
Report To:	Environment & Regeneration Committee	Date:	13 January 2022
Report By:	Interim Director Environment & Regeneration	Report No:	E+R/22/01/03/SJ
Contact Officer:	Stuart Jamieson	Contact No:	01475 712402
Subject:	Clune Park - Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide the Committee with an update on the Clune Park acquisition programme.

2.0 SUMMARY

- 2.1 The Clune Park Estate consisting of 437 flats, later reduced to 430, in the form of five horseshoe shaped backcourts was constructed between 1918 and 1920 by a local shipbuilder to provide housing for the workforce.
- 2.2 The flats were modernised by the estate owners (Lithgow) in 1959-61. In 1975 Lithgows disposed of the flats in varying portfolios to a number of investment companies. Subsequent disposals spread the ownership of the estate amongst a large number of individual owners and latterly a number of private sector landlords with varying sizes of portfolios.
- 2.3 Since 2001, following the publication of the Llewelyn Davies Reports, the Council and its partners have sought to carry out improvements for the area through acquisition of properties leading to demolition and eventual regeneration. To date that has resulted in acquisitions of approximately 45% of the stock in the estate.
- 2.4 In order to attempt to make significant acquisitions the District Valuer was appointed in August 2021 to provide an up to date Market Value, and Investment Value, of the remaining premises in Clune Park. Committee approval for an amended acquisition strategy was granted at the Committee meeting on the 26th August 2021. It was proposed that the District Valuer would carry out negotiations with landlords with a portfolio of twenty properties or more for the acquisition of their properties and that specific purchase criteria, developed by the District Valuer, would be applied in the acquisition of all other remaining properties.
- 2.5 Based on initial indicative valuations it was clear that the remaining funding for the Clune Park Strategy was insufficient and an allocation of a further £1million was sought through the Policy and Resources Committee and subsequently allocated.
- 2.6 The District Valuer has engaged with the two portfolio landlords and negotiations, sometimes fraught, have taken place.
- 2.7 Letters, based on the valuations provided by the District Valuer, have been issued to the individual owners and this exercise has met with some success.
- 2.8 It is proposed to continue both portfolio and individual landlord negotiations/ acquisitions for a period up until 7th February 2022 to exhaust all opportunities for acquisition and provide a further update paper to the March Committee

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee:

- (a) Notes the current position in respect of Clune Park;
- (b) Agrees that the District Valuer continues to negotiate, on behalf of the Council, for the acquisition of the portfolios of landlords who have twenty properties;
- (c) Agrees that Officers should continue to pursue the acquisition of portfolios from smaller portfolio landlords; and
- (d) Notes that a further report will be brought back to the Environment and Regeneration Committee following the conclusion of these negotiations

Stuart Jamieson
Interim Director, Environment and Regeneration

4.0 BACKGROUND

- 4.1 The Clune Park Estate, consisting of 437 flats, later reduced to 430, in the form of five horseshoe shaped backcourts was constructed between 1918 and 1920 by a local shipbuilder to provide housing for the workforce. The bulk of the tenement blocks making up the estate are four storeys high with an outer skin of red sandstone. The buildings are unusual for the West of Scotland in having concrete flat roofs in place of the more usual slated pitch roofs with timber frames.
- 4.2 The flats were modernised by the estate owners (Lithgows) in 1959-61. In 1975 Lithgows disposed of the flats in varying portfolios to a number of investment companies. Subsequent disposals spread the ownership of the estate amongst a large number of individual owners and latterly a number of private sector landlords with varying sizes of portfolios.
- 4.3 Since 2000 a series of reports, including;- Inverclyde: Housing Market, Local Economy & Depopulation – Llewelyn Davies July 2000; Area Renewal Plan 2001-2011: Port Glasgow, 2001 – Llewelyn Davies; Adamson House Condition Survey 2005; The Clune Park Private Sector House Condition Survey May 2011 has highlighted the need for significant intervention in the Clune Park Estate given the poor condition of the stock.
- 4.4 The Council served 41 Demolition Orders in terms of the Housing (Scotland) Act 1987 on 405 properties in June 2014. 276 appeals were lodged at Greenock Sheriff Court in respect of these Demolition Orders. Six cases were heard at Greenock Sheriff Court in January 2016 resulting in the appeals being upheld. The written decision from the Sheriff made it clear that the Demolition Orders served in June 2014 were on the basis that the Council believed that all of the properties within the Clune Park Estate had roof slabs which were suffering from a phenomenon known as “corrosion swelling”. As the Committee has previously noted, the Court had heard evidence from a number of witnesses in January 2016 and the outcome was that the Court was not satisfied that the structural engineer commissioned by the Council had correctly undertaken investigations that would allow him to come to the conclusions that were the foundation of the Council’s actions. The Court was of the opinion that the Demolition Orders were fundamentally flawed to that extent.
- 4.5 Following the 2016 judgement on the appeals against the 2014 Demolition Orders the Council’s Education & Communities Committee approved a revised strategy for the Clune Park Estate. As the appeals had been upheld largely on the principle that findings in one property could not be extrapolated to others in the estate it was agreed that the Council would proceed on a close by close basis in future.
- 4.6 The legislation on Closing Orders allows their service where a property does “not meet the tolerable standard and ought to be demolished”. Demolition Orders must be served in the same circumstances where a building consists entirely of houses which meet these criteria. In order to address the “ought to be demolished” test, the 2017 Strategy included the instruction of Economic Viability Reports to establish whether a property was, in the opinion of the surveyor, beyond economic repair.
- 4.7 In January 2017 Inverclyde Council owned 28 properties in the Clune Park Estate. This had increased to 39 by November 2018 and to 197 in August 2021. The substantial increase is largely, but not entirely as a result of the purchase by the Council of the portfolio interests of two landlords. The Council now owns approximately 45% of all properties in the estate. Negotiations had taken place with the remaining portfolio landlords on the same terms however they had broken off from these negotiations.
- 4.8 In 2018 the Council and River Clyde Homes (RCH), the largest RSL in Inverclyde, jointly commissioned a masterplan from Hypostyle Architects for the Clune Park Estate. Although RCH was a partner of the Council in commissioning this document it should be noted that there is no legal agreement between the parties for long term delivery of the Masterplan. Inverclyde Council as a stock transfer authority cannot build housing for social rent and is reliant on partner RSLs to deliver the projects detailed in the SHIP(full title) using the Scottish Government’s funding through the Resource Planning Assumption (RPA). A partner RSL will therefore ultimately be required to deliver any social housing to be built. The masterplan was

approved by the Council's Education & Communities Committee in October 2018 and formed the basis for further discussions with the Scottish Government's More Homes Division on future funding for the plan. Unfortunately this plan was considered to be too expensive.

- 4.9 In developing its acquisition strategy for the Clune Park Estate the Council created a purchase plan. The basis of the plan, agreed by Committee, was that for properties which were closed, either with a closing order, demolition order or a dangerous buildings notice, the conveyancing fees of £350 would be paid and a flat rate payment for all other flats of £3,500 would be made.
- 4.10 In August 2021 the Committee agreed for the District Valuer to engage in negotiations directly with landlords with a portfolio of twenty or more properties with a view to the acquisition by the Council and to provide a range of values for properties in Clune Park to allow the Council to make offers to acquire properties from landlords with smaller portfolios.
- 4.11 An additional £1million was allocated by the Policy and Resources Committee

5.0 CURRENT POSITION

- 5.1 Negotiations between the District Valuer and the larger portfolio landlords have continued. Following recent discussions it is clear that there may be an opportunity to progress matters with at least one of the landlords.
- 5.2 The owners of all of the remaining properties have been written to. To date there have been twenty two positive responses indicating a willingness to sell and these transactions are being progressed. It has been apparent that a number of owners have not been contacted through moving address and a search process is underway to try to contact them.
- 5.3 In order to draw matter to a conclusion it is proposed to maintain negotiations and searches / acquisitions for a further month ie till 7th February in order that a further report can be considered by the March Committee

6.0 IMPLICATIONS

6.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Clune Park	Property Purchase	2021/23	Various acquisition costs		Estimate of further funding required pending DV negotiations with larger portfolio owners. Subject to P&R approval

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments

6.2 Legal

The Interim Head of Legal Services has been consulted in the preparation of this report.

6.3 Human Resources

There are no HR implications arising from this report.

6.4 Equalities

Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

6.5 Repopulation

If the proposals contained within this report are approved, the outcomes will contribute towards the Council's repopulation agenda.

7.0 CONSULTATIONS

7.1 The Corporate Management Team have considered the contents of the report and are supportive of the proposed Strategy.

8.0 BACKGROUND PAPERS

8.1 N/A