

# Response to consultation

## Shelter's response to 'Modernising Scotland's Social Housing'

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# Shelter

Public investment in council housing has remained at historically low levels in the past six years. There is an urgent need to improve the standard of council housing in Scotland, but this must be developed alongside an assessment of the level of investment required to bring Scotland's council housing up to standard. Shelter therefore welcomes the discussion of funding options for Scottish Social Housing and a Standard for Scottish Social Housing.

We welcome the proposals to offer councils more ways to access finance for investment in council stock, as part of the solution to the funding crisis. However these proposals will not impact upon the economics of social housing in Scotland. A commitment is required from Central Government to bridge the gap between what a landlord can afford and the actual cost of decent council or housing association housing in Scotland.

## **A New Scottish Social Housing Standard**

New legislation has made major changes to how people get housing; a Scottish Social Housing Standard could make a major difference to the type of housing people get. Shelter believes that this process presents an important opportunity to improve the standards in which people in social housing have to live.

According to the most recent House Condition Survey 1996:

- There are 78,000 properties in serious disrepair in Scotland.
- A quarter of Scottish homes (over 500,000) are affected by dampness or condensation.
- More than 360,000 children and nearly 120,000 pensioners live in cold damp homes.
- The average Scottish home only scores 4.1 out of ten on the energy rating scale.
- The total repair and improvement bill for Scotland's houses may well be in excess of £10 billion.
- The total repair and improvement bill of Scotland's council housing is £3-4 billion.

There has been a lot of debate in Scotland about housing standards. There are proposals to update the current tolerable standard, proposals to introduce a cross-tenure housing standard, and proposals to develop a Scottish Social Housing Standard. There is also a proposal, in the Housing Improvement Task Force report, to set a standard of repair for privately rented properties. It is important that the Scottish Executive outlines more clearly how these standards relate to each other; how they impact on each other and any relationship that might exist between them.

For example, the consultation paper suggests that the Social Housing Standard and the Housing Quality Standard be one and the same thing. The only difference would be lie in how they are applied and how targets are set to achieve them. This would

have the advantage of simplicity and would recognise that houses do switch between tenures (e.g. through Right to Buy) but some thought would need to be given as to the implications of this. For example, one could make a case for a higher minimum energy efficiency standard for social rented housing, given the much lower average incomes in that tenure.

It is also important that any standards set by the Executive take account of amenities that could be expected to become the norm in Scottish homes over the next 50 years.

National Quality Standards already exist in England and Wales. In England the Decency Standard has been launched with the objective that all social housing shall meet this standard within ten years. The National Assembly for Wales has launched a Welsh Housing Standard. In setting a target date for Scotland we cannot see any argument for the target being longer than ten years.

Current proposals by the Scottish Executive are aimed at setting a 'minimum' standard for tenants of all social landlords. Shelter feel that it is misleading to describe the Social Housing Standard as a minimum as it gives the impression of limited ambition. The standard should be implementable and achievable, and based upon an assessment of what tenants of all social landlords see as their priorities. It would be better to describe it as a 'core' standard, on top of which different landlords can add other features to reflect local circumstances and aspirations. In doing this individual landlords will, of course, what to consult tenants. However, it is also important that tenants' views are fed in to the development of the core standard. There are too many examples of failed initiatives in Scottish housing, because the views of the intended beneficiaries have not been taken into account.

As above, the Scottish Social Housing Standard should be developed in a manner close to that proposed in reference to the Scottish Housing Quality Standard<sup>1</sup>. The Scottish Housing Quality Standard is proposed as a strategic benchmark standard for all Scottish Housing. In fact the Housing Improvement Task Force has described the Scottish Social Housing Standard as a measure 'capable of being used to specify a Social Housing Standard linked to a target dates for achievement'<sup>2</sup>.

The consultation paper proposes that the Scottish Social Housing Standard would be applied on a 'pass/fail' basis. Again, we feel that the terminology is unhelpful. The pass/fail analogy is best left to the tolerable standard, with its range of specific enforcement actions. We have always envisaged the social housing standard as a strategic benchmark, like the cross-tenure standard, the only difference being the setting of a target date and the adoption of specific actions within investment plans.

## What would a Scottish Social Housing Standard do?

The Scottish Social Housing Standard should ensure that all social housing:

- is compliant with the Tolerable Standard
- is free from disrepair
- is energy efficient

Fuel poverty is a major issue in Scotland. The Scottish House Condition Survey 1996 showed that a third of households on the lowest incomes had to spend more than 20% of their income on energy. Shelter recommends that the Scottish Standard for Social Housing should ensure that houses should be sufficiently energy efficient that they are capable of being heated to 21 degrees in living areas and 16 degrees in bedrooms, within the reasonable budget of someone on income support. The energy rating would then be dependent upon what was termed reasonable. We would propose that the common benchmark of no more than 10% of net income be used to determine a core energy efficiency standard.

### **Has modern facilities**

The standard should set a level for acceptable kitchen and bathroom fittings and space. The standard should also include targets for modern facilities like internet access, lift facilities, recycling points, laundry and drying facilities.

### **Is safe and secure**

The standards should set a target for central heating standard that tackles safety. The standard should determine how up to date the heating appliances and fittings are and where they are located. For example radiators should be placed in the best position to heat homes.

The standard should ensure electric power is safe, and that it is properly and safely distributed. For example the standard could ensure that tenants do not have to overload plug points because they are sparsely located as is often the case for those who live in older tenement buildings. A recent survey carried out by Shelter has shown more than half of people surveyed do not know when their wiring and appliances were last checked for safety<sup>3</sup>.

The standard should ensure that all houses possess mains powered suitably linked smoke alarms on every floor, and have carbon monoxide detectors.

The standard should also cover targets for lighting of common areas, door security etc.

Perhaps most importantly the standard must be developed in such a way as to ensure houses do not pose any health and safety risks to the occupant.

### **Is free from condensation and dampness**

Scots are amongst the least healthy people in the European Union. Every year in Scotland there are 70,000 emergency admissions to hospital for people suffering from respiratory diseases (excluding flu). Each in-patient costs the NHS £185 per day. Respiratory illness ranks amongst the top five most common reasons for consulting a General Practitioner. In fact respiratory illness is the single most common reason for consulting a GP for children aged 14 or under. Prescribing of respiratory system drugs including inhalers, decongestants and steroids cost approximately £77 million in 2002<sup>4</sup>.

Eradicating damp homes could free money to target other health priorities and improve the nation's health. It should not be acceptable for households on low incomes to have to spend a lot of their budget on heating to avoid condensation. Energy efficiency is of course implicit in eradicating dampness and condensation. It is not enough to say that dampness and condensation will be resolved through insulation standards and energy efficiency standards. The fact that a quarter of all Scottish homes are blighted by damp or condensation means that standard must address this issue separately to issues of house construction, for example by creating a measure to tackle mould growth.

### **Have a reasonable level of noise insulation**

28% of people from across Scotland who took part in a Shelter survey<sup>5</sup> have experienced noise problems. This figure rises to 46% in the case of tenants of social landlords. Noise problems are the legacy of poor historical building standards in a lot of social housing stock coupled with the development of more powerful appliances such as music systems. There may also be an issue of greater diversity of household types in council housing (traditionally built for families) and therefore more widely diverging views about what is reasonable. But the Scottish Executive must recognise that greater levels of sound insulation are at least complementary to (and may in, fact, be much more effective than) regulation and enforcement options set out in the draft anti-social behaviour strategy. Adopting a core standard for sound insulation would do more to reduce neighbour disputes than many cumbersome forms of legal action.

### **Fully meets the accessibility needs of the occupant**

The consultation paper states, 'significant sections of the housing stock will prove incapable of providing barrier free or wheelchair access and will never be required to do so'. We recognise that because a house is unsuitable for people with mobility problems does not mean it is unsuitable for other people. We agree with the suggestion in the paper that accessibility should be included within the standard but not as a 'pass/fail' element: more as a benchmark against which progress can be measured. This is more consistent with the way we see the standard working anyway. However, we also suggest that there should be encouragement for properties to be adapted where this is possible. We suggest that accessibility should be achieved where it is 'reasonably practicable' to do so. The accessibility element of the standard could be implemented by setting a target that would ensure that there are enough accessible properties available for those who require them in the council area.

There are a whole set of other issues with respect to area management and neighbourhood standards that must be addressed. It is not enough if housing is brought up to standard but the surrounding neighbourhood remains in decline. The quality of the environment is crucial to a person's quality of life. All neighbourhoods should aspire to well-lit, graffiti free, and have accessible green spaces. We recognise that it may not be the role of a property-specific standard to address these issues. However, it would be helpful if the Scottish Executive could indicate how these wider environment concerns can be given equal priority.

Standards set today will determine how the conditions in which successive generations will have to live.

### **Options for Housing Finance**

The opportunity to have a broader discussion about housing finance is welcome. One of the great unheard scandals since the change of government in 1997 is the fact that public sector capital investment in housing is lower than at any time since the second world war. Precisely how much lower is difficult to tell because of the increasing way in which the housing budget is fragmented across many different budget heads, not all of which are easily linked into historical trends. This is partly because of the 1997 government's decision to inherit spending levels and spending rules (the debt set-aside rules, for example) from the outgoing government (i.e. the decline would have happened anyway). But, nevertheless, that was a political choice and the level of recovery since the 1997-99 low point does not offset the long-term effects that this decision will have on housing supply and quality.

The failure of successive governments (both Scottish Office and Scottish Executive) to fund housing expenditure is in stark contrast to the degree of policy emphasis on housing. Particularly since 1999, the level of commitment, at a policy level, to housing has been commendable. But, without the funding, much of the goodwill of housing providers is likely to be withheld.

If one assumes that because of economic conditions, the 2002 spending review is likely to be the high water mark of public sector largesse, then the fact that housing-related expenditure lags far behind overall Scottish budget increases is very disappointing. So, in looking at future arrangements, it would be useful if these could be set in the context of the steady decline in housing as an area for public spending priority since 1977.

Broadly speaking, Shelter welcomes the move to a prudential regime. The previous capping of borrowing consents at levels that bore little relation to investment needs meant that local authorities were relieved of any responsibility to manage debt in relation to income. If they now have to assume that responsibility then it makes sense to scrap the debt set-aside rules. One must assume that if local authorities have to take responsibility for debt, then part of that responsibility will include decisions about how much to use receipts to repay debt. Fixed percentages would run counter to that local discretion.

However, it should be noted that application of the new regime has only happened well after the ending of the historical tripartite responsibility for council housing. Traditionally, council housing has been funded from three sources: from council house tenants, through rents; from the wider local community through general fund contributions; and through the national tax payer through housing support grant. General fund contributions were ended more than a decade ago and the much smaller size of council housing makes their revival very unlikely. Housing support grant for non-hostels funding has declined to insignificant levels. When council house spending was in an expansion phase the availability of HSG gave no incentive to limit borrowing as it absorbed all the debt that rents could not service. The application of a prudential regime means that the case for subsidy to Housing Revenue Accounts is strengthened.

At the moment the main form of subsidy on offer is debt write off so it is welcome that the case debt write-off for partial transfer has now been conceded. In principle, Shelter continues to believe that debt write off should be an option, even where stock retention is the favoured route for future management. The linking of subsidy mechanisms to only limited forms of transfer has disfigured the debate about community ownership such that it has always been primarily about levering extra money in rather than genuinely about community ownership.

The consultation proposes that the transfer process is streamlined to speed up future transfers. A distinguishing feature of the transfer debate in Scotland is the focus upon community ownership and regeneration. The regeneration of communities is often dependent upon council involvement and the involvement tenants. Tenants are the most important voice in the transfer debate, as transfer and community regeneration will not be wholly successful without their support. It is important that enough time is taken during the process to engage with neighbourhoods and to encourage tenants to make active decisions about their homes. Delays in transfer can often be accounted for by administrative setbacks, therefore the administration of transfer should become more efficient.

## Conclusions

Shelter recognise there is an urgent need to improve the standard of Scottish social housing. The full implementation of a Scottish Social Housing Standard will play an important role in addressing the serious damp and disrepair problems that currently exist within social housing stock.

A national assessment of resources required to bring Scotland's social housing up to standard is urgently required. This assessment allows the gap between how much funding is available to improve housing in Scotland and how much is needed to achieve these improvements to be identified. Once this funding gap is identified local authorities will be better placed to decide between options like transfer and prudential borrowing.

Shelter welcomes the proposals to allow councils further ways to access finance for investment in housing stock. These options are only part of the solution; a commitment is required from Central Government to address the gap between the amount landlords can afford and the actual cost of decent social housing.

The prudential borrowing regime and transfer have the potential to impact upon rents and affordability. There is an urgent requirement for the Scottish Executive to assess the impact of these proposals on rent levels.

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<sup>1</sup> The Scottish Housing Quality Standard (SHQS) is described in 'Stewardship and Responsibility: A Policy Framework for Private Housing in Scotland', published by the Scottish Executive. The SHQS is proposed as to assess and compare the condition of housing stock in different parts of Scotland, and to act as a measure to help define local authorities objectives for intervention. It is proposed as a means to assess the percentage of stock falling below a certain threshold, rather than in a pass/fail manner.

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<sup>2</sup> Stewardship and Responsibility: A Policy Framework for Private Housing in Scotland. The Final Report and Recommendations of the Housing Improvement Task Force. Scottish Executive 2003.

<sup>3</sup> Home and Neighbourhood Public Attitude Survey. 2003

<sup>4</sup> NHS Statistics

<sup>5</sup> Home and Neighbourhood Public Attitude Survey. 2003