive the stock.

STRATEGIC AND MANAGEMENT ARRANGEMENTS

