

**NORTH LANARKSHIRE COUNCIL  
REPORT**

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE		Subject: HOUSING (SCOTLAND) ACT 2006 DRAFT GUIDANCE - CONSULTATION RESPONSE	
From: HEAD OF HOUSING SERVICES			
Date: 20 AUGUST 2008	Ref: MP/PH		

**1. Purpose of Report / Introduction**

The purpose of this report is to update members following submission of a consultation response on the Housing (Scotland) Act 2006 draft guidance.

**2. Background**

2.1. The Act introduced a number of significant changes to how the repair and maintenance of privately owned housing should be dealt with by local authorities in the future. It followed on from the Housing Improvement Task Force report which identified as a fundamental principle that owners are responsible for the repair and upkeep of their own homes, and that any public sector assistance should be more effectively targeted and reliance on grant funding should be minimised. This will require a major cultural change in attitudes especially among purchasers of property in serious disrepair and Right to Buy owners, where there is an expectation that grant funding will automatically be supplied for major works.

2.2. Draft guidance on the implementation of key sections of the Act was received in mid-April. As agreed at committee on 7 May 2008 a corporate response was compiled and submitted by the due date on 1<sup>st</sup> July. The guidance is very lengthy and covers six volumes. Copies of the guidance and the consultation response are available on request from Housing Services (contact details can be found at the end of this report). The guidance is also available on the Scottish Government's website at: <http://www.scotland.gov.uk/Consultations/Closed>

2.3. The indicative timescale for implementation is provisionally identified to commence in October 2008, although there would be a transition period of around 6 months. However it is likely that there will be a consensus view from local authorities that these timescales are too tight.

**3. Proposals / Implications**

3.1. The main changes and implications for the council are highlighted below.

**3.2. *Housing Renewal Areas (HRAs)***

3.2.1. HRAs replace Housing Action Areas (HAA). One of the main changes is that the majority of houses in a HAA had to be Below Tolerable Standard (BTS), whereas a HRA can be designated where a significant number of houses are sub standard or any houses are adversely affecting the amenity of the area. The guidance is not explicit on the definition of sub standard and it will be for each council to develop its own policy on this.

- 3.2.2. The other major change is that unlike HAAs there is now no mandatory grant assistance attached to a HRA, instead the council will be obliged to provide assistance under its Scheme of Assistance.
- 3.2.3. The introduction of HRAs will potentially provide a mechanism for the council to address particular problems in areas or in blocks where there is a need for action but the properties themselves may not actually be BTS. However like HAAs the designation and enforcement of a HRA will be a resource intensive and relatively bureaucratic process. The council will also have to consider carefully if it has the resources to follow through with enforcement action if the works required are not carried out as it ultimately would have to pay for work up front and then recover through repayment plans and/or charging orders. There is therefore a funding liability on the council, albeit the resources would be recovered over time.
- 3.2.4. HRAs do not assist the council enforce 'improvements', only repairs, although certain 'non essential' work may be included, such as door entry systems to enhance safety and security.
- 3.2.5. A HRA for demolition can be designated, but enforcement of such would still require a Compulsory Purchase Order.

### 3.3. *Maintenance*

- 3.3.1. Again the new powers should give councils more flexibility to intervene and serve Maintenance Orders before properties fall into serious disrepair but before embarking on such action the council will need to consider its ability to pay owners' shares and then recover the costs from the owners. There is also a requirement to monitor such plans over a 5 year period. Although potentially advantageous in helping to address poor maintenance, eg of blocks of flats where there is ineffective or no factoring arrangements, there could be significant resource implications for the council in terms of staff time, and funding of work.

### 3.4. *The Tolerable Standard*

- 3.4.1. The Act introduces two new elements to the Tolerable Standard which are thermal insulation and electrical installation.
- 3.4.2. The council must set out in its Local Housing Strategy (LHS) how it intends to ensure that all houses in its area are brought up to the Tolerable Standard. The stock condition survey recently undertaken will provide useful information regarding the scale of the issue both in terms of the old and the new standard, but clearly the change will result in an increase in the time taken to inspect properties and the number of BTS properties.

### 3.5. *Scheme of Assistance*

- 3.5.1. It is this part of the Act that has the greatest implications for the council in terms of the way it provides support to owners to maintain, improve and adapt their properties. There is general recognition that the current system of grants is no longer appropriate, given the massive increase in property prices in recent years and the level of equity many owners now have in their property (including elderly owners who bought their council house years ago with a large discount).

- 3.5.2. One of the main criticisms of the current grant system is that it is seen to 'reward' people for poor maintenance, so if you maintain your house well you receive no public assistance but if you let it fall into serious disrepair you get a grant. The purpose of the Scheme of Assistance is to develop a range of measures ranging from information through to financial assistance, which will be tailored to reflect individual circumstances.
- 3.5.3. It will be for each council to develop its own Scheme of Assistance, which it must consult on and publish, and it may still include the provision of grants in certain circumstances. There will need to be much greater emphasis on advice provision, including assisting people to find suitable financial products and/or organise contractors etc.
- 3.5.4. It is also proposed to set up a National Lending Unit where people can be referred if they are unable to access commercial financial products. Funding for this NLU will be top sliced from council PSHG allocations, but they will be able to provide equity loans (ie paid back on sale of property), or subsidised loans (the council would have to pay the difference between the commercial lending rate and the subsidised rate).
- 3.5.5. Grant for adaptations will be mandatory and will be for a minimum of 80% of approved costs, up to 100% in certain circumstances, eg if on income support. However it is proposed that grant should no longer be given for the provision of additional living accommodation (ie extensions) unless it is to provide access to standard amenities (ie bathroom). However assistance will obviously need to be given to look at other options and/or funding sources, including equity release or subsidised loans.
- 3.5.6. The main implications for the council of these changes are
- Resource and training implications to change current role which is primarily focused on administering a grant scheme to one where there will be an expectation that information, advice and assistance is provided to a much larger number of people, and responses tailored to individual needs.
  - Potential impact on council and other landlord's capital programmes as it may be more difficult to get owners to participate in common works.
  - Need to change approach to dealing with requests for extensions as these will no longer be grant eligible. There will need to be more consideration given to other options, including assistance to move, or helping people access funding to finance extensions. However the process for applying for other adaptations should be streamlined with the removal of means test on up to 80% of work.
  - Financial implications of initially providing both grants and loans, which may need a greater financial commitment by the council in the early years but overtime this funding requirement should reduce as loans are repaid.

**4. Financial/ Personnel/ Legal/ Policy Implications**

- 4.1. There are no direct financial or personnel issues arising from this report at this time, but the implementation of the Act will require a review of resources and staffing requirements.
- 4.2. Legal Services and Environmental Services were involved in the preparation of the response to the draft guidance

**5. Recommendation**

It is recommended that the Committee note the implications of the new Housing Act, which will be the subject of future reports to committee following finalisation of the guidance.



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**6 August 2008**

For further information on this report please contact Pamela Humphries on telephone 01698 274174