



Modernising Scotland's Social Housing:

A consultation report





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**MODERNISING SCOTLAND’S SOCIAL HOUSING:
CONSULTATION REPORT: SUMMARY OF RESPONSES TO CONSULTATION
PAPER**

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SECTION 1: INTRODUCTION

The Process

1. The consultation paper, Modernising Scotland's Social Housing, was issued in March 2003 and covered the following areas:

- A new Scottish Social Housing Standard
- The Prudential Regime and housing capital finance
- Innovative approaches to housing finance and management
- Improving the links between housing and regeneration; the Community Ownership Programme and partial transfers.

The consultation period closed on 30 June but all late responses were included in our analysis. The text of this consultation report can be found at:

www.scotland.gov.uk/consultations/housing/mssh04-00.asp

2. Around 700 copies of the paper were issued by post, including to all Scottish local authorities (leaders, chief executives, and directors responsible for housing and for finance); CoSLA; SOLACE; all registered social landlords in Scotland; the Scottish Federation of Housing Association; the Chartered Institute of Housing in Scotland; Shelter; tenants' groups; Council of Mortgage Lenders; the Committee of Scottish Clearing Bankers; CIPFA; Audit Scotland and Homes for Scotland. Multiple copies were issued to representative groups. A web version with an on-line response form was available on the Scottish Executive website. 102 responses (6 of which were on-line responses and 14 by e-mail) to the questions posed in the consultation paper were received. The types of respondents are listed at Table 1 below.

Table 1-Distribution of responses to the Modernising Scotland's Social Housing consultation paper.

Type	Total received
Local Authorities	31
Registered Social Landlords (RSL)	20
Special Needs RSL	3
Tenants' Groups	13
Homelessness Groups	4
Regeneration Groups	2
Financial Sector	3
Members of Public	3
Other	23
Total	102

3. During the consultation period, lead officials from the Scottish Executive and Communities Scotland undertook briefing meetings with local authorities to encourage them to respond. Local authorities welcomed the opportunity to discuss the housing management and financial aspects of the consultation paper prior to submitting their formal responses.

Handling Issues

4. We received 22 comments on our handling of the consultation exercise: some were of the view that the time allowed for the consultation affected their ability to consult with stakeholders across Scotland. The consultation period was however just over the standard 3 month period.

5. We received comments on the scope of the paper; in particular, some felt that it should have taken account of the need for an additional quantity of social housing. Others felt that the paper did not go far enough in terms of neighbourhood and housing management reform.

SECTION 2 -THE SCOTTISH SOCIAL HOUSING STANDARD

6. The consultation paper set out an outline Scottish Social Housing Standard; this was based on research on existing standards undertaken by the Housing Improvement Task Force. The outline Standard consisted of 5 key criteria with detailed elements within these. We sought views on whether the criteria definitions/key elements were appropriate or whether others should be included. The paper then went on to discuss whether accessibility and additional features of Secured by Design should be included in the new Standard. Consultees were also asked for their thoughts on what the minimum quality benchmarks might be for the detailed areas and also on an appropriate target date and possible milestones for meeting the Standard. Finally, we asked social landlords to consider their delivery strategies for achieving the Standard.

7. Respondents overwhelmingly welcomed the Minister's proposal to establish a Scottish Social Housing Standard. Several councils confirmed that they had already developed a quality standard for their own stock. Only one council opposed the concept of a national standard on the grounds that any quality standard should be set by councils in consultation with tenants. A number of consultees felt that the scope of paper should have been extended to include an environmental standard.

8. Respondents were invited to comment on any part of the outline quality standard and several took the opportunity to offer their views on various criteria and key elements. We have summarised these multiple comments as far as possible but it has not been possible to report on every individual response. The distribution of responses on the Standard is shown at Table 2 below

9. A common theme of many of the responses was that account should be taken of the design of individual dwellings, in particular the non-traditional construction types, since this could impact on landlords' ability to achieve the new Standard.

Table 2-Distribution of Responses on the Scottish Social Housing Standard

Type	Total received
Local Authorities	29
Registered Social Landlords (RSL)	20
Tenants' Groups	12
Financial Sector	3
Special Needs RSL	3
Homelessness Groups	2
Members of Public	1
Regeneration Groups	1
Other	19
Total	90

Structure of this section

10. This section summarises responses on the 5 key criteria in the outline Standard:

- Compliant with the Tolerable Standard;
- Free from Serious Disrepair;
- Energy Efficient;
- Modern Facilities and Services;
- Healthy, Safe and Secure.

It then goes on to report on other issues:

- Accessibility
- Secured by Design
- Timescale
- Delivery Strategies
- Other Comments

Tolerable Standard

11. The first quality criterion for meeting the proposed Scottish Social Housing Standard was that properties should meet the Tolerable Standard. Of the 5 responses, 2 felt that the Tolerable Standard was outdated and that the associated individual elements should be incorporated under alternative quality criteria. Others suggested the Tolerable Standard definition should include the provision of electricity and water; free from damp; fit for human habitation; radon gas detectors; and serious disrepair.

12. Separately from the consultation on the Scottish Social Housing Standard, the Housing Improvement Task Force was asked by the Minister to review the Tolerable Standard. Its report “Stewardship and Responsibility: A Policy Framework for Private Housing in Scotland” published in March 2003, recommended various changes to the Tolerable Standard. Following consultation on the Task Force report, the Scottish Executive announced in December 2003 that the Tolerable Standard would be modified in line with the HITF recommendations to include additional items (basic provision of thermal insulation and electrical systems which are adequate and safe in use) and improved specifications of the “wholesome water” and “substantially free from dampness” requirements. Any changes made to the Tolerable Standard will read through to the Social Housing Standard.

Free from Serious Disrepair

13. This second quality criterion included reference to primary building elements like walls and structures with chimney stacks, damp proof courses, windows and doors listed as key building elements. Respondents focused their attention on “missing” elements.

14. The inclusion of a quality level for electrical wiring/installations and gas/oil installations attracted a relatively high level of support especially from local authorities and registered social landlords. There was also support for the inclusion of common areas in the new Standard e.g. lifts and foyers; balconies and verandas; and access steps and stairwells. We received a couple of suggestions on “finishes”: that harling, rendering and pointing

should be included and perhaps should be extended to include internal features e.g. door facings and skirting.

15. There were several comments on our proposals for assessing failure against the Free from Serious Disrepair quality criteria. Overall respondents were concerned that percentage failures would apply, and felt that 20% was too high a margin, and a roof which was 20% defective could result in 100% inconvenience to the resident. A few respondents felt that the proposed quality levels were too subjective for consistent interpretation and expressed a need for clear guidelines if adopted. More than one tenants' group was of the view that properties should fail on a single key element and that there should be tighter control of components likely to become unsafe if in disrepair.

Energy Efficient

16. The outline Standard proposed that the Energy Efficient criterion should be defined under 2 key elements: effective insulation and NHER (National Home Energy Rating). On insulation, 2 respondents felt that thermal insulation standards should be restricted to all new build and improvements during major works where cost effective. We received a couple of responses expressing the view that the proposed 200mm measure for loft insulation was too prescriptive and felt that, if applied, guidance would be required on the definition of "where appropriate." Five respondents felt that the insulation of boilers, tanks and pipes should be included in the new Standard. On other forms of insulation, there was overwhelming support for the inclusion of double glazing in the Scottish Social Housing Standard with a couple of respondents preferring triple glazing. It was the view of a couple of councils that wall and or ground floor insulation should be included as key elements.

17. Our outline Standard included a target NHER rating of 5 or above as a measure for assessing the energy efficiency of homes. An NHER assessment provides a figure between the range of 0-10 representing the cost of energy used per metre square of floor area of the property. In this NHER range, 0 is associated with high fuel costs and 10 with low annual fuel costs, high insulation levels and efficient heating appliances.

18. The majority of respondents supported setting a NHER rating of above 5. A number of respondents thought that the proposed NHER target should be given further consideration, as the ability to meet it will be affected by the house type and participation of owners in flatted accommodation. Groups representing rural communities were concerned that the lack of fuel choice and mains gas supply in their areas would limit the ability to meet NHER targets economically.

19. Several RSLs wished to see the SAP measurement (Standard Assessment Procedure) applied rather than the NHER since a historical database had already been established. A single respondent highlighted that the application of SAP was consistent with building regulations and Communities Scotland requirements. The SAP rating system has been developed specifically to be included in the building regulations. The SAP system produces a rating between 1 (very inefficient) and 120 (very efficient). Unlike NHER the location is not taken into account (so similar buildings will have similar ratings even though one is in Thurso and the other in Torquay).

20. On failure triggers on Energy Efficiency, six respondents, including 2 local authorities and 2 RSLs, were of the view that fuel poverty should be adopted as a measure for homes which fail to meet the quality criteria for energy efficiency. But energy efficiency groups recommended that the target NHER rating, for inclusion in the new Standard, should be defined once the report from the Scottish House Condition Survey 2002 was released.

Modern Facilities and Services

21. The outline standard in the Paper included a quality standard for kitchen and bathrooms and facilities generally. Twenty respondents (9 LAs) wanted to see 2 aspects removed on the grounds of practicality: a second WC in houses with three or more bedrooms and prescribed kitchen sizes. They felt that the design of the majority of existing social housing would not allow the necessary level of adaptation and that these elements of the Standard would be impossible to enforce retrospectively. Two respondents from the financial sector suggested that the costs associated with the re-design of existing stock to include second WCs and prescribed kitchen sizes would be disproportionate and that tenants should be consulted since there could be an impact on rents.

22. Several respondents wished to see guidance provided on the pass/failure criteria for kitchens. Their view was that value judgements are open to interpretation and felt that the age and condition of facilities should feature in the Standard, mirroring England and Wales. The view of a couple of respondents was that while storage space is important in kitchens, space for work surfaces is essential for safe working sequences. One council commented that it may not be necessary or desirable to provide these facilities where the property is under occupied and likely to remain so for some time.

23. There was support from several respondents for a separate Standard for new build properties and one respondent wished to see increased basic space specification with an emphasis on greater room space and a greater variety of styles for new builds.

24. Several tenants' groups wanted to see showers feature in the new Standard, either with over-bath fittings or as separate units. On the proposal to add provision for 3 double sockets in kitchens, a number of respondents felt that level of supply was inadequate, while others felt that in modern homes, there should be a prescribed number of sockets in other rooms. One homelessness group recommended the inclusion of laundry and drying facilities. We also received a few suggestions for the inclusion of broadband/digital access (Smart Technology) in the Scottish Social Housing Standard.

Healthy, Safe and Secure

25. In the paper, several key elements were proposed under each of the 3 above headings. Generally, consultees did not frame their responses under the 3 different definitions and the divisions between them, especially between safe and secure, became blurred.

26. Under the definition of healthy, homelessness groups were among those respondents who wished to see “free from dampness and condensation” added to the Scottish Social Housing Standard. In that vein, and linked with health improvements, there was considerable support for the addition of ventilation systems in kitchen and bathrooms. Energy efficiency groups were among the 8 respondents who wished to include some measure of energy efficiency to the proposed full house central heating systems. Local authorities and tenants alike felt that it was important to consider the safety, age and condition of the heating system as well as its efficiency and effectiveness.

27. On safety issues, twenty two respondents supported the inclusion of carbon monoxide detectors and several respondents shared concerns about the control of asbestos and lead in water and pipes. On windows, we received a couple of requests for safety catches on properties above first level. And there was a single response on the need for windows and balconies to be child proof. Several respondents suggested the inclusion of fire precautionary measures; hard wired smoke and fire alarms; sprinkler systems; fire walls and fire breaks in roof spaces and security doors with a permanent visual identifying symbol on the external face. We also received a single suggestion for preventative measures for properties on a flood plain to be included in the Standard.

28. We received a wide range of views on the criteria defining secure homes. These ranged from the strength of doors and types of locks to secure bin rooms and lift areas. The most frequent response, from 11 consultees, was for the provision for callers to be identified securely e.g. by provision of a spy hole, entry phone or door chain. The majority of councils expressed concern about the cost of providing emergency lighting in communal areas and in particular the role of owner-occupiers in flatted accommodation. There were conflicting views on the inclusion of secure window locks, where some tenants’ groups supported the measure, others urged caution fearing that internal windows locks could prove hazardous in emergency evacuation situations.

29. We received a significant number of responses from a wide range of groups, including 10 local authorities and 6 tenants’ groups, requesting the inclusion of sound insulation in the Standard. Several felt that adequate sound insulation/proofing should be required particularly in respect of flatted accommodation. A couple of respondents referred to adequate sound insulation being a minimum requirement of current building regulations. Two others felt that sound insulation should be included on the grounds that there was a link between noise nuisance and neighbourhood disputes.

30. The Chartered Institute of Housing felt that noise nuisance needed to be addressed but that the Standard may not be the best way to tackle it. Three respondents acknowledged the costs and technical complexities for existing stock and suggested that a core standard should be applied for new builds or during major works where it is seen to be cost effective.

Accessibility

31. The outline Standard was guided by the Housing Improvement Task Force's recommendation that an accessibility measure should not be included. Their view was that particular needs which relate to the changing usage of housing stock over time are impossible to predict and that significant sections of the housing stock will prove incapable of providing barrier free or wheelchair access and will never be required to do so.

32. This section of the paper attracted 72 responses with differing views. The majority of respondents supported the exclusion of an accessibility element in the social housing standard; some felt that the Standard was not the appropriate vehicle to promote accessibility. Several landlords and RSLs shared the view that an accessibility standard should be set for new build properties or as part of major refurbishment programmes reflecting local need for varying levels of accessibility. A couple of respondents preferred to see the inclusion of the Housing for Varying Needs concept in the new Standard.

33. Several respondents felt that accessibility should be added across all properties. Others agreed that accessibility should be included but that certain house design/construction types should be exempt. One major housing organisation pointed out that mobility is not just about the long-term wheelchair bound individual but that the needs of older and semi-ambulant residents should also be taken into consideration. They wanted all dwellings to have doors with level thresholds with sufficient width for use by disabled people, accessible WC facilities, accessible entry phone systems where applicable and accessible light switches. One special needs RSL expressed the view that improvements in accessibility should be assessed at the changeover of occupancy and where adaptations have already been carried out; any special facilities should be retained to meet local demand.

34. A common theme running through a large proportion of responses was that an accessibility measure is required at local level and that data collection is crucial to inform landlords' strategic planning through the preparation of Local Housing Strategies and resource allocation. A couple of respondents felt that disabled people themselves should be consulted at the planning stage of housing developments. Others felt that there was already sufficient guidance available on planning barrier free housing e.g. Lifetime Homes; and Design for Varying Needs etc.

Secured by Design

35. The consultation paper asked respondents whether they wanted to see any additional features of the Secured by Design (SbD) initiative included in the Standard. Housing projects funded by Communities Scotland are expected to adhere to the principles of the Secured by Design (SbD) initiative unless there are some characteristics of the development which prevent those principles being applied. Ministers want to see this approach applied to all Scottish Executive funded housing projects.

36. Fourteen respondents felt that more of the features should be included in the new Standard and we received recommendations for a wide range of measures: the inclusion of CCTV for multi storeys and underpasses; mortice deadlocks; viewed entry systems in multi-storeys and movement sensor security lighting.

37. The preference of many respondents, including 13 local authorities and 7 RSLs, was for SbD to be restricted to new developments or during major refurbishment work with several raising the need to consult tenants on cost implications. One RSL accepted that it would be difficult to adapt existing properties to SbD but suggested that features such as burglar alarms could be introduced. There was a single suggestion that there was a need to include the requirement for basic household insurance in the Standard.

38. On improving neighbourhood environments, there were conflicting views on SbD. While a couple of respondents expressed the view that the concept of SbD has the potential to produce a fortress mentality, others felt that there should be a risk assessment in low crime areas; or that local residents' concerns should be addressed. One council stressed the need for caution in that security is dependent on behaviour as well as the presence or absence of a facility. Several respondents shared the view that the police authorities should be consulted at the planning stage, although it was accepted that local resources may be stretched.

Timescale for achieving the Standard

39. The consultation paper sought views on setting a target date for meeting the new Standard. Of the 75 responses received, the majority had a preference for a 10 year target. There were other suggested target dates; ranging between 5 and 13 years. One local authority felt that the Standard should be met in the shortest possible time but that rent affordability and sustainable investment should be the key drivers, a concern shared by several tenants' groups. A few consultees felt that the target for meeting the Standard should link closely with the Scottish Executive's targets for eradicating Fuel Poverty.

40. There was some support for a 10 year target to run once local authorities and registered social landlords had assessed the condition of their stock and delivery strategies were in place.

41. The consultation paper also sought views on the setting of milestones. These were mixed but several landlords supported setting interim targets through consultation with tenants on priorities. We also received a couple of responses suggesting that landlords should focus investment on houses in the greatest need. One RSL felt that individual landlords should set their own targets based on the stock condition surveys. Several respondents felt that there should be year on year improvements with interim percentage targets leading to full compliance. A couple of respondents felt that percentage targets would allow landlords to take the easy repair option in order to boost their figures.

Delivery Strategies

42. Our consultation paper explained that once the new Scottish Social Housing Standard had been defined, the next stage would be for social landlords to prepare their delivery strategies for achieving it. April 2005 was proposed as the date for submission of these strategies, for councils it was proposed that this would take the form of an update to the Local Housing Strategy.

43. The majority of the 29 local authorities submitted comments on delivery strategies. The Local Housing Strategy was seen as the appropriate vehicle for providing the necessary data with inbuilt scope for 5 year reviews. Three councils thought that they would face difficulties through having to allocate staff and budgetary resources to the compilation of

delivery strategies. Seven RSLs expressed concern about costs associated with assessment and compliance with the Standard and a few pointed out that any reserves they have are required for maintenance and major repairs. A couple of RSLs felt that they would have difficulty meeting the 2005 target date for the submission of strategies. Several respondents took the view that guidance should be provided by the Scottish Executive to ensure consistency across delivery strategies.

Other Comments

44. Respondents took the opportunity presented by the consultation exercise to air their views on other matters: many landlords expressed concern about the cost of meeting the Standard and the role to be played by owner-occupiers, particularly in flatted accommodation. One council, which had already set its own local standard through consultation with tenants, was concerned about the impact of the new Social Housing Standard on their business plan. Several councils queried why RSLs have been asked to submit their stock profiles to Communities Scotland when local authorities are required to assess housing need/demand in their area across all tenures for inclusion in their Local Housing Strategies. There was a single comment about Value Added Tax and how local authorities and RSLs treat it differently. One RSL was concerned about the impact of the Transfer of Management of Development Funding from Communities Scotland to local authorities. Finally one council asked if compliance with the Standard would become part of Communities Scotland's regulatory duties.

Scottish Executive Response

45. The consultation paper set out proposals for a Scottish Social Housing Standard. Since March 2003 however Scottish Ministers have announced that following the recommendations of the Housing Improvement Task Force, they will bring in a cross-tenure Scottish Housing Quality Standard in line with the Partnership Agreement to introduce a decent homes standard. The details of the Standard and a target date for reaching it in the social housing sector were announced by the Minister for Communities at the same time as the issuing of this consultation report. All recipients of this report will also receive a copy of the Scottish Housing Quality Standard-Detailed Specification, which will also be available on the Scottish Executive website at:

www.scotland.gov.uk/consultations/housing/shqs04-00.asp

46. Communities Scotland will be issuing guidance on the preparation of Standard delivery strategies in the Summer of 2004. In the meantime, April 2005 is confirmed as the date for the submission of these strategies by local authorities and registered social landlords. Communities Scotland will also be responsible for assessing the strategies on behalf of Scottish Ministers.

SECTION 3 -THE PRUDENTIAL REGIME AND HOUSING CAPITAL FINANCE

47. The consultation paper sought views on two aspects of the reporting arrangement required to support the operation of the Prudential Regime: the range of information sought by the Executive and the timetable for providing it. The paper explained that the Executive was proposing to ask councils to provide housing capital expenditure forecasts (total capital investment and the amounts coming from new borrowing rents, receipts and other sources) for the three year period beginning 2004-2005.

48. The Scottish Housing Quality Standard, as it will apply to the social rented sector, will require councils to take a longer term view of housing investment; the consultation paper therefore proposed that it would make sense to ask councils for housing capital investment forecasts for a longer period i.e. for 30 years (annual plans for the first five years to be followed by aggregate ones for subsequent five year periods). The paper went on to explain that these would not be sought in the first year of operation of the Prudential Regime; it was recognised that local authorities would be in transitional mode and might not be in a position to provide 30 year forecasts. It was proposed that the suggestion be reviewed at the end of 2004-05 in the light of experience gained during the year.

Table 3-Distribution of Responses on Prudential Regime and Housing Capital Finance.

Type	Total received
Local Authorities	28
Tenants' Groups	9
Homelessness Groups	3
Financial Sector	3
Registered Social Landlords	2
Regeneration Groups	1
Other	10
Total	56

49. Table 3 shows the distribution of responses to the section on the Prudential Regime. Most respondents considered the question of the range of information sought and the timescale jointly, and their comments focussed on questions of timescale. Most authorities were happy with the provision of the 3 year forecasts, as already required by the Executive in preparation for the Prudential Regime, although there were varying views as to the most appropriate month during 2003 for their provision.

50. On the question of possible 30-year forecasts for housing investment, nine local authorities expressed their commitment to 30 year business planning and asset management and some were already doing them. Organisations, such as the Chartered Institute of Housing and the Council for Mortgage Lenders in Scotland, fully supported the proposals. A few councils expressed reservations; some felt that seeking information for this time period would be too onerous or only possible with commissioned assistance; others felt that providing information covering a 30 year period would be cumbersome and that more accurate data could be provided for shorter periods such as 5 years (for example linked to the Local

Housing Strategy time period), 15 or 20 years. Some councils felt that the provision of housing information should be no more onerous than that required in CIPFA's Prudential Code for Capital Finance in Local Authorities

51. The consultation paper also sought views on the future treatment of housing capital receipts and the set-aside rules when the Prudential Regime commences in April 2004. The current rules require local authorities to set aside 75% of receipts received from the sale of houses and 50% of the receipts received from the sale of land and other assets. Consultees were asked to consider whether the current set-aside rules should be retained in order to make further inroads into debt levels or whether, if there was to be a change, this should mean outright abolition or a change in the percentage levels.

Table 4-Distribution of responses on Housing Capital Receipts Set Aside Rules

Type	Total received
Local Authorities	28
Tenants' Groups	9
Homelessness Groups	3
Registered Social Landlords	2
Other	8
Total	50

52. Table 4 above shows the distribution of responses on housing set-aside. Almost all respondents sought the abolition of set-aside; one respondent felt that it should be retained for high debt councils to safeguard future tenants; another council suggested that a sliding scale would be appropriate in some cases. One respondent held the view that abolishing set-aside would have little impact unless debt write-off occurred in tandem.

53. In general, respondents welcomed the freedom and flexibility that the Prudential Regime would bring, particularly to those councils with low to moderate debt and rent levels with manageable investment needs. Others expressed concern that investment would continue to be based on the income stream from rents. Several tenants' groups expressed concern that councils' additional borrowing would impact on rent levels and comments from the financial sector highlighted the possible effect on public subsidy levels. A few councils were apprehensive about the Minister's step-in powers; they sought assurance that only those councils which undertook imprudent borrowing would be penalised.

Scottish Executive Response

30 year housing investment forecasts

54. The Executive welcomes the fact that many local authorities are already undertaking or support the principle of 30 year housing investment planning. It will, as proposed in the consultation paper, review at the end of 2004-2005 the need to formally require the provision of these long-term forecasts. In the meantime, the preparation of 30 year forecasts will be encouraged through related good practice guidance due to be issued during 2004.

Set-aside

55. With the introduction of the Prudential Regime for capital expenditure in April 2004, the case for requiring Scottish local authorities to set aside a specified proportion of housing capital receipts for debt redemption has been reviewed. Scottish Ministers have decided that, from 1 April 2004 the application of such receipts should be a decision for Scottish local authorities to take having regard to the prudential code, and that set aside as such should be discontinued. The Executive will continue to monitor levels of local authorities' housing expenditure, borrowing and debt and, if necessary, will take steps to moderate or contain local authority plans.

SECTION 4: INNOVATIVE APPROACHES TO HOUSING FINANCE AND MANAGEMENT

56. Scottish Ministers' policy intention has been to encourage local authorities to separate their strategic housing role from their housing management function. The consultation paper invited consultees to consider whether there were radical and innovative approaches that could be developed for application in the Scottish context. Any alternative models for housing finance and management would need to demonstrate that they could promote improved tenant involvement, deliver the necessary investment and support effective and transparent management. Table 5 below shows the distribution of responses.

Table 5-Distribution of responses on innovative approaches

Type of Respondent	Total received
Local Authorities	15
Tenants' Groups	5
Financial Sector	3
Registered Social Landlords	3
Homelessness Groups	2
Regeneration Groups	1
Other	11
Members of Public	1
Total	41

Housing Management

57. The majority of responses in this section related to housing management. 14 respondents (7 LAs) came forward with suggestions for the creation of **Arms Length Organisations (ALMOs)** or **Local Housing Companies** as an alternative to Community Ownership. (ALMOs are a type of LA company in England set up specifically to manage and improve all or part of the LA housing stock; they are seen as an alternative to transfer). Two respondents felt that the introduction of ALMOs would trigger additional investment in housing and one of them took the view that ALMOs supported effective and transparent management. One suggested that a funding package similar to that available for transfers should be available to councils who wish to set up Arms Length Management Organisations (ALMOs). One council suggested that ALMOs could operate off public sector balance sheet with debt write-off for some or all affected stock.

58. **Scottish Executive response:** An ALMO is not a Scottish legal concept. There is no specific statutory authority allowing Scottish local authorities to form companies but they do have general powers to do with the discharge of their functions. It is for councils to decide whether they have the statutory powers to set up a company. They do not need Ministerial consent to do so. However they cannot transfer houses to any body without the consent of Scottish Ministers. The Executive does not propose to provide financial support to local authorities for any such companies or management organisations. Our priority for funding is to ensure that councils with the worst stock can achieve transfer and, given the benefit of debt write-off, to help free up resources. HM Treasury funding only offers debt relief to those local authorities involved in whole or partial stock transfers.

59. There was one single suggestion for **Urban Regeneration Companies (URCs)**, which already exist in England, to be set up. **Scottish Executive response:** following the Cities Review published in January 2003 (which concluded that URCs have the potential to boost regeneration efforts in Scotland's cities and beyond) the Scottish Executive launched its Urban Regeneration Companies Consultation Paper "Challenging Practice, Testing Innovation" in August 2003. The consultation was designed to assess support for innovative delivery vehicles like URCs to improve the delivery of regeneration in Scotland. The consultation period ended on 14 November 2003 and the analysis of responses is ongoing.

60. We received three suggestions for **Tenant Management Co-operatives (TMC)**, also known as Tenant Management Organisations, to be introduced where, for example, tenants could take on responsibilities for the development of rent setting to fund local projects. **Scottish Executive response :** tenants already have the right, under Sections 55 and 56 of the Housing (Scotland) Act 2001, and subject to Ministerial approval, to form a Tenant Management Cooperative and enter into an agreement with a landlord to exercise the landlord's housing functions.

61. There was also a single request for **Estate Management Boards (EMBs)**, as introduced in England and Wales, to develop capacity of local people and local accountability. It was proposed that EMBs would have devolved budgets and could create a local lettings initiative with local teams which would landscape during the summer and maintain the properties and deal with local graffiti. **Scottish Executive response** there is no direct parallel with EMBs in Scotland, with our policy focus being on Tenant Management Co-operatives

62. A couple of respondents made reference to **Public Private Partnerships (PPPs)**, previously known as Private Finance Initiatives (PFI) as part of a funding pool for regeneration. **Scottish Executive response:** PPPs are already a key element of the Scottish Executive's policy priority to deliver effective public services on a larger scale and more efficiently than would be possible under conventional procurement, but to date, have focused on non-housing projects. It is not clear from PPP models how tenants can be at the heart of investment decisions and move from managing their homes and deciding the shape of future investment to ultimately owning them. It may be some time before the Scottish Executive comes to a firm view on the capacity of PPPs for developing social housing.

Housing Finance

63. Relatively few (10) respondents came forward with proposals for innovative approaches to housing finance The Chartered Institute of Public Finance and Accountancy (CIPFA) suggested that local authorities should account for asset depreciation on their HRA; this proposal has already arisen in the context of Section 12 of the Local Government in Scotland Act 2003, which introduces a statutory duty on local authorities to adhere to proper accounting practices. **Scottish Executive response:** we understand that CIPFA have been involved in discussions with the Office of the Deputy Prime Minister on this proposal. There are still many issues to be resolved. The Scottish Executive has no immediate plans to adopt CIPFA's proposal on depreciation for local authorities' Housing Revenue Accounts.

64. A few respondents felt that the Executive's policy on **debt write-off should be changed** to take account of programmed demolition by local authorities. **Scottish Executive response:** HM Treasury provides resources for debt write-off linked with community

ownership and that provision has now been extended to partial stock transfers. The Scottish Executive does not have the resources necessary to write-off debt associated with authorities' programmed demolitions.

65. One RSL suggested that consideration should be given to the restoration of the **Tenants Incentive Scheme**, or to provide a similar Portable Discount Scheme where tenants are given their discount in cash to spend on their own home in the private sector. **Scottish Executive response:** the Scottish Executive has no plans to re-introduce the Tenants Incentive Scheme. Following a review in 1998/99 Ministers decided to reprioritise TIS resources for Community Care.

66. One respondent representing the construction industry supported **the development of shared equity for tenants**. They held the view that this would increase the opportunity to gain access to the property ladder and release funding for the authority. **Scottish Executive response:** Communities Scotland already operates the Housing Association Grant for Low Cost Home Ownership (LCHO) which allows registered social landlords' tenants to own part of their home and pay an occupancy payment on the other part, which is owned by the housing association. A similar facility is not currently available to local authority tenants. However, councils do operate Cash Incentive Schemes which in certain circumstances can offer grant of up to £10,000 to tenants wishing to own homes in the private sector.

Other Suggestions

67. Two councils took the opportunity presented by this open-ended part of the consultation paper to register their belief that local authorities should not separate their landlord and strategic roles. Other respondents made comments on issues surrounding housing finance and management.

68. A couple of respondents suggested that local authorities should consider the option of **reviewing their rent structures** as part of the refinancing of housing. **Scottish Executive response:** councils and registered social landlords should review their rent structures on a regular basis. Research commissioned by the Scottish Executive "Determined Differences: Rent Structures in Scottish Social Housing: Alison More et al, Glasgow University 2003" noted that, whilst a significant proportion of landlords claimed to have a review underway, or under consideration, the evidence suggested that in some cases there remained considerable inertia. The Single Regulatory Framework introduced in 2002, provides a mechanism for Communities Scotland to inspect both LAs and RSLs in relation to the setting of rents.

69. Two respondents made a general point that options were constrained by the **Public Sector Borrowing Requirement**. There was also a single suggestion that we should move to **General Government Funded Deficit** although the respondent accepted that HM Treasury would have a role there too. **Scottish Executive response:** we operate within the framework announced in the UK Government's Economic and Fiscal Strategy Report in 1998, and Public Sector National Borrowing is measured as part of that framework. It is the UK Government that determines economic policy and it is not within the Executive's power to change it.

70. There were a couple of proposals for **changes to the policy on Right to Buy(RTB)**: one suggested that RTB sales should be revoked to allow local authority to build new houses; while another felt that in order to stabilise communities, councils should have the right to buy

back former RTB properties. **Scottish Executive response:** it is for local authorities to determine housing need/demand in their area and allocate resources accordingly. The Housing (Scotland) Act 2001 significantly amended the RTB policy by introducing Pressured Area Status which allows local authorities to apply to suspend the Right to Buy for tenants who are eligible for the modernised RTB. On the right to buy back proposal, Section 64(4) of the Housing (Scotland) Act 1987 prohibits the placing of pre-emption when property is sold under the RTB. However, there is limited exception under S64 (6) of this Act for some sales in rural areas, mainly where an unreasonable proportion of houses are being resold and not used as primary residences.

SECTION 5: IMPROVING THE LINKS BETWEEN HOUSING AND REGENERATION; THE COMMUNITY OWNERSHIP PROGRAMME AND PARTIAL TRANSFERS

71. The consultation paper outlined the Executive’s plans to improve the links between housing and wider regeneration and the funding to be made available for regeneration linked with community ownership. This was to ensure that the substantial investment resulting from stock transfer is not frustrated by a failure to tackle wider regeneration issues. To access these resources, councils will first have to be accepted on to the Community Ownership Programme. The consultation paper also announced that the financial arrangements for debt write-off which apply to whole stock transfers would be extended to partial transfers. Detailed criteria for access to the Community Ownership Programme for both whole stock and partial transfers will be announced shortly. See Table 6 for types of respondents.

Table 6-Distribution of Responses on Community Ownership and Partial Transfers

Type	Total received
Local Authorities	26
Registered Social Landlords	6
Tenants’ Groups	6
Financial Sector	3
Homelessness Groups	3
Regeneration Groups	2
Members of Public	1
Other	10
Total	57

72. Respondents generally welcomed improved links between housing and wider regeneration. However, many disagreed with the proposal that access to the regeneration fund should be restricted to councils on the Community Ownership Programme. They considered that this funding should be available to all councils, regardless of whether they were pursuing the transfer option. Some respondents suggested that another substantial source of regeneration funding should be made available for councils who did not wish to transfer.

73. The extension of the debt write-off arrangements to partial transfers was generally welcomed. One respondent questioned whether a minimum threshold for access to the Community Ownership Programme was necessary, particularly in rural areas, whilst another called for flexibility in the setting of the threshold criteria to ensure groupings reflected a local sense of community.

Scottish Executive response

74. A Community Ownership Review (COR) was set up to consider how to streamline and improve the stock transfer process; it has also made recommendations regarding partial transfers and access to regeneration funding. The report “Community Ownership Review-Report of the Expert Group” is being published at the same time as this report and will be available on the Scottish Executive website at:
www.scotland.gov.uk/library5/housing/coor-00.asp

List of Consultees

Local Authorities

Aberdeen City	Highland
Aberdeenshire	Inverclyde
Angus	Midlothian
Argyll & Bute	Moray
Clackmannanshire	North Ayrshire
Dumfries & Galloway	North Lanarkshire
Dundee City	Orkney Islands
East Ayrshire	Perth & Kinross
East Dunbartonshire	Renfrewshire
East Lothian	Scottish Borders
East Renfrewshire	Shetland Islands
Edinburgh, City of	South Ayrshire
Eilean Siar, Comhairle nan	South Lanarkshire
Falkirk	Stirling
Fife	West Dunbartonshire
Glasgow	West Lothian

Registered Social Landlords (RSLs)

Aberdeen Soroptomist Housing Association Ltd	Aberdeen YWCA (GB) Housing Society Ltd
Aberdeenshire Housing Partnership	Abertay Housing Association Ltd
Abronnhill Housing Association Ltd	Albyn H Society Ltd
Almond Housing Association Ltd	Angus Housing Association Ltd
Antonine Housing Cooperative Ltd	Arden Glen Housing Association Ltd
Ark Housing Association Ltd	Atrium Homes
Ayrshire North Community Housing Organisation	Barony Housing Association Ltd
Barr head Housing Association Ltd	Beachwood Housing Co-operative
Bellmore Housing Association Ltd	Berwickshire Housing Association Ltd
Bield Housing Association Ltd	Blairtummock Housing Association Ltd
Blochairn Housing Co-operative Ltd	Blue Triangle (Glasgow) Housing Association
Blythwood Housing Association Ltd	Bowerswell Memorial Homes (Perth) Ltd
Bridgewater Housing Association Ltd	Broomhouse Housing Association
Bute Housing Association	Cadder Housing Association Ltd
Cairn Housing Association Ltd	Calvay Housing Cooperative Ltd
Camlachie Housing Association Ltd	Canmore Housing Association Ltd
Capital City Homes	Carrick Housing Association Ltd
Castle Rock Housing Association Ltd	Castlehill Housing Association Ltd
Castlemilk East Housing Cooperative Ltd	Cathcart & District Housing Association Ltd
Cernach Housing Association Ltd	Charing Cross Housing Association Ltd
Cleghorn Housing Association	Cloch Housing Association Ltd
Clyde Valley Housing Association Ltd	Clydebank Housing Association Ltd
Clydesdale Housing Association Ltd	Copperworks Housing Cooperative Ltd
Cordale Housing Association Ltd	Coylebank Tenants Cooperative Ltd
Craighdale Housing Association Ltd	Crown Housing Association
Cube Housing Association Ltd	Cumbernauld Housing Partnership Ltd
Cunninghame Housing Association Ltd	Dalmuir Park Housing Association Ltd

Drumchapel Housing Cooperative Ltd
 Dunedin Housing Association Ltd

 East Lothian Housing Association Ltd
 Edinvar Housing Association
 Elderpark Housing Association Ltd
 Fairfield Housing Cooperative Ltd
 Fife Special Housing Association Ltd
 Forth Housing Association Ltd

 Fyne Homes Ltd
 Garngad Housing Association Ltd
 Glasgow Housing Association
 Glasgow West Housing Association Ltd
 Glen Oaks Housing Association Ltd
 Govanhill Housing Association Ltd
 Grampian Housing Association
 Haven Housing Association Ltd
 Hillcrest Housing Association Ltd
 Hilltop View Housing Cooperative Ltd
 Home in Scotland Ltd
 Horizon Housing Association Ltd
 Irvine Housing Associations Ltd
 Kellyfield Housing Cooperative Ltd
 Key Housing Association Ltd
 Kingdom Housing Association Ltd

 Kirk Care Housing Association Ltd
 Lanarkshire Housing Association Ltd
 Langstane Housing Association
 Link Group Ltd
 Linthouse Housing Association Ltd
 Lochaber Housing Association Ltd
 Lochfield Park community Cooperative Ltd
 Loreburn Housing Association Ltd
 Lorne Area Housing Association Ltd
 Manor Estates Housing Association Ltd

 Maryhill Housing Association Ltd
 Milnbank Housing Association Ltd
 Molendinar Park Housing Association Ltd
 Muirhouse Housing Association Ltd
 New Lanark Housing Association Ltd
 North Harris Housing Association Ltd
 Oak Tree Housing Association
 Old Town Housing Association Ltd
 Orkney Housing Association Ltd
 Outlook Housing Ltd
 Paragon Housing Association Ltd
 Partick Housing Association Ltd
 Perthshire Housing Association Ltd
 Port Glasgow Housing Association
 Prospect Community Housing
 Reidvale Housing Association Ltd
 Ruchazie Housing Association Ltd

 Dunbritton Housing Association Ltd
 East Kilbride & District Housing Association
 Ltd
 Easthall Park Housing Cooperative Ltd
 Eildon Housing Association
 Faifley Housing Association Ltd
 Ferguslie Park Housing Association Ltd
 Forgewood Housing Cooperative Ltd
 Four Walls Cooperative Housing Association
 Ltd
 Gardeen Housing Cooperative Ltd
 Garrion People's Housing Cooperative Ltd
 Glasgow Jewish Housing Association Ltd
 Glen Housing Association Ltd
 Govan Housing Association Ltd
 Gowrie Housing Association Ltd
 Hanover (Scotland) Housing Association Ltd
 Hawthorn Housing Cooperative Ltd
 Hillhead Housing Association 2000
 Hjaltland Housing Association Ltd
 Homes for Life Housing Partnership
 Hunters Hall Housing Co-operative Ltd
 Isaac S Mackie Housing Association
 Kendoon Housing Co-operative Ltd
 Kincardine Housing Co-operative
 Kingsridge Cleddans Housing Association
 Ltd
 Knowes Housing Association Ltd
 Langstane (SP) Housing Association Ltd
 Larkfield Housing Association Ltd
 Linstone Housing Association Ltd
 Lister Housing Cooperative Ltd
 Lochalsh & Skye Housing Association Ltd
 Lochside Housing Association Ltd
 Loretto Housing Association Ltd
 Lothian Housing Association
 Margaret Blackwood Housing Association
 Ltd
 Melville Housing Association Ltd
 Minerva Housing Association
 Moray Housing Cooperative Ltd
 New Gorbals Housing Association Ltd
 North Glasgow Housing Association
 North View Housing Association Ltd
 Ochil View Housing Association Ltd
 Ore Valley Housing Association Ltd
 Ormiston People's Housing Cooperative Ltd
 Paisley South Housing Association Ltd
 Parkhead Housing Association Ltd
 Pentland Housing Association Ltd
 Pineview Housing Cooperative Ltd
 Port of Leith Housing Association Ltd
 Queen's Cross Housing Association Ltd
 Rosehill Housing Cooperative Ltd
 Rural Stirling Housing Association Ltd

Rutherglen & Cambuslang Housing Association Ltd	Salvation Army Housing Association Scotland
Sanctuary (Scotland) Housing Association Ltd	Scottish Veterans Housing Association
Servite Housing Association (Scotland) Ltd	Shettleston Housing Association Ltd
Shire Housing Association Ltd	Soroptimist Housing (Dundee) Ltd
South Ayrshire Homes	South Uist Housing Association Ltd
Southside Housing Association Ltd	Spireview Housing Association
Springburn and Possilpark Housing Association	St John (Glasgow) Housing Association
Tenants First Housing Cooperative Ltd	The Moray Housing Partnership
Thenew Housing Association Ltd	Thistle Housing Association
Thomas Chalmers Housing Association	Tighean Ceann A Tuath Na' Hearadh
Tighean Innse Gall	Tollcross Housing Association Ltd
Trafalgar Housing Association Ltd	Ugievale Housing Cooperative Ltd
Viewpoint Housing Association Ltd	Wellhouse Housing Cooperative Ltd
West Granton Housing Co-operative Ltd	West Highland Housing Association Ltd
West Lothian Housing Partnership	West of Scotland Housing Association Ltd
West Whitlawburn Housing Cooperative Ltd	Whiteinch & Scotstoun Housing Association Ltd
William Woodhouse Strain Housing Assoc. Ltd	Williamsburgh Housing Association Ltd
Wishaw & District Housing Association Ltd	Yoker Housing Association Ltd
Yorkhill Housing Association	

Other Interested Parties

Brechin, Tindal and Oatts Solicitors	CIOH in Scotland
Citizens Advice Scotland	Communities Scotland
COSLA	Disabled Persons Housing Service
DTZ Pidea Consultants	Dundee North Law Centre
Housing Diversity	Royal Faculty of Procurators
Scottish Council for Single Homeless	Scottish Executive Library and Information Services
Scottish Homes	Scottish Tenants Organisation
SFHA	SHARE
Shelter	Stationery Office
Tenants Information Service	TIGHRA
TPAS	

List of Respondents

Local Authorities

Aberdeen City	Aberdeenshire
Angus	Argyll & Bute
Clackmannanshire	Comhairle nan Eilean Siar
Dumfries & Galloway	Dundee City
East Ayrshire	East Dunbartonshire
East Lothian	East Renfrewshire
Edinburgh City	Falkirk
Fife	Glasgow City
Highland	Inverclyde
Midlothian	Moray
North Ayrshire	North Lanarkshire
Orkney Islands	Perth & Kinross
Renfrewshire	Shetland
South Ayrshire	South Lanarkshire
Stirling	West Dunbartonshire
West Lothian	

Registered Social Landlord

Canmore Housing Association	Capital City Homes
Cube Housing Association Ltd	Dumfries & Galloway Housing Partnership
Eildon Housing Association Ltd	Fife Special
Hanover Scotland	Hawthorn Housing Cooperative
Home in Scotland Ltd.	Horizon Housing Association Ltd
Irvine Housing Association	Lorne Housing
Manor Estates Housing Association	North Glasgow Housing Association
Ochil View Housing Association	Paragon Housing Association Ltd
Rural Stirling Housing Association	Shettleston Housing Association
The Glasgow Housing Association Ltd	Weslo Housing Management

Tenants Group

Clackmannanshire Tenants & Residents Federation	Dundee Federation of Tenants Associations
East Lothian Tenants and residents panel	Edinburgh Tenants Federation
Fife Federation of Tenants & Residents Association	Glenrothes Area Residents Federation
Member of Housing Advisory Group, East Renfrewshire	Perth & Kinross Tenants and Residents Federation
South Lanarkshire Tenants Development Support Project	South Lanarkshire Tenants Federation
Tenant Participation Advisory Service	The Five Sisters Area Committee West Lothian
TIGHRA	

Other Interested Groups

Access Apna Ghar Housing
 Association for Public Service Excellence
 CIPFA
 COSLA
 Energy Action Scotland
 Friends of the Earth

 Grampian Fire Brigade
 Scottish Civic Forum
 Scottish Natural Heritage
 SFHA
 SOLACE
 Tulloch Construction Group Ltd

ALACHO
 Chartered Institute of Housing
 Commission For Racial Equality
 Dumfries & Galloway Elderly Forum
 Energy Saving Trust
 Glasgow Campaign Against Housing Stock
 Transfer
 Scottish Borders Elder Voice
 Scottish Housing Best Value Network
 Scottish Women's Aid

 The Royal Incorporation of Architects
 UNISON

Financial Sector

CML Scotland
 Dunfermline Building Society
 Ernst & Young

Homelessness Groups

Glasgow Homelessness Network
 Scottish Churches Housing Agency
 Scottish Council for Single Homeless
 Shelter Scotland

Regeneration Groups

Fife Housing Association Regeneration Community Alliance
 Haldane Regeneration Group

Special Needs RSL

BIELD
 Margaret Blackwood Housing Association
 The Abbeyfield Society for Scotland Ltd

Members of Public

James Bennett
 Mrs Teresa McNally
 Professor Ian Melville, B.Arch, Dip C.D

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