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**PRIVATE SECTOR HOUSING IMPROVEMENT
POLICY REVIEW
1967 - 2001**

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The views expressed in this report are those of the authors and do not necessarily reflect those of Communities Scotland.

PRIVATE SECTOR HOUSING IMPROVEMENT POLICY REVIEW 1967 – 2001

Introduction

1. This review of private sector housing improvement policy was commissioned by Communities Scotland in December 2001 with the following overall objective,

“... to provide an over view of the development of the policy framework in respect of private sector housing condition in Scotland from the publication of the Cullingworth report in 1967 to the passing of the Housing (Scotland) Act 2001.”

‘Scotland’s Older Houses’ (The Cullingworth Report) – “the most blunt and hard-hitting assessment of Scottish housing for 50 years”¹

2. The Scottish Housing Advisory Committee’s Sub-Committee on Unfit Housing was set up in 1965 to “examine the present statutory provisions relating to the determination of unfitness ...and to make recommendations for amendments” (Scottish Development Department, 1967). The Cullingworth report, as it has become known, radically revised the scale of the housing problem in Scotland. Official estimates at the time placed the number of ‘unfit’ properties at about 100,000 houses, whilst the Sub-Committee called for the demolition of 273,000 houses and advised that a further 193,000 should be demolished within 15 years. It called, moreover, for “an urgent re-assessment of the need for improving those houses which must, of necessity, stand for a considerable number of years” and “a much more adequate policy aimed at preventing deterioration.” The report made three key recommendations,

- (i) A two-tier standard of improvement – a satisfactory standard, viz “that which is required to raise sound housing up to the full standard for a satisfactory house” and a tolerable standard, namely “that which is required to make slum houses tolerable until they can be demolished”.
- (ii) The enhancement of the value of improvement grants and the ability of landlords to charge ‘reasonable rents’ following the improvement of private rented property.
- (iii) It advocated a review of area improvement powers and in view of the overall scale of the task confronting local authorities, it recommended powers to “acquire and improve houses on a comprehensive basis rather than those powers to compel improvement by individual owners”. These latter powers would require the consent of central government.

3. In summary, the Cullingworth report advocated an urgent need for a comprehensive approach to tackle poor housing conditions in Scotland.

¹ The Glasgow Herald 13th January 1967.

4. Within a year the government's response was published in a White Paper entitled, "The Older houses in Scotland: A Plan for Action" (Scottish Development Department, 1968). The White Paper accepted most of the recommendations of the Cullingworth report and proposed a revamped improvement programme, more resources through grants and an expansion in the rate of clearance.

5. The Housing (Scotland) Act 1969 enacted the provisions outlined in the White Paper. The Act introduced two major innovations – the 'Tolerable Standard' and 'Housing Treatment Areas'. The Act placed a duty on local authorities to ensure that all houses within their district which did not meet the newly devised nine-point tolerable standard were either closed, demolished or brought up to standard. Where 50% or more houses in an area did not meet the tolerable standard, local authorities could declare the area a Housing Treatment Area (HTA). Within the area local authorities could then specify those properties to be improved and those properties to be demolished.

6. There were also increased powers of compulsory purchase to secure improvement within an HTA. Local authorities were empowered under the Act to secure the repair of houses by owners where necessary, or to carry out the work themselves and recover the cost from the owners.

7. Improvement grants (both discretionary and standard) continued to be available but with higher levels of grant and Exchequer contribution and the allowable percentage of grant was increased to 75% of eligible costs. Provisions were also made to introduce an 'environmental grant' in respect of "improvement of amenities in residential areas".

8. Most commentators² were of the opinion that the 1969 Housing (Scotland) Act was relatively ineffective in tackling the problem of poor housing conditions. The use of HTAs was limited, (although information was not readily available because there was no requirement to submit documentation to the Secretary of State). Duncan, Cowan and McCabe (1974) estimated that of a total of 170,000 substandard houses in Scotland only about 9,000 houses were included within approximately 150 HTAs. But the main reason for the lack of success of the policy appears to have been local authorities' attempts to proceed via compulsory acquisition. Although this was consistent with advice in the Cullingworth report the use of compulsory purchase procedures against resistant owners, "led to public enquiries, protracted delays, widespread vandalism of derelict tenements and virtually no improvement work" (Anderson, 1996). Despite the fact that the 1969 Act is widely felt to have failed Anderson (1996) draws attention to an initiative in Govan, the Tenement Improvement Project (TIP) which brought "residents, owners, technical professionals and funders, including the local authority, together in a co-ordinated effort." This initiative, he argues, paved the way for the formation of the Community Based Housing Association (CBHA) model of the mid-1970s. It did so, he maintains, because the central feature of the community-based model was the establishment of housing association committees and "it was their voluntary commitment and determination, backed by an equally committed staff, that delivered ... success."

² See, for example, Duncan, Cowan and McCabe 1974, Robertson 1992 and Anderson 1996.

The Housing (Scotland) Act 1974 – the ‘sticks and carrots’ approach to tackling poor housing conditions in the private sector

9. Given the failure of the 1969 legislation the 1973 White Paper (“Towards better Homes – Proposals for dealing with Scotland’s older housing” – Cmnd 5338) placed greater emphasis on rehabilitation rather than clearance, “with the minimum disruption of existing communities”. It proposed the replacement of HTAs with Housing Action Areas (HAAs) and although the nomenclature was the same as in legislation introduced simultaneously in England, HAAs were to be very different in Scotland. The main criterion for designation in Scotland was that the majority of houses in the area were to be below the tolerable standard or lacking in one or more of the standard amenities. There was a further condition that every building in an HAA had to contain a house below tolerable standard. The White Paper proposed the revision of the grants available and the introduction of a new ‘Repair Grant’. It also envisaged an enhanced role for housing associations in house improvement.

10. The Housing (Scotland) Act 1974 introduced a legislative framework which permitted greater flexibility to be adopted by local authorities in implementing HAAs. The basis for this framework was the application of an (enhanced) tolerable standard to local residential areas such that where more than 50% of dwellings (usually of between 40 and 400 houses) were declared to be below tolerable standard and with at least one dwelling below standard in each tenement, then an HAA could be declared.

11. The HAA may have been for demolition, improvement or a combination of both. Action Area status conferred preferential grant rates for improvement and repair (75% and up to 90% of eligible costs in case of hardship) and also gave local authorities additional powers of compulsory purchase in relation to unwilling improvers. There were three types of HAA

- (i) an HAA for demolition – an area where the majority of houses did not meet the standard and the most effective way of dealing with them was considered to be demolition.
- (ii) an HAA for improvement (HAAIs) – these could be declared where the greater part of the houses lacked one or more of the standard amenities and did not meet the tolerable standard and the local authority considered improvement to be the most appropriate response. All dwellings had then to be brought up to standard and put into a good state of repair.
- (iii) a third category which included both demolition as well as improvement – these areas were subject to the same criteria for declaration but may have included properties where some were considered appropriate for retention and repair, but others were only appropriate for demolition.

12. After the difficulties experienced in gaining the support of residents for HTAs, a two-stage process of declaration was proposed for HAAs in order to ensure appropriate consultation. The first step was for the local authority to pass a draft resolution. This set out the standard for improvement, (i.e. ‘the specified standard’)

and identified all properties to be improved to the tolerable standard, all those to be provided with standard amenities, (not more than a ten year life) and those to be put in a state of good repair. The resolution was also to prescribe those properties to be demolished and those to be converted.

13. The local authority then submitted the resolution to the Secretary of State and, if the SoS had no objections, the local authority was able to publish the draft resolution. Owners and tenants then had two months in which to make representations about the proposed resolution and the local authority a further two months to take these representations into account. The local authority could confirm, rescind or amend the resolution following these representations, but its decision had to be publicised and this final resolution constituted the official declaration date of the HAA.

14. As a result of these procedures the implications for owners and for the local authority were very clear. Owners could take one of three different courses of action. First, they could improve their property making use of the grants and loans available; second, they could sell voluntarily to another owner (or housing association); third, they could refuse to co-operate or sell in which case the local authority could invoke the use of compulsory purchase procedures. The local authority was empowered to give three months for owners to decide whether they wished to proceed to undertake the works within a reasonable time. This provision was specifically to avoid the delays which had characterised the implementation of HTAs. If the local authority concluded that an owner was unlikely to do this, it could begin proceedings to acquire either compulsorily or by agreement. The arrangements for compensation were set out in the Land Compensation (Scotland) Act of 1973 and included home loss and disturbance allowances. Local authorities could also carry out works in default and charge the costs to an owner. In the event compulsory acquisition was rare, but this combination of enhanced grant-giving powers and strict adherence to compulsory action was to prove successful and has been called the 'sticks and carrots' approach to house improvement, (Duncan and Cowan, 1976).

15. The declaration of an HAAI entitled owners to grants from the local authority for a proportion of the costs of specified improvements and repairs. There was no associated means-test and the grant was normally 75% of the 'approved expenditure' and up to 90% in cases of 'financial hardship'. Owners were also entitled to apply for grants outside an HAAI and where the work involved included the installation of standard amenities, a local authority was obliged to award a grant provided that, on completion, the dwelling met the tolerable standard and had all the standard amenities. In such cases the grant levels were 50% of 'approved expenditure' but the amounts were lower than in HAAs. The 1974 Act also made provision for the award of repair grants within an HAAI. This was subsequently extended to all areas by the Housing (Financial Provisions) (Scotland) Act of 1978. Grants were generally made on condition that the property was subsequently maintained in good repair for five years. Local authorities had discretionary powers to claw back grant aid with interest where this condition was not met.

16. In addition to the assistance given to private owners the government also encouraged local authorities to designate housing associations as agents in

implementing an HAAI. To facilitate this, Housing Association Grant³ was extended to include the acquisition and rehabilitation of properties within HAAs in 1975. The availability of an additional funding source during the early 1980s through the Housing Corporation, which enabled the consolidation of ownership, particularly within tenements, was also to become a significant factor in the development of private sector improvement programmes.

17. The source of local authority funds depended on the type of activity undertaken. Local authorities had powers to improve for rent or sale, or to sell unimproved properties to a local housing association. In the case of the former local authorities could fund improvements through the Housing Revenue Account (HRA), whilst improvements for sale could be funded through non-HRA capital receipts.

18. In summary, these constituted the main elements of the legal and financial framework for the implementation of private sector housing renewal programmes set in place by the 1974 Housing (Scotland) Act.

The impact of the Housing (Scotland) Act 1974 on grant activity

19. The immediate impact of the 1974 Act was something of a paradox. As we have shown the Act extended the types of grant available, it increased the amount of grant-aid, made provision more generous and it introduced a clearer framework for the implementation of area based programmes. Yet the statistical evidence available, (see Figure 1), shows a sharp drop in grant activity following 1974. The reason for this was that these more liberal legislative provisions were overshadowed by the economic impact of the international oil crisis in 1973, the subsequent economic recession and the collapse of the private property market in 1974. High levels of inflation during the late 1970s continued to undermine the value of the grant with grant activity continuing in the doldrums until the uprating of grant levels and the wider availability of repair grants after the Housing (Financial Provisions) (Scotland) Act of 1978. This Act also extended grant-aid provisions to include aids, adaptations and improvement works for disabled applicants. The Homes Insulation Act, which permitted the award of grant-aid for the purposes of improving the insulation quality in privately owned properties, was introduced the same year.

20. The change of government in 1979 also had a significant effect on grant-aided private sector home improvement. Whilst legislative provisions remained largely unchanged, the incoming Conservative government increased funding in this area from £9.3m in 1978/9 to £181m in 1983/4 (Scottish Development Department, 1985). As Figure 1 shows activity began to increase significantly during the early 1980s and when the government made repair grants generally available at a 90% rate in 1982, grant-based activity began to increase rapidly. By 1984, when these generous provisions were discontinued, grant approvals peaked at over 60,000 with repair grants accounting for about two-thirds of the total. Most of this boost in grants went to individual properties, many of which were outside HAAs – (as in the early 1980s boom in England). Grant approvals subsequently began to decline, sharply at first but more steadily thereafter.

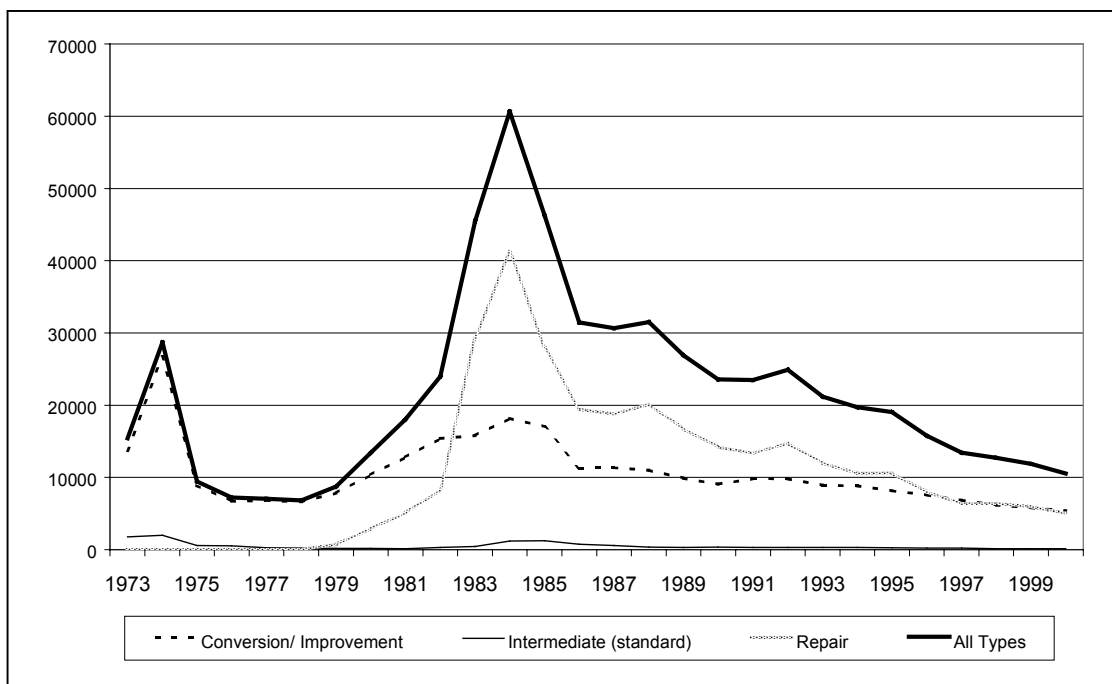
³ Housing Association Grant was a deficit funding grant which covered the costs of acquisition and improvement of dwellings by HAs with the exception of those costs capable of being met through the rental income.

21. During the early 1980s the Scottish Development Department carried out a number of research projects which provided information on the usage of improvement and repairs grants in Scotland. These were summarised in the Green Paper entitled “Home Improvement in Scotland – a new approach” (Scottish Development Department, 1985). The evidence showed that by the mid 1980s improvement grant recipients had tended to be relatively young with almost half of all heads of households under thirty-five years of age and in intermediate, non-manual and skilled occupations. They tended to have lower incomes on average than owner-occupiers as a whole, although higher than the average for all households. Recipients of repair grants were similar to improvement grant recipients, but slightly older on average. Change of ownership appeared to have provided an incentive to undertake improvement, as over half of recipients had moved within the last two years.

22. The bulk of improvement grants were used to upgrade poorer quality properties. Approximately half of those provided in 1980 were houses lacking amenities, and over 60% went to properties with a rateable value of less than £150. Up to three-quarters went to pre-1919 properties, with most of the remainder going to inter-war dwellings. Most properties were relatively small and contained three or less rooms, excluding bathroom and kitchen.

23. The most common types of work carried out with improvement grants during this period were the provision of a new bathroom and kitchen, and rewiring. This was often associated with roof and window repairs and the installation of a damp proof course or the eradication of rot. For repair grants, window repairs and roof repairs were the most common types of work, often in association with stonework repairs and repairs to the common stairs in tenement properties.

Figure 1: Dwellings receiving grants by type of grant 1973 – 2000



Source: Scottish Homes, Housing Trends in Scotland, Dec 2000.

24. On average from 1978 to 1983 improvement grants covered 63% of the costs of the work required. For repair grants the average was higher at 75%.

25. Information regarding area-based activity during the 1970s is not readily available. But, Robertson and Bailey (1996) in their evaluation of the impact of HAAs, show HAA declarations both for improvement and demolition to be increasing rapidly during the early 1980s. While HAAs for demolition began to decline after 1983 (at about 25 declarations), those for improvement continued to increase to a peak of just over 120 declarations in 1987.

New Proposals in the Government Consultation Paper December 1985 – “Home Improvement in Scotland – a new approach”

26. Having regained office in the 1984 general election, the Conservative government introduced a consultation paper on private sector home improvement in Scotland in 1985. It mirrored a similar document issued in England and Wales in May of the same year. The consultation paper was able to outline the progress made in terms of housing conditions in Scotland

- between 1971 and 1981 households without exclusive use of bath/shower had fallen in number from 200,000 (12% of households) to 38,000 (2%)
- the number of households lacking/sharing a WC over the same period fell from 117,000 (7% of households) to 21,000 (ca 1%)
- the number of houses below ‘tolerable standard’ (BTS) fell from 166,000 in 1975 to 63,000 in March 1985

27. At the same time the government was able to point to a substantial increase in public resources for private sector home improvement. But the document admitted, “It was never the Government’s intention that expenditure on private sector housing improvement should continue indefinitely at the levels of the last two or three years”. Indeed, it heralded the government’s intention to introduce major changes in policy.

28. The consultation paper sought to re-establish a policy framework where, “The primary responsibility for maintaining and improving private housing rests with the owners”. In certain circumstances, however, the government acknowledged that public sector intervention was justified. These included circumstances where

- households were living in unhealthy or unsafe conditions
- financial help was necessary for those who would otherwise be unable to undertake work on their properties
- conditions were so bad across an area that individual owners were discouraged from effecting repairs and improvements to their properties.

29. Consistent with these aims the government wished to simplify the home improvement grant system, rationalise the tolerable standard and introduce a target standard. It also wanted to introduce the means-testing of grants, although it

acknowledged that the latter presented difficulties in multiply-occupied tenements. It confirmed the apparent success of HAAs, “In the main, HAAs have proved a highly effective instrument for achieving reductions in the number of BTS houses...” but recommended that HAAs should be areas where “... social and environmental problems exist side by side with poor housing...” It wanted to access the equity in private sector properties through the introduction of a new type of ‘equity share loan’; to extend more cost-effective approaches to home improvement, such as the block repair mechanisms which had been used extensively to improve tenement blocks especially in Glasgow; and to encourage the use of professional advice and guidance to householders through the development of agency services. The government also wished to see the establishment of warranty schemes for home improvement work. But above all, it wished to create a more significant role for the private sector.

30. These proposals were almost identical to those introduced in England and Wales and the response in Scotland was similar to that south of the border, a broad and strongly adverse reaction, especially from the professions and local authority practitioners. The reasons were relatively straightforward. The means-testing of grants, which was at the heart of the proposals for the better targetting of grant-aid on the poorest home-owners, was unpopular and seen to be unworkable in the tenements that formed the main focus of private sector home improvement programmes. It had also been acknowledged as “problematical” even within the Green Paper. Equity share loans had only recently been introduced by some private sector financial institutions, there was relatively little experience of their use especially for re-investing in the property and it appeared that they were not particularly applicable to low cost properties where the amount of equity was relatively modest. The ‘sticks and carrots’ approach of the 1974 Act had already seen the emergence of local, community-based housing associations, particularly in Glasgow and other cities in the west of Scotland, successfully operating as agents in implementing comprehensive improvement schemes in the tenements on a block by block basis. Indeed, so successful had these local housing associations become in acquiring the ownership of tenement flats that the Housing Corporation had introduced guidelines restricting levels of acquisition by housing association in HAAs in 1982.

31. When further housing legislation was introduced eighteen months later in 1987 the outcome was not the radical new approach to private sector housing renewal that the government had earlier intended but a consolidation of the approach initiated by the 1974 legislation.

The Housing (Scotland) Act 1987

32. The 1987 Act re-affirmed and updated the following private sector housing renewal responsibilities for local authorities

- a statutory duty to conduct a regular survey of their district to ascertain the condition of the housing stock
- a duty to maintain housing standards consistent with the requirements specified by a revised tolerable standard (see Appendix 1)

- a range of powers to tackle sub-standard housing, including the provision of discretionary grant aid to repair and improve an individual property; or powers of compulsion to close, demolish, improve or effect repairs to a property in cases of severe disrepair
- a statutory framework for various types of area based activity via the declaration of Housing Action Areas for improvement, demolition or a combination of the two. HAAs involved preferential grant rates as outlined above
- statutory powers in respect of Houses in Multiple Occupation (HMOs) including the introduction of a registration scheme, to raise management standards, ensure the provision of a means of escape in case of fire, reduce overcrowding or apply a Control Order specifying numbers of occupants or the provision of facilities in an HMO
- powers to enable the compulsory acquisition of properties, particularly in the context of HAA activity and to provide rights to re-housing and compensation

33. Most notably, the 1987 Act did not introduce the means-testing of grants or the use of equity share loans. One innovative aspect of the legislation, however, was the introduction of a pilot scheme for the introduction of agency services in dealing with the repair and improvement of housing for the elderly and disabled.

34. The government did adhere to its commitment to reduce the level of public sector funding for grants, however, and it may be seen from Figure 1 that, having reached a plateau from 1986 to 1988, the number of grants approved began to fall thereafter.

The 1991 House Condition Survey in Scotland and subsequent research

35. In 1989 Scottish Homes was commissioned to undertake the first house condition survey in Scotland. This was a significant step in the development of policy in Scotland. It was carried out in 1991, to coincide with other similar surveys being commissioned in England and Wales, and Northern Ireland. The report, published in 1993, concluded that housing conditions in Scotland as a whole were improving steadily. It drew attention to the fact that, in the 1970s, nearly 1 in 5 Scottish houses fell below the tolerable standard. By the early 1990s, however, the figure had fallen to around 1 in 20. There was no longer a problem with the absence of the standard amenities, 99.4% of houses at that time had inside toilets, hot and cold water and washing facilities. The problems that remained, however, were felt to be complex and varied

- 4.7% of the stock (95,000 houses) was below tolerable standard (BTS)
- the most common reason for this was dampness
- BTS properties were to be found disproportionately represented amongst older properties, in rural areas and in the privately rented sector

- 1.69m properties required repairs of some kind
- Of total repair costs, just over half (£1.266bn) were in the owner-occupied sector; but the privately rented sector had a disproportionately large share of repair costs (15.8% of costs for 6.5% of the stock).

36. Some of the major recommendations of the survey identified the need for further research work to acquire a more detailed understanding of the nature of the problems involved and a series of papers were subsequently published both involving more detailed study of the survey findings and independent research. These included a survey of the propensity of owners to undertake repair and maintenance work (Munro et al, 1994); a review of the long-term impact of HAAs on housing conditions in Scotland (Robertson and Bailey, 1996a); and an assessment of the effectiveness of the framework for private sector housing renewal in rural areas, (Chapman and Shucksmith, 1996).

37. The first of these reports involved a detailed analysis of data from the 1991 House Condition Survey (SCHS) concerning improvement or repair work undertaken by owners during the 12 months prior to the survey. This found that the propensity to repair/improve property was more a product of the socio-economic characteristics of households, such as age, income and social class rather than property condition per se. It showed that 29% of owners had undertaken repairs and/or improvements to their properties costing £500 or more in the preceding 12 months and that 21% had spent more than £4,950 and 9% more than £9,950. The most frequently used method of payment was the use of savings, which accounted for 80% of sources identified. Just over 9% of households resorted to institutional finance for a new loan or by increasing the mortgage. Perhaps the most surprising element of the findings, however, was that only about 5% of those who had undertaken major works to their properties had received a grant towards the cost of the works and that about half of those said that they would have done the work anyway even if a grant had not been available. A further 11% said they would have done at least part of the works without a grant. Only about a fifth would not have proceeded at all without grant aid.

38. The second report highlighted was also very significant from the point of view of private sector housing renewal. It involved a detailed evaluation of the long-term impact of HAAs on housing conditions in Scotland. The research was commissioned by Scottish Homes “...to review the impact and effectiveness of HAAs as a mechanism for alleviating poor housing conditions and achieving area regeneration.” The authors concluded that the HAAI programme had made “a major contribution to alleviating poor housing conditions” in Scotland, (Robertson and Bailey, 1996b). Almost 1700 HAAs had been declared by March 1993, involving 68,000 dwellings in 41 out of the 56 local authority districts. Approximately 45,000 dwellings had been improved, accounting for about 10% of all pre-1919 dwellings. Although the HAA programme had been widely used throughout urban areas in Scotland, it was nonetheless dominated by the major urban authorities. Glasgow alone accounted for 48% of declarations and together with Edinburgh, Aberdeen, Dundee and Renfrew and Clydebank districts, these authorities were responsible for over 80% of the programme. The policy had also been successful in targeting sub-standard dwellings, however, and 84% of the dwellings improved had been below the tolerable standard at the time the HAAI was declared.

39. There were significant differences between authorities in terms of the approach adopted in implementing HAAs, with a clear distinction between the east and west of Scotland. In the west, housing associations played a crucial role in the implementation of the programme, both in terms of improving housing conditions as well as in stabilising local communities. This the authors referred to as the ‘social’ approach, whereas Edinburgh and cities to the east of Scotland were more likely to have adopted a ‘private’ approach where private owners retained ownership and improved their properties with the aid of grants. The approach adopted was also seen to be significant in terms of the impacts of the programme. Some of the main findings may be summarised as follows

- the standard to which dwellings were improved varied widely, but higher standards were broadly associated with the involvement of housing associations. This is not that surprising perhaps, since the level of resources available to housing associations had, for over a decade, been more generous than the individual grant aid available and there was increasing awareness amongst housing associations that improvements to a higher standard were more likely to be durable
- levels of expenditure were closely linked to standards and varied from a range of £16,900 to £19,200 per unit in schemes in Glasgow and Paisley where social landlords were involved, to between £8,500 and £15,500 in Edinburgh where the costs were largely borne by private owners aided by improvement grants
- there was generally a high level of resident satisfaction with repair and improvement schemes, especially amongst those who had been living in the areas previously
- as far as population turnover and tenure change were concerned, the authors argued that different outcomes were associated with the different approaches. In areas where the private approach was adopted the privately rented sector was squeezed into owner-occupation and there was a significant increase in young, childless households. In areas involving social landlords, private renting was also converted into ‘social’ ownership, there was the greatest fall in population because of property amalgamations, household incomes were lower but population turnover was also low and there were stronger community ties than in other areas
- the impact on house prices was inconclusive, in some areas prices rose, in others they fell. But the authors concluded that the involvement of community based housing associations (CBHAs) appeared to bring a number of additional benefits to HAAs. In areas where they were involved, for example, regular preventative maintenance work was continuing and these associations could act as catalysts for action over a wide range of local problems.

40. The authors also attributed much of this success to the statutory framework for private sector renewal created by the 1974 legislation. They felt that continuity of policy for over twenty years had been a major strength; the agreement of both central

and local governments with a common objective in eradicating sub-standard housing had also been important; and the flexibility afforded by the HAAI approach was another significant factor. Central to the achievements of the policy, however, was the combination of the ‘sticks’ and ‘carrots’ approach. The strength of compulsory purchase powers available to local authorities coupled with a financial regime offering grant aid of between 75% and 90% of eligible costs represented “a major policy success” (Robertson and Bailey, 1996a).

41. The authors made several recommendations for the future of private sector housing renewal policy

- in view of the changed nature and increased social diversity of many tenement districts the authors felt there was now a more legitimate case for the means-testing of improvement grants. If means-testing was introduced, however, it was felt that one consequence might be the need to introduce default powers for local authorities to implement improvement (as well as repair works for which the powers existed already)
- they recommended the revision of the tolerable standard, or the introduction of a new target standard for improvement which was more closely linked to the building regulations
- there was a need for more effective monitoring of improvement/repair programmes
- they highlighted the problem of future maintenance to safeguard the investments already made. This might involve a sinking fund, or stronger collective powers to force maintenance works to be carried out.

42. Against this background of general enthusiasm for HAAs, however, the authors acknowledged that new declarations of HAAs had fallen sharply since 1989. They also introduced an important caveat over the appropriateness of HAAs in rural localities. They conceded that HAAs had “...often been considered a difficult, if not inappropriate mechanism to operate in the rural context” and this was one of the reasons why Scottish Homes had commissioned a concurrent research project “to explore the reasons for the high proportion of private housing of poor quality in rural Scotland” and “to formulate proposals for more effective policies ...” (Chapman and Shucksmith, 1996). This latter study confirmed earlier findings about the lack of effectiveness of improvement programmes for housing in the rural areas of Scotland⁴. The authors found, for example, that

- the principal reason why most occupants of BTS houses in rural areas had not proceeded with repairs and improvements was their lack of financial means. The grant ceiling and grant limits were lower than in HAAs but the costs of works invariably higher
- occupants often had low expectations of their housing conditions and a general lack of knowledge or understanding about how to organise repairs

⁴ See, for example, Duncan, 1987

- the decision as to whether owners and landlords should undertake repairs was often a complex one; elderly owner-occupiers, for example, were often used to poor housing conditions and had other priorities for their scarce resources
- although the discretionary and statutory improvement powers were available to them, rural district councils were not technically well geared or adequately financially resourced for the task of implementing pro-active programmes of house maintenance and repair
- the average costs of repairs for BTS houses in rural areas was roughly twice that for houses in urban areas (excluding the cost of bringing these properties up to tolerable standard)
- the problem of BTS housing was greatest in the privately rented sector where poor housing conditions were closely associated with low rent levels.

43. The authors were also able to explore the effectiveness of a number of initiatives which had been introduced including Care and Repair⁵ schemes for the elderly and disabled, and the Rural Leasing Scheme and the Lead Tenancy Scheme⁶ both designed to bring empty property in the privately rented sector in rural areas back into use. The response to these was generally favourable. In considering recommendations for the future the authors distinguished between the rented and owner-occupied stock and they also made some recommendations which were more generally applicable. In summary these recommendations included

- a variety of suggestions as to ways in which rural authorities could deliver a more pro-active home repairs and improvement service including the designation of a specialist officer, the provision of better publicity, more extensive use of improvement orders for BTS property, etc.
- the introduction of a wider range of mechanisms for aiding home improvement and repair, e.g. shared ownership options for the elderly, low-interest loans, a grant similar to the Minor Works Assistance introduced by the 1989 Act in England, etc.
- encouragement for various initiatives directed at the privately rented sector, including the imminent Rural Empty Properties (REP) grant, RLS

⁵ Care and Repair schemes generally seek to provide a bespoke improvement and repair service for elderly and disabled people. The Care and Repair officer will provide advice and guidance, help with financial arrangements and supervise the work on behalf of the client in return for a fee which is itself eligible for grant aid.

⁶ The Rural Leasing scheme (RLS) was an attempt to house people on the council waiting list in privately rented accommodation at council rents. The property continues to be managed and maintained by the local authority. The Lead Tenancy scheme (LTS) involves an RSL in becoming the 'lead' tenant for an agreed period and then sub-letting the property to an applicant on the waiting list. Like the RLS scheme a grant is available to bring the property up to standard if the property is made available for letting for a reasonable period of time.

and LTS schemes and a recommendation for assistance in tenant selection for privately rented properties, including centralised waiting lists by unitary authorities.

- measures to amend and simplify the repairs and improvement grant system to ensure that grants were available in all authorities, that the level of grant was reviewed and greater flexibility introduced in relation to compulsory works, rateable values and percentage grant rates.

44. In contrast to their urban counterparts, the authors were strongly opposed to the introduction of the means-testing of grants on the grounds that this could result in out migration from rural areas; more properties becoming second homes; fewer grant applicants and an unwillingness to tackle disrepair until it became too late.

45. The findings of these highly significant reports were fed into the policy making process at approximately the same time as the second national house condition survey was about to be undertaken in 1996. In the interim, however, there had also been some legislative developments since the 1987 Act and these were in relation to energy conservation measures.

The Home Energy Conservation Act 1995

46. Local authorities in Scotland have had powers to provide grants to home-owners to improve the insulation quality of their homes since 1978. But the Rio Summit of 1992 gave great impetus to energy efficiency measures and the 'green agenda'. One outcome was the Home Energy Conservation Act 1995 which took effect in Scotland from December 1996. The Act makes all local authorities 'energy conservation authorities' and requires them to assess the present energy efficiency of all dwellings within their authority with a view to drawing up a strategy to improve the energy efficiency of these dwellings across all tenures. The Act and its accompanying guidance, (Scottish Office, 1996), place a number of policy requirements on local authorities. These include, establishing an energy efficiency profile of the housing stock, producing an accompanying energy audit, identifying and costing energy conservation measures, assessing reductions in CO₂ and other emissions, measuring improvements and establishing partnerships to establish the target savings. In 1997 the government set an overall target of a 30% improvement in residential energy efficiency with "substantial progress" to be achieved towards this target over a period of 10 years. It also required local authorities to prepare and submit a report on the measures they intended to take to bring about this improvement.

47. In dealing with private sector properties local authorities were expected to develop partnerships with private and voluntary sector providers who were to conduct energy audits and act as installers of Home Energy Efficient Scheme grants. HEES grants provided assistance for works of loft, tank and pipe insulation as well as cavity wall insulation. Between 1991 and 1999, 264,000 houses were improved under the HEES scheme, (Scottish Executive, 2001).

48. Scottish Homes also used the opportunity afforded by the second house condition survey in 1996 to review, for the first time, the thermal efficiency of the national stock. The outcome, and the other main findings of the survey, is summarised below.

The second Scottish House Condition Survey 1996

49. One of the principal findings of the survey was that 93% of the national housing stock failed to meet the recommended energy efficiency rating. Almost a third of households, moreover, spent more than the 10% of their net incomes, (the maximum proportion considered appropriate by government), on energy costs. Not surprisingly, these findings placed the issues of energy efficiency and 'affordable warmth' much more prominently on the political agenda.

50. Other main findings included

- the number of BTS dwellings had fallen to 21,000 (1% of the stock). These results were not directly comparable with the 1991 survey, however, because of a change in interpretation of the tolerable standard introduced in 1995.
- around 25% of homes were affected by dampness and condensation with the worst problems concentrated in the rented sectors
- 78% of the stock was deemed to have at least one item of 'visible' disrepair. 58% of the total visible disrepair costs were associated with the 57% of the stock which was owner-occupied. Corresponding figures in the privately rented sector amounted to 15% of repair costs associated with 8% of the stock
- the problems of house condition remained disproportionately concentrated, as in the 1991 survey, in the privately rented, rural and oldest properties
- affordability problems were most closely associated with single parent families, single pensioners and single adult households.

51. Leather and Revell (2000) have carried out an analysis of grant recipients compared to others undertaking major work to their properties in the year preceding the survey. Those in receipt of grants constituted only 4% of all home-owners who had undertaken works of £550 or more during the previous year and 1% of all home-owners. Those receiving grant aid were

- more likely to live in pre 1919 terraced houses or tenement flats: 54% of owners receiving a grant lived in pre1919 stock compared to only 28% of all owners
- more likely to have high visible, or longer term repair costs than owners as a whole: owner-occupiers in receipt of grant aid during the previous year required average urgent repair costs to their homes of £435 and visible repairs of £1195 as compared with the equivalent figures of £215 and £795 for all owner-occupied properties

- significantly more likely to be in the lowest income band (under £199 per week) and much less likely to be in the high income band (over £300 per week). They were also much less likely to be employed, but were equally likely to be retired as owners as a whole
- more likely to be a large adult household, or a household comprising an older couple and less likely to be a household containing children
- substantially more likely to have received grant-aid if they spent more than £2,000 on their properties – the inference being that grant-aided works are generally more substantial than those which are self-financed
- more likely to be living in properties valued at less than £50,000 than owners as a whole.

52. The House Condition Survey was published in 1997, a matter of months after the change of government in May. Following the 1987 Act there had been little change to the legal framework for private sector housing renewal, (with the exception of HECA mentioned above and the introduction of mandatory licensing for houses in multiple occupation, which is further discussed below), but the amount of public resources for grant aid had continued to diminish steadily⁷. This resulted in fewer grants, (see Figure 1) and the number of HAAI declarations also slowed. Whilst the change of government made no perceptible difference to the levels of expenditure, it did have a fundamental impact on policy-making for Scotland. The change of government introduced the Scotland Bill in 1998 and the Scottish Parliament became a legal entity later that year. Since that time there have been a series of measures which have impacted on the policy framework of private sector housing renewal. First, and in the light of a Scottish Labour Party manifesto commitment to introduce mandatory licensing for houses in multiple occupation, Scottish Homes commissioned a study in 1997 to evaluate current practice in the use of licensing schemes with a view to producing good practice guidance. Second, the government continued to develop initiatives to improve the energy efficiency of the housing stock by introducing ‘Warm Deal’ in 1999 and the Central Heating Scheme in 2001. Third, a consultation paper entitled, “Investing in Modernisation – an agenda for Scotland’s Housing” (The Scottish Office, 1999) was also published seeking views on a wide range of aspects of housing policy including additional measures to improve standards in private sector housing. Fourth, this was followed by a further paper in July 2000, “Better Homes for Scotland’s Communities” (Scottish Executive) which contained a number of detailed proposals for changes to the tolerable standard and the system of grants for private sector renewal. Finally, this process culminated in the Housing (Scotland) Act of 2001. These measures will be summarised in the remaining part of this paper.

Enforcement powers and the mandatory licensing of HMOs

53. As mentioned above, the Housing (Scotland) Act 1987 incorporated the main powers from previous legislation available to local authorities to take enforcement

⁷ See for example, “A raw deal for private sector housing renewal”, CIH(Scotland) Briefing Paper, September 1998

action against owners and landlords where housing conditions were below tolerable standard or in serious disrepair and against landlords whose management and maintenance standards were also inadequate. The properties most at risk by virtue of their age, condition and the fact that they often house vulnerable tenants are Houses in Multiple Occupation, (HMOs). The powers available to local authorities enabled them to register HMOs, to take statutory action to raise property standards, to ensure the provision of a satisfactory means of escape in case of fire, to reduce overcrowding and under certain circumstances, to impose a Control Order on the properties restricting the amount of persons able to live in them. Powers were also available for local authorities to intervene and carry out works ‘in default’ where an owner failed to comply with a statutory notice and thereafter to charge the owner for the costs of the works.

54. These powers were highly cumbersome and bureaucratic, however, and before the legislation there was “growing frustration at the problems that enforcement was facing”, (Currie et al, 1998). In response to these difficulties and to strengthen enforcement powers particularly in respect of HMOs, in 1991 the government agreed to the introduction of a power to allow local authorities to establish HMO licensing schemes. The Civic Government (Scotland) Act 1982 (Licensing of Houses in Multiple Occupation) Order 1991 allowed local authorities to refuse, revoke or conditionally approve a license and an accompanying Code of Guidance was published in 1991. Seven local authorities took advantage of these powers and introduced licensing schemes. But when the Labour Government won the 1997 election it introduced a manifesto commitment to introduce a “full system of licensing” to protect HMO tenants. Accordingly, the Scottish Office immediately commissioned an evaluation of these schemes.

55. The main findings of the study were

- the level of activity had been disappointing – only 287 HMOs in total had been licensed by October 1997 and two-thirds of these were in Edinburgh
- the reasons for the slow progress included, “inadequate staffing and financial resources, lack of priority relative to other activities, problems with using civic government licensing procedures, problems with corporate working and inconsistency with other powers and statutory requirements” (Currie et al, 1998)
- no licensing authority had developed a private rented sector strategy within which to accommodate its policies on licensing
- landlords were very critical of the administration of the schemes, in particular, the lack of co-ordination between departments
- although tenants were generally satisfied with their tenancy arrangements they were not consulted about licensing nor were they aware of the benefits of the scheme.

56. The report was comprehensive outlining both benefits and drawbacks of the current licensing arrangements. In all 46 recommendations were made both for local authorities and central government. The latter were highly specific and included

- the need for clear national standards for HMOs including space standards, facilities and amenities taking account the different types of HMOs
- exploration of a ‘risk assessment’ approach and phasing as ways of more effectively operationalising the task of licensing
- careful consideration of the definition of multiple occupancy for the purposes of licensing, but thereafter the report recommended that “No HMO categories, other than communal establishments registered under social work legislation, should be automatically exempted from licensing”
- much greater support than hitherto by the police and the Procurators Fiscal to HMO licensing enforcement.

57. In June 2000, the Scottish Parliament approved The Civic Government (Scotland) Act 1982 (Licensing of Houses in Multiple Ownership) Order 2000 which replaced the discretionary powers with a mandatory requirement for all housing authorities to introduce a licensing scheme for HMOs. The Order came into effect on 1st October 2000 and introduced a licensing timetable which was dependent upon an occupational threshold in HMOs. From 1st October 2000 HMO operators required a licence if the occupation of their HMO was above 6 persons. The requirement for a licence then applied progressively to HMOs with 5 or more persons after 1st October 2001, finally culminating in all HMOs with 3 residents or more after 1st October 2003. The mandatory scheme exists alongside the voluntary schemes hitherto operated by local authorities so that once voluntary licences expire and the HMO falls within the occupational threshold of the mandatory scheme, a licence is required. The licence gives permission for a house to be occupied by an appropriate number of persons and if the licence is refused an HMO operator has a right of appeal during which a temporary licence will apply. Newly built HMOs must adhere to technical standards which apply to all new buildings but where an HMO is an existing building it will be required to comply with

- a series of physical standards, such as minimum space standards or a minimum number of facilities appropriate to the permitted number of residents
- tenancy management standards which ensure, for example, that tenants may enjoy the peaceful occupation of their home, the provision of lawful tenancy agreements and the pursuance of re-possession by court procedures only
- a reassurance that the landlord is a ‘fit and proper person’ to fulfil his obligations

58. Licences may be awarded for up to three years and will be subject to an administration fee. Local authorities are expected to monitor the licensing process

and to continue with random inspections of properties after licences have been awarded to ensure that standards are maintained. They are required to maintain a public register of HMOs and they also have powers to revoke or suspend licences where necessary.

The introduction of new energy efficiency measures: Warm Deal in Scotland 1999 and the Central Heating Programme 2001

59. In light of the energy efficiency findings of the 1996 House Condition Survey in 1999 the government pledged that over the four years of its administration it would improve the thermal efficiency of 100,000 dwellings, (Scottish Executive, 1999). This was to be achieved through the 'Warm Deal' initiative which accorded responsibility for implementation in private sector homes to a private company. Under the initiative households on state benefits are eligible for a combination of insulation measures up to a maximum value of £500. A smaller grant is also available for pensioner households not on benefit. The installation of these measures is carried out under supervision by New Deal trainees to provide work experience and training for the unemployed.

60. Under the Warm Deal a total of 96,300 homes were improved between April 1999 and March 2001. The majority of these improvements, however, have taken place on local authority and social housing. During 200/2001 over 7000 homes were improved in the private sector. 88% of these were owner-occupied and the remainder, rented dwellings. Average recorded improvements in SAP⁸ ratings were 5 percentage points for owner occupied dwellings (to a score of 52) and 6 percentage points in the privately rented sector to a score of 35. The estimated annual savings secured through these improvements was £95 for owner-occupiers and £92 for tenants in the privately rented sector, (Scottish Executive, 2001).

61. The government's new Central Heating Programme is intended to provide free central heating, insulation, energy efficiency advice and a state benefits entitlement check to pensioner households in the private sector, as well as tenants in local authority and social housing, who lack central heating, (Scottish Executive, 2001).

The government's consultation paper: 'Investing in Modernisation – An Agenda for Scotland's Housing' (Scottish Office, 1999)

62. The consultation paper drew attention to the changing nature of the problem of housing conditions in Scotland by summarising the current housing situation, "some of the stock in all tenures is in poor condition and is in need of significant levels of additional investment. Few dwellings lack basic amenities and the number of houses below the tolerable standard is a small proportion of the total stock although this is still a significant problem in some areas. However, relatively large numbers of dwellings have repair defects and poor energy efficiency, and a significant number,

⁸ SAP is one of two rating systems used to measure the energy efficiency of dwellings. SAP stands for Standard Assessment Procedure and is calculated on the basis of fuel costs per square metre of floor area for space and water heating.

especially in the public and private rented sectors, suffer from problems of dampness and condensation”, (Scottish Office, 1999).

63. In seeking to address these problems in the future the government identified three “over-arching principles” which would underpin policies. These were, “working in partnership; ensuring participation of tenants and local communities; and harnessing the resources of the private sector to meet the objectives of Government”. The consultation paper then set out the government’s views on various aspects of policy and highlighted particular questions on which it sought a response from the community. Key issues with regard to private sector home improvement included, improving the energy efficiency of the housing stock as a whole; the “continued usefulness and composition” of the tolerable standard; the principles underpinning financial support to home-owners, especially outside HAAs; the difficulties in effecting repairs to parts of buildings in common ownership and the legislative basis for a mandatory licensing scheme. Views were sought over a number of particular questions including the need for additional powers to tackle houses below tolerable standard, the means-testing of grant aid for home improvement, the wider use of loans and the discretion available to local authorities in deciding the amount of financial assistance available to home-owners.

64. Those responding were generally of the view that existing powers were adequate but a new tolerable standard was necessary. Most agreed with the principle of a test of resources but with some exceptions, e.g. in communally owned properties. The facility for providing loans was acknowledged as under-used and should be reviewed and the view expressed that other forms of loan, e.g. equity share loans, might also be explored. There was also general agreement amongst those responding that local authorities should have greater discretion to vary percentages and limits with respect to grant aid and that there should be greater flexibility in the form of grant aid by removing the distinction between repairs and improvements.

65. When considering these issues of private sector housing renewal and the responses to them it is evident that the Government recognised the need to take “a more fundamental look at broader issues relating to housing in the private sector ...”, (Scottish Executive, 2000b), in addition to the significant changes it intended to make to the arrangements for private sector home improvement and repair grants in its immediate legislative package. In the same ministerial announcement the Social Justice Minister revealed the Government’s intention to set up a Housing Improvement Task Force to examine future options for a national strategy for private sector housing renewal.

66. The detailed proposals on which the government had sought consultation, however, were taken forward in the paper entitled, ‘Better Homes for Scotland’s Communities’ published in July 2000.

‘Better Homes for Scotland’s Communities’ (Scottish Executive, 2000a)

67. The purpose of this paper was to spell out in detail the Government’s proposals for the forthcoming Housing Bill. There were three main proposals for amending the

policy framework on private sector housing renewal and these were incorporated into the Housing (Scotland) Act 2001. These were

- amending the tolerable standard to include the standard amenities within the definition
- the extension of the improvement and repair grants system to include works to improve the thermal efficiency of the dwelling; the installation of mains-linked smoke detectors and the replacement of unsafe electrical wiring. Two additional factors were included in respect of dwellings in common ownership, the installation of fire retardant doors to individual properties and an entry-phone system
- the introduction of a statutory test of resources for grant applicants. This was introduced alongside a system of minimum grants payable in certain circumstances, e.g. following the service of a statutory notice, or adaptations in respect of a disabled person. In these latter circumstances all applicants would be entitled to a set proportion of the approved expense irrespective of income.

68. The Act received its Royal Assent on 18th July 2001, but the private sector provisions of the Act have yet to come into force.

Summary

69. This paper has traced the evolution of private sector home improvement policy since the Cullingworth report of 1967. After a faltering start a robust policy framework was established by the Housing (Scotland) Act 1974 which established a statutory minimum standard, and placed area-based approaches at the heart of initiatives to improve the private sector stock. This area-based approach was supported by a liberal grant policy in tandem with local authority CPO powers and agency arrangements involving CBHAs. This framework allowed flexibility for local authorities and clarity of decision for home-owners and when executed with liberal public resources and the commitment of central and local government officials has proved a successful approach to improving housing standards in the private sector in urban areas. The approach has been less successful in rural areas and with private sector landlords, however.

70. Over time the remit of the policy has expanded to include a variety of additional provisions, such as aids and adaptations for the disabled (1978), home insulation grants (1978), means of escape in HMOs (1982) and home energy efficiency measures culminating in a conservation strategy in 1995. The discretionary powers available to local authorities to license HMOs have also recently been replaced by a mandatory requirement dependent upon a progressive occupancy threshold. At the same time the nature of some of the problems addressed by the programme has also changed. Houses lacking standard amenities are now few and far between, but Right to Buy (RTB) programmes have introduced new problems associated with the maintenance of communal structures in fragmented ownership, (see, for example, Leather and Anderson, 1999). The expansion of the role of home improvement programmes has also coincided with a steady diminution of public resources with the

result that new approaches, such as low-cost loans and loans which seek to access the equity in privately owned properties, are being sought to introduce more private sector funds into the programme.

APPENDIX 1

THE TOLERABLE STANDARD

The definition of the tolerable standard is set out in Section 86 of the Housing (Scotland) Act 1987

To comply with the tolerable standard a property should be

- structurally stable
- substantially free from rising or penetrating damp
- satisfactory provision for natural and artificial lighting, for ventilation and heating
- 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 toilet facilities available for the exclusive use of the occupants of the house and suitably located within the house
- has an effective system of drainage and disposal of foul and surface water
- has satisfactory facilities for the cooking of food within the house, and
- has satisfactory access to all external doors and outbuildings.

The Housing (Scotland) Act 2001 amended this definition to include the following

- 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

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ANNEX 1: PARAGRAPH BASED SUMMARIES OF THE REPORTS REVIEWED

Scottish Development Department (1967) *Scotland's Older Houses*, Scottish Housing Advisory Committee, Edinburgh, HMSO – The Cullingworth Report

The Scottish Housing Advisory Committee's Sub-Committee on Unfit Housing was set up to "examine the present statutory provisions relating to the determination of unfitness ... and make recommendations for amendments". The early part of the report is concerned with the historical and legislative background to housing circumstances in Scotland. The absence of effective policies for slum clearance and improvement by both central and local government is highlighted before the report goes on to consider appropriate standards for older housing and the environment. Two standards are advocated, a 'satisfactory' standard towards which policy should be directed, and a 'tolerable' standard, the minimum habitable standard. Incentives in the form of grant aid are discussed; patching and mending work are advocated by way of prevention and 'action' areas are recommended to replace 'clearance' areas. The report recommends the improvement of houses with a reasonable life, the patching and maintenance of unfit housing pending clearance and the improvement of the physical and social environment (public facilities).

Scottish Development Department (1968) *The Older Houses in Scotland: A Plan for Action*, Cmnd. 3598, Edinburgh, HMSO

The White Paper outlines the problems associated with housing conditions in Scotland and discusses the problems of tenements in particular and their concentration in certain cities. The paper accepts the principles concerning the definition of the 'tolerable' standard, and the financial and compensation aspects of improvement as proposed in the Cullingworth report. Legislation to increase the amount of improvement work, (in both public and private sectors), to designate improvement areas and to carry out certain specified works in these areas, is proposed.

The Housing (Scotland) Act 1969

The Act introduces two major innovations – the Tolerable Standard and Housing Treatment Areas, (HTA). 'Fitness' is henceforth to be measured in terms of the more objective tolerable standard and where 50% or more of the houses in an area do not meet this standard, local authorities are empowered to declare an HTA. Other provisions include enhanced CPO powers, higher levels of grant-aid, the opportunity to undertake works in default, to establish 'agency' agreements and to carry out 'environmental' improvements in residential areas.

Scottish Development Department (1973) *Towards Better Homes*, Cmnd. 5338, Edinburgh, HMSO

The White Paper sets out the current provisions for dealing with sub-standard housing and the case for review. The central proposition is that sub-standard housing and

environmental conditions should be dealt with by means of improvement as well as clearance. A more flexible policy framework is outlined in which Housing Action Areas (HAAs) are proposed for improvement, demolition or both; discretionary and standard grants are replaced by grants relating to different standards of improvement, and various additional powers and provisions are introduced. The White Paper also proposed the introduction of the 'repair grant' and a greater role for housing associations in private sector house improvement.

The Housing (Scotland) Act 1974

Under this Act, the procedures for dealing with areas of sub-standard housing are redefined in HAAs which replace the former HTAs of the 1969 Act. If more than 50% of houses in an area are below tolerable standard (BTS), or lack at least one standard amenity, a local authority can declare an HAA for demolition, improvement or a combination of both. A special two-stage procedure is introduced for HAA resolution and implementation procedures are laid down, including powers of land acquisition, financial help for the owners affected, and control of occupation of houses in an HAA. The Act lays down the amounts and conditions of discretionary grants payable towards the costs of works of improvement, repair and conversion. Environmental improvement works can be carried out by a local authority with the agreement of owners within an HAA, partly or wholly at the expense of the authority. Duties and rights of the local authority and owners over occupation, re-housing, integration, compulsory purchase and other matters in HAAs are laid down. Standard amenities, maximum eligible grants and the provisional rateable value limit for provision of such amenities are laid down. Section 14 of the Act redefines the tolerable standard making it more stringent than hitherto.

The Housing (Financial Provisions) (Scotland) Act 1978

This Act not only up-rates the levels of grant aid available, it extends the availability of repair grants and Improvement Orders to individual houses (outside of HAAs) and introduces the opportunity for local authorities to use grant-aid for the purposes of aids, adaptations and improvement works for the disabled.

The Homes Insulation Act 1978

This Act empowers local authorities to give grant-aid towards the costs of improving the quality of insulation of owner-occupied properties.

Scottish Development Department (1985) *Home Improvement in Scotland – a new approach*, Cmnd 9677, Edinburgh, HMSO

The proposals in the Green Paper are intended to “strengthen the position of the householder by encouraging his responsibilities for his own property with help from outside interests ...” After reviewing the improvements achieved in the condition of the national housing stock, the Paper outlines the government’s perception of its

future role in assisting owners with the repair and maintenance of their properties. This involves the encouragement of agency services, the better targeting of grant-aid through the introduction of a test of resources, (with the exception of tenement properties), the simplification and streamlining of grants, and the introduction of an innovative type of loan (equity share loans) alongside the grant system. HAAs are to be retained but more closely focussed on areas where social and environmental problems are also apparent and the government favours more cost-effective approaches to improvement programmes, such as those schemes involving block repair. A minor amendment to the tolerable standard is also proposed.

The Housing (Scotland) Act 1987

The 1987 Act is largely a consolidating act in respect of private sector housing improvement functions. It re-affirms local authority powers to conduct a regular survey of house condition in their areas; to maintain housing standards consistent with the (revised) tolerable standard; to tackle sub-standard housing by means of grants, powers of compulsion or area-based action; to carry out statutory action in respect of HMOs and other dwellings; and to enable the compulsory acquisition of properties, provide rights to re-housing and appropriate compensation payments. One innovative aspect of the Act, however, is that it introduces a pilot scheme involving agency services for the elderly and disabled.

The Scottish House Condition Survey 1991

The 1991 survey is the first comprehensive picture of the condition of the housing stock in Scotland. It provides a profile of the national housing stock and of the resident households. It identifies 4.7% of the national housing stock as below tolerable standard (BTS) and highlights reasons, the most common being dampness. The survey also confirms that virtually all houses are now provided with the standard amenities (99.4%). A more detailed analysis of the incidence of dampness and condensation is supplied before the analysis is turned towards disrepair and repair costs. 1.69m properties appear to require repairs of some kind and the total cost to bring all dwellings up to a reasonable standard is estimated at £2.4bn. The report concludes with recommendations for further research work to enable a greater understanding of some of the complex issues raised by the survey.

Munro M, et al (1994) *Repairs and Improvements amongst Owner-occupiers, Scottish Homes, Edinburgh.*

The purpose of this report was to utilise the data collected by the Scottish House Condition Survey 1991 (SHCS) for a more detailed analysis of the propensity of home-owners to repair and maintain their properties. The report outlines the profile of owner-occupiers and their repair behaviour, how the work is undertaken and paid for and the condition of the property and the propensity to move. Two notable conclusions from the report are that socio-economic factors of age, income and social class are more important in determining a household's propensity to carry out repairs than the condition of the property per se. Secondly, of those households who carried

out major repair/improvement works to their homes, only 5% had received grant aid and of these about half said they would have undertaken all the work anyway.

The Home Energy Conservation Act 1995

This Act empowers local authorities to become ‘energy conservation authorities’ and charges them with the responsibility of assessing the present energy efficiency of all dwellings within their authority and preparing an energy conservation strategy. The Act requires authorities to establish an energy efficiency profile of the stock, produce an energy audit, identify and cost energy conservation measures, assess reductions in CO2 emissions, measure improvements and establish partnerships to secure target savings.

Robertson D and Bailey N (1996) *Review of the Impact of Housing Action Areas, Scottish Homes, Edinburgh*

The overall aim of this long-term research is to “assess the impact and effectiveness of HAAs in alleviating poor housing conditions and in achieving area regeneration”. The report summarises the legislative framework for the implementation of HAA programmes. It identifies a number of case studies and sets out a ‘baseline picture’ for these areas before outlining the improvement process in these areas. The findings of the study are presented under six headings: the impacts on tenure patterns, the physical fabric of the areas, and on socio-economic characteristics; residents’ views and perceptions, and the impacts on the housing market and on local economic activity. The main conclusions to emerge from the review are that the HAA programme has made “a major contribution to alleviating poor housing conditions” in Scotland; that different approaches have been associated with different local authorities in the east and west of Scotland and that these approaches have also been significant in determining differential impacts. Central to the achievements of the programme have been the ‘sticks and carrots’ approach – a liberal grant funding regime accompanied by a willingness to use compulsory powers where necessary to achieve the goal of improvement.

Chapman P and Shucksmith M (1996) *Improving the quality of Rural Private Housing, Scottish Homes, Edinburgh*

Simultaneously with the review of HAAs, Scottish Homes also commissioned a study “to explore the reasons for the high proportion of private housing of poor quality in rural Scotland” and “to formulate proposals for effective policies”. In undertaking the report the researchers re-examined the evidence in the 1991 Scottish House Condition Survey and supplemented this with other research methodologies. The report profiles the occupants of BTS rural properties and outlines the approach adopted towards the encouragement of improvement by rural authorities. Particular difficulties are revealed amongst crofters and landlords and the barriers and incentives to improvement for both of these groups are highlighted. Tenants’ experience of private renting is also summarised. The report concludes with many recommendations for policy change. Amongst the most important are a variety of suggestions as to how

rural authorities might deliver a more pro-active repair and improvement service to owner-occupiers; the introduction of a wider range of mechanisms to assist with home improvement and repair; and measures to amend and simplify the repairs and improvement grant system particularly in rural areas.

The Scottish House Condition Survey 1996

The second SHCS was undertaken in 1996 and the report published just after the change of government in May 1997. For the first time the SHCS includes an assessment of the thermal efficiency of the national housing stock and this has resulted in the most remarkable finding of the survey, that 93% of the national housing stock does not comply with the recommended energy efficiency rating. Other major findings are that the number of BTS dwellings has fallen to 1% of the stock, that around 25% of the stock is badly affected by dampness and condensation and that 78% of the stock has at least one item of 'visible' disrepair. Once again the report highlights disproportionate problems of condition in the privately rented stock, in rural areas and amongst the oldest properties.

Currie et al (1998) *Good Practice in the Use of Licensing Schemes for Houses in Multiple Occupation Scotland*, The Scottish Office Central Research Unit, Edinburgh

The aim of this report is to "evaluate current practice in the use of licensing schemes with a view to producing good practice for local authorities on the implementation of future mandatory licensing". The report reviews the context for licensing schemes and undertakes an analysis of seven case studies in the major cities throughout Scotland. The researchers examine in detail the standards and administration of the case studies and also seek the views of landlords and tenants regarding the effectiveness of the schemes. A small sample of local authorities without licensing schemes is also examined. The report concludes that the level of activity has been "disappointing" owing largely to "inadequate staffing and financial resources, lack of priority relative to other activities, problems with using the civic government licensing procedures, problems with corporate working and inconsistency with other powers and statutory requirements". The authors analyse the benefits and drawbacks of the licensing scheme and put forward a wide range of recommendations for local authorities and central government.

The Scottish Office (1999) *Investing in Modernisation – An Agenda for Scotland's Housing*, Edinburgh

The Labour Government's Green Paper on Housing in Scotland aims to "stimulate debate about the way forward for housing policy in Scotland". It sets out the government's vision and objectives of the way forward and begins with a review of housing trends in Scotland over the last century. The next three chapters explore a wide range of policy options for housing which focus on good quality housing for all; the expansion of the concept of 'community ownership' in Scotland through new housing partnerships and the institutional framework necessary to deliver these

proposals. Key issues with regard to private sector home improvement include improving the energy efficiency of the stock; the appropriateness of the tolerable standard; the principles underpinning financial support for home-owners outside HAAs; the difficulties in effecting repairs to common parts of buildings in multiple ownership and the legislative basis for a mandatory licensing scheme.

Scottish Executive (2000) *Better Homes for Scotland's Communities*, Edinburgh

The purpose of this paper is to set out in some detail the Government's proposals for the forthcoming Housing Bill. In it the Government details its proposals for a single tenancy for social landlords and the reform of Right to Buy criteria; a single legislative framework for social landlords; an enhanced strategic role for local authorities; a new executive status for Scottish Homes; a range of new measures to tackle homelessness; reforms to the system of repair and improvement grants and a new funding regime for vulnerable people in need of support. The measures specifically concerned with private sector home improvement include amendments to the tolerable standard; the extension of the improvement and repair grants system to include works to improve the thermal efficiency of dwellings and the introduction of a test of resources for grant applicants.

The Housing (Scotland) Act 2001

The Act incorporating the above measures received its Royal Assent on 18th July 2001.