

Modernising Scotland's Social Housing

Introduction

The Scottish Executive has made clear its ambition of improving Scotland's social housing. Until recently this policy has been pursued by advocating large scale voluntary transfer (LSVT) of council housing to new "community" owners. This has been seen in Glasgow, Scottish Borders, and Dumfries and Galloway where council housing debt has been written off in return for the

transfer of the entire housing stock to new, not-for-profit landlords.

In its latest consultation the Scottish Executive has indicated that it is now prepared to consider partial stock transfer, and the application of the prudential financial framework to local government housing. Indeed in the Labour manifesto for the Scottish Parliament elections housing stock transfer is not explicitly promoted.

Scottish Executive's Current Consultation

At the end of March Margaret Curran as Minister for Social Justice launched the Executive's consultation on Modernising Scotland's Social Housing.

The consultation paper covers:

- The merits of establishing new Scottish Social Housing Standards. The consultation asks how to develop a minimum set of quality standards for tenants, the elements that should make up the standards, the target dates and interim milestones for meeting it, and how local authorities and Registered Social Landlords (RSLs) should report their strategies for delivering the standard.
- Re-affirming the benefits of community ownership through whole-stock transfer.
- Extending the new Prudential Borrowing Regime to local authority housing capital finance. The Executive is looking for views on what business planning information local authorities

and the Scottish Executive need to have to reach informed decision on the new prudential borrowing powers. The Executive states that extra housing borrowing under the Prudential Regime will be paid out of rents without placing an unsustainable burden on current or future tenants.

- Dispensing with the Capital Receipt Set Aside Rules which currently oblige councils to set aside 75% of receipts from Right to Buy sales and 50% or receipts from the sale of land or assets to reduce housing debt.
- Reporting arrangements and timescales for local authorities and RSLs to deliver and fund the new Standards.
- Inviting ideas of innovative funding and management approaches.
- Improving the links between housing and regeneration; the Community Ownership and partial transfers.

The deadline for responses to the Executive is 30 June 2003.

Issues for UNISON:

Stock Transfer:

UNISON has consistently opposed large scale stock transfer of council housing as privatisation.

- Stock transfer is not a good use of public money. Comparative costings demonstrate how LSVTs bring about a long-term tax liability, in that housing associate tenants receive more housing

benefit on average than council tenants as their rents are higher (£16.10 a wk more in Aug2002). This means that if 300,000 council tenants become housing association tenants the extra annual cost is likely to be £150m.

- Social housing should be run by publicly accountable organisations with proper resources.
- UNISON does not believe that stock transfer is the most effective way of

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Action for Branches

- Discuss the Consultation with colleagues and employers.
- Give your views to the Local Government Service Group / P&I Team by 23 May for inclusion in UNISON's final response to the Scottish Executive.

Further Information:

Scottish Executive Consultation:
<http://www.scotland.gov.uk/consultations/housing/mssh-00.asp>

delivering decent social housing. Evidence from England shows that where local authorities are investing directly into their housing stock the decent homes standard is being achieved faster than through LSVT, PFI or Arms Length Management Organisations.

- We have concerns over staff transferring from the public sector, and receiving inferior pay, conditions, creating a two tier workforce.
- These same concerns apply to partial stock transfer, with added worries over divisions created between local authority housing employees.

Extending the Prudential Borrowing Regime to Council Housing in Scotland:

UNISON in general terms welcomes the Executive's proposals to extend Prudential Borrowing to council housing in Scotland. *UK Housing Review* observes that applying this to council Housing Revenue Accounts could raise almost £1bn for investment in council housing in the first few years, as compared with current investment levels of about £100m.

In his analysis for UNISON of the proposals for the English prudential framework for housing Professor Stephen Bailey shows how there will be a greater degree of flexibility for English councils financing housing investment from the Major Repairs Allowance or via Arms-Length Management Organisations, reducing the need for LSVTs and PFIs. However there will still be very strong incentives for councils whose housing stock is in poor condition with high levels of outstanding debt, maintenance and refurbishment requirements to consider LSVTs. This is because Housing Revenue Accounts will be so heavily committed to ongoing unavoidable payments that these councils will face highly restrictive prudential borrowing limits.

Scottish councils would face a similar scenario to those south of the border. Local authorities with modest housing debt, such as South Lanarkshire would have a real choice of borrowing against their Housing Revenue Accounts rather than having to transfer their housing stock to write off the debt. Ironically Glasgow post-LSVT would be able to start again in borrowing to build new council housing. However, local authorities with substantial debt levels and

poor housing stock, such as West Dunbartonshire, are unlikely to find the Prudential Regime offers additional scope to increase borrowing beyond what they can currently afford, so stock transfer remains the only option. The Scottish Executive consultation does acknowledge this situation.

Prof Bailey also argues that if applied to Scotland the prudential borrowing regime would increase the incentive for councils to raise rents to support even higher levels of increased investment. This could lead to a reduction in the Scottish Block grant available to the Scottish Parliament to spend on other services due to the impact on Housing Benefit payments.

Scottish Social Housing Standard

UNISON welcomes the proposal for a Housing Standard to ensure that social housing meets the highest standards of quality, comfort and security. Trade unions should be consulted on the development of the standard, given our members role in maintaining and implementing social housing standards.

UNISON is also keen that the Housing Standards should incorporate accessibility requirements to ensure housing meets the needs of the elderly, families and disabled people. The Social Housing Standard should address energy efficiency and measures to tackle fuel poverty.

Developing the Standard is clearly a medium to long term process, and whilst there is an urgency to improve Scotland's social housing, UNISON is clear that we should not opt for short term approaches which will place financial burdens on future generations.

Innovative approaches to finance and management

UNISON rejects the use of PFI and LSVTs to finance and manage social housing. We believe that direct investment using investment allowances to finance borrowing is the simplest, quickest and most cost effective means of achieving decent social housing. As noted above we believe that social housing should be run by publicly accountable organisations.