

EAST AYRSHIRE COUNCIL
HOUSING COMMITTEE – 3 SEPTEMBER 2003
SCOTTISH SOCIAL HOUSING STANDARD

Report by the Director of Homes and Technical Services

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Committee of the proposal by the Scottish Executive to establish a Scottish Social Housing Standard to deliver a minimum set of quality standards for tenants of all social landlords, as contained in the consultation document 'Modernising Scotland's Social Housing: A consultation paper', and to advise members of the introduction of Prudential Borrowing for housing. The standard will act as a benchmark against which long term management and investment decisions for housing may be made, and future progress may be assessed.

2.0 INTRODUCTION

- 2.1 In Scotland, Local Authorities undertake approximately £350 million per annum of capital investment in their housing stock. Many authorities are in the process of developing local quality standards for their own stock. The Scottish Executive considers that there would be merit in establishing a national standard to deliver minimum standards of housing quality for all social landlords. The standard will act as a benchmark against which long term management and investment decisions for housing may be made, and future progress may be assessed
- 2.2 Consideration must be given to the cost involved to meet the proposed national standard, and a realistic timetable set to achieve it. In this way, spending plans and improvements delivered to tenants may be assessed against an objective measure.

3.0 BACKGROUND

- 3.1 At a national level, the Housing Improvement Task Force has considered the main elements of a Scottish housing quality standard, which would be more comprehensive than the existing condemnatory tolerable standard, and which would inform the setting of policy standards and targets.
- 3.2 Locally, East Ayrshire Council has commissioned updated stock condition survey information from external consultants, David Adamson and Partners, to support the development of future, costed programmes for life cycle maintenance and upgrading works to the Council housing stock.

4.0 SCOTTISH SOCIAL HOUSING STANDARD

- 4.1 The new national standard will set a series of minimum quality benchmarks that social landlords will be expected to provide. The achievement of it will mark real improvement in the quality of service to tenants.
- 4.2 The proposals contained in the consultation document take account of the work of the Task Force, and are made up of a number of housing quality criteria. Assessing whether a house passes or fails the proposed test is dependent on more than 20% repair or replacement being required to one element, or where two key elements require repair or replacement.
- 4.3 The proposed housing quality criteria include:

HOUSING QUALITY CRITERIA	CRITERIA DEFINITION
Compliance with the tolerable standard	The tolerable standard
Being free from serious disrepair	Primary Building Elements Key Building Elements
Being energy efficient	Effective insulation NHER rating
Having modern facilities and services	Kitchen condition Bathroom condition Facilities
Being healthy, safe and secure	Healthy Safe Secure

- 4.4 A response to the consultation paper has been issued by the Department to the Scottish Executive highlighting a number of matters for further discussion. The proposed housing quality criteria do not include accessibility. The Council considers that there should be a measure in terms of a house being 'accessible', 'capable of adaptation at reasonable cost' or 'not capable of adaptation due to cost or built type'. This would provide valuable strategic information to authorities but should not be judged as pass/ fail. However, the provision of wiring to appropriate IEE regulations, gas pipe work to an appropriate standard, door peep holes, chains, and security lighting have all been recommended for inclusion in the standard in the Departmental response to the Scottish Executive.
- 4.5 In terms of the proposed target date for meeting the new standard, a ten year target timescale has been suggested by officers in the Department, to cover the period of two Local Housing Strategies 2004 to 2014, and also to link into the lifespan of the Community Plan.
- 4.6 Contained in its response, the Department has noted it's disappointed that more emphasis has not been placed on the provision of a proposed common Scottish housing standard for all tenures. Where a *pass / fail* is to be the measure of housing standards in the social sector, this should also be the case in the private sector, as consumers should expect the same minimum standard of house for their rent regardless of the provider.

5.0 PRUDENTIAL BORROWING REGIME

- 5.1 The consultation document also considers the position of Local Authorities that have low to moderate debt and rent levels, and notes that additional freedom will be given to borrow within the new prudential regime to be introduced in terms of the Local Government in Scotland Act 2003 in the financial year 2004/2005 for the rest of local authority capital investment. The prudential regime means that in future, Local Authorities will decide for themselves what is an affordable and prudent level of borrowing in their financial circumstances. Each authority will therefore need to assess the sustainability of its income from rent, and reach a view on what level of debt the rent account can afford to service.
- 5.2 Repayments of debts in Housing are made from rent income. As East Ayrshire Council does not have significant levels of debt or rents, and will use the stock condition survey data to plot out housing investment requirements over the next thirty years, in setting its own prudent borrowing limits, the Council may consider increasing investment levels.
- 5.3 The Executive has sought views on whether the current set aside rules, which require Local Authorities to set aside 75% of receipts received from the sale of houses under Right to Buy legislation, and 50% of the receipts received from the sale of land and other assets, should be amended. Under the new prudential borrowing regime, Local Authorities will be expected to manage all of their debt as a single entity, and to apply best treasury management procedures to ensure that the best value for money is obtained. Following discussion with the Director of Finance, it is considered sensible for the Council to continue with "set aside" arrangements to support proper debt management but that the level of "set aside" be agreed at 50% of all housing capital receipts including houses, land and other assets.

6.0 FINANCIAL IMPLICATIONS

- 6.1 Local Authorities will be required to put in place asset management and business planning arrangements projecting over a thirty year period, to show outstanding debt levels, together with an analysis of the effects on rents of the proposed investment programme and borrowing levels.

7.0 POLICY IMPLICATIONS

- 7.1 As the Council does not have significant housing debt and rents which are below the Scottish average, it should consider setting its own prudential borrowing limits to provide scope to increase capital investment in its housing stock.

8.0 LEGAL IMPLICATIONS

- 8.1 The Scottish Executive will set out in regulations to be made in terms of the Local Government in Scotland Act 2003 what information will be required from Local Authorities with regard to their use of the proposed new funding flexibility.

9.0 CONCLUSIONS

9.1 The proposals to establish a national Social Housing Standard to deliver a minimum set of quality standards for tenants of social landlords is to be welcomed, with the qualifications outlined, as it will act as a benchmark against which long term management and investment decisions for housing may be made.

10.0 RECOMMENDATIONS

10.1 It is recommended that members:

- i. Note that a further report on future investment strategies including options for funding, will be submitted to the Committee in due course; and
- ii. Otherwise note the contents of this report.

James Lavery
Director of Homes and Technical Services
1 August 2003

LIST OF BACKGROUND PAPERS

'Modernising Scotland's Social Housing: A consultation paper', Scottish Executive, 2003.

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