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HOUSING AND PUBLIC POLICY IN POST-DEVOLUTION SCOTLAND

EDITED BY DUNCAN SIM

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Chartered Institute of Housing
Policy and Practice Series
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Acknowledgments

As is usual in an edited collection like this, there are a great many people to thank.

First of all, I am very grateful to those people who provided advice and suggestions when I was putting the original proposal together – in particular Michael Thain, then at the Chartered Institute of Housing in Scotland, Robina Goodlad of Glasgow University, and Alan Dearling.

I am of course immensely grateful to all those who agreed to contribute to the volume and I hope that they are pleased with the finished product.

Once the chapters were first submitted, they were commented upon by a CIH Reading Panel, and I would like to thank John Perry, Alan Ferguson and Peter Williams for their very helpful comments. The book has benefited from their suggestions. Thanks also to Alan Ferguson and Communities Scotland for helping me assemble the photographs. Communities Scotland were also generous with a donation towards the production costs.

Finally, my thanks to colleagues at the Housing Policy and Practice Unit at the University of Stirling for their ongoing support and friendship.

Stirling, February 2004.

CHAPTER 1: Introduction

Duncan Sim

Introduction

Politically, the last five years have been exciting times in Scotland. As part of the devolution settlement enshrined in the Scotland Act 1998, a Scottish Parliament was established in Edinburgh for the first time since 1707. The first parliamentary elections were held in May 1999 and the Parliament was formally opened by the Queen on 1st July that year.

Housing was expressly included among the various areas of responsibility devolved to Edinburgh and this book seeks to explore the changes taking place in Scottish housing in the wake of devolution. Although the Chartered Institute of Housing had previously published a book on Scottish housing policy (Currie and Murie, 1996), the speed of political and policy change in the last seven years have rendered it increasingly out of date.

This chapter, firstly, provides a brief background to devolution and the changing responsibilities for Scottish housing policy. It also discusses recent legislation, most importantly the Housing (Scotland) Act 2001, the first major piece of Scottish housing legislation for many years. Secondly, it describes the structure of the book and finally, suggests areas of housing policy which will be the focus of future attention by the Scottish Parliament.

Policy devolution

Responsibility for the administration of Scottish housing policy has been devolved for more than a century, so that, although decisions were ultimately taken at Westminster, the evolution of policy and responsibility for its implementation rested with the Secretary of State for Scotland and his or her ministers, and the civil servants in St. Andrews House in Edinburgh. As a result, Scottish politicians and civil servants were able, over the years, to develop policies which were often substantially different from those in England.

Policies – and legislation – on home improvement, for example, reflected the very different house types existing in Scotland and the need for systems of common repairs in tenements (see Chapter 5). Scotland's tenure structure, with a majority of housing in council ownership, also led to distinctive approaches. At a time

when English urban policy was almost exclusively focused on the inner cities, the Scottish Office was beginning to turn its attention to areas of declining local authority housing in the many peripheral estates surrounding Scotland's cities (Scottish Office, 1988). And, while the problems of urban Scotland clearly dominated much of the policy debate, with an important focus on housing deprivation, nevertheless the largest part of the country is rural. The special problems of remote areas such as the Highlands and Islands led to their being recognised for Objective One European funding, ensuring that rural issues received a greater attention than was perhaps the case south of the border.

The responsibility for housing within the Scottish Office lay initially with the Health Department but, from 1962, it passed to the newly created Development Department. This was a large department which also had responsibility for roads, transport, local government and planning, and allowed therefore for some integration of approach. Because the Scottish Office was a relatively discrete entity, with a limited number of constituent departments, there appeared to be less 'departmentalism' than in the large Westminster ministries.

The Scottish civil service is also part of a relatively small policy community within Scotland. This community comprises local government, the professions, public sector bodies and 'quangos', housing associations and representative bodies such as the Convention of Scottish Local Authorities (CoSLA). Links between these organisations exist at both a professional and a political level. In comparison with England, this policy community is tightly knit, small and coherent and allows for a high degree of personal interaction not possible at Westminster (Murie, 1996).

The Scottish Parliament

When devolution was proposed for Scotland, it was always expected that housing would be a devolved matter, along with other public services such as health, social work, and education. Housing benefit, however, along with council tax benefit, was reserved to Westminster, as part of social security spending. This has raised issues as to the future effectiveness of the Scottish Parliament in tackling problems of social exclusion. It has been argued by Wilcox (1999b) that lowering rents would have the most direct impact in reducing housing costs, allowing people to enter work, and reduce social exclusion. But the Parliament would have to direct subsidy into housing and this would prove extremely difficult without the ability also to manage the benefits system (Taylor and Sim, 2000).

The Parliament has control over a budget, usually referred to as the Scottish Block, which stood at £22.3 billion in 2003/4, calculated under the Barnett formula (Mair and McCloud, 1999). This formula, established in 1978, is designed automatically to apply a proportionate share of any *change* in comparable English spending programmes to Scotland. The formula is population-based, so that the

Scottish share of expenditure change reflects the country's population. In recent years, however, there have been a number of concerns raised about the workings of the formula, namely that:

- The Scottish population as a whole is declining relative to England's. This means that Scotland's share of expenditure is likely to reduce over time, and the formula will result in convergence in the expenditure patterns between the two countries.
- While on the surface, this may seem appropriate, the overall decline in population may mask particular issues. For example, the Scottish birth rate is lower than England's and, as the population ages, there is likely to be a greater proportion of retired people in Scotland, with a greater need for expenditure on support.
- Although Scotland's population is only 5 million, the country is very geographically diverse and the remote rural areas in the Highlands and Islands require greater expenditure to ensure adequate service provision.
- Even prior to devolution, there were differences in public expenditure between England and Scotland. Because there is a greater proportion of council housing in Scotland, public spending on housing is also greater. Education spending is affected by the smaller proportion of pupils in independent schools in Scotland. And there are important public utilities such as water, which have remained in public ownership in Scotland. All of these factors suggest that Scotland may need a greater level of resources than the Barnett formula can provide.

To be fair, the formula has never been applied rigidly and Scottish politicians frequently argued successfully for 'tweaking' the formula in pre-devolution days, to ensure that Scotland did not lose out unnecessarily. More recently, however, there have been a number of English politicians who have claimed that Scotland still receives an unfairly large slice of government spending and the Barnett formula may need to be re-examined.

The Scottish Parliament could, of course, increase its income through the use of its tax-varying powers. These extend to 3p in the pound, which could potentially raise an extra £450 million, although this is a small sum relative to the overall budget and there seems little political will at present to use these powers. There has, however, been increasing debate in Scottish political circles about the transfer of all tax-raising powers to Edinburgh. This would then lead to a need for a kind of reverse Barnett formula, as Edinburgh passed to Westminster money raised in taxation in Scotland, which was needed for UK-wide expenditure such as defence.

The Parliament's housing portfolio currently rests with the Minister for Communities, Margaret Curran, MSP for Glasgow Baillieston, and her deputy, Mary Mulligan, MSP for Linlithgow. Ministerial responsibility, however, extends beyond housing to cover social inclusion, area regeneration, and planning. Indeed, the term 'housing' does not feature in the titles of ministerial portfolios, nor did it

surface in Labour's manifesto for the Scottish Parliament, other than under the heading 'New Communities'. Housing has also suffered from a series of cabinet changes, consequent upon the death of Donald Dewar and the resignation of Henry McLeish, Scotland's first two First Ministers (Taylor, 2002). Immediately prior to devolution, housing was the responsibility of Calum MacDonald, MP for the Western Isles, but after the establishment of the Parliament, it became the responsibility of Wendy Alexander. It was subsequently inherited by Jackie Baillie before passing to Iain Gray, after Jack McConnell's appointment as First Minister. Early in 2002, following the resignation of Wendy Alexander from the cabinet, the consequent reshuffle led to housing passing to Margaret Curran.

Of the committees within the Parliament, the main committee with responsibility for housing was initially called the Social Inclusion, Housing and Voluntary Sector Committee. Early in 2001, there were changes made to the committee structure and housing came within the remit of the Social Justice Committee; this in turn has been renamed the Communities Committee. It has nine members, four Labour, two SNP, one Conservative, one Liberal Democrat, and one Green, and is chaired by Johann Lamont, MSP for Glasgow Pollok. There is also a Local Government and Transport Committee, which deals with more general issues affecting local government, especially finance.

Five housing ministers in five years has not been a recipe for stability but nevertheless, housing has been a relatively high profile subject. As an issue, it featured strongly in SNP and Liberal Democrat manifestos at the time of the 1999 Scottish parliamentary elections. It was not apparently seen as an issue of immediate concern by the Labour Party, who became the largest party and senior partner in the governing coalition. As a result, no housing legislation was proposed in the first tranche of bills presented to the Parliament on its opening. This was immediately criticised by Fiona Hyslop of the SNP, the shadow housing minister, as well as MSPs from the Scottish Socialist Party and the left of the Labour Party. First Minister Donald Dewar's approach, however, was to recognise the omission but point out that some important bills would, of necessity, have to wait until the Parliament's second year. As expected, housing was indeed a major focus for legislative debate in the second year.

Housing policy

Although the Scottish Parliament was seen as having only limited immediate impact on housing policy, nevertheless the Executive itself was keen to address the issue of under-investment in council housing. This was to be achieved primarily through transfer of ownership to 'community ownership' landlords and housing associations and co-operatives. Transfer allowed additional investment, and also offered tenants a new role on management committees and boards. The main mechanism for securing this investment has been New Housing Partnerships (NHPs) which,

…stress tenant involvement, additional resources from the Comprehensive Spending Review, and the commitment to deal with residual debt. The NHP programme includes new building for rent, a transfer of function potentially more significant than stock transfer in the longer term (Goodlad, 2000b: 152).

Transfer of local authority housing stock to housing associations has taken place in Scotland from the early 1980s onwards. Further stock transfer took place after legislation in 1988, as a means of disposing of Scottish Homes's stock, itself inherited from the Scottish Special Housing Association. This had been a government agency established between the wars to supplement local authority housebuilding in areas of high demand and severe shortage (Rodger and Al-Qaddo, 1989). Scottish Homes housing was transferred to a range of existing and newly-formed housing associations, as well as co-operatives and private companies. In the case of the new towns, however, where stock disposal also took place, local authorities were allowed to bid and they emerged overwhelmingly as the choice of the tenants (Taylor, 1998).

In contrast to England, local authority whole stock housing transfers have been relatively rare and until 2002, only one such Scottish transfer had taken place. Berwickshire District Council transferred its stock to a new housing association in 1995 (Taylor, 1996), but here the issue was essentially about retaining local control over housing in the face of local government reorganisation, rather than about debt write-off and under-investment.

For the Scottish Executive, whole stock transfer has become an important element of housing policy, and it has increasingly been seen as the easiest way to address the investment issue. In 2001, tenants of Scottish Borders Council agreed to transfer, then in April 2002, after several postponements, Glasgow's tenants voted to transfer to a new landlord, the Glasgow Housing Association. This will, in turn, transfer stock onwards to a series of local housing organisations (LHOs) around the city. The scale of the transfer – the largest so far in the UK, with around 90,000 houses – represents a substantial tenure shift within Scotland, and is likely to pave the way for future transfers. Politically, the transfer is significant, as Glasgow City Council had perhaps been viewed as 'old' Labour, yet it was able to agree to rid itself of its landlord role. A third transfer was subsequently approved, in Dumfries and Galloway, although elsewhere, local authorities have either delayed transfer or decided against it. This important policy area is discussed by Taylor in Chapter 9 of this book.

The 1999 Green Paper and the Housing Bill

Legislation on housing in the Parliament has its origins in the 1999 Scottish Office Green Paper on Housing, entitled 'Investing in Modernisation – an Agenda for Scottish Housing' (Scottish Office, 1999b). The Green Paper focused on issues of quality in housing, as well as the regeneration of communities and social exclusion.

Specifically, it stated:

> *The very first step in drawing up policies and programmes for the future is to have a clear vision of the objectives of Scottish housing policy. The Government's objectives are to ensure the provision of high quality, well designed housing which is affordable for all, is energy efficient and which supports the integration and regeneration of communities rather than dividing them* (Scottish Office, 1999b: 7).

The key proposals contained within the Green Paper included:

- continued development of the government's community ownership and stock transfer programme;
- the introduction of a single tenancy for all tenants in the social rented sector;
- changes to the right to buy;
- a single system of regulation for all landlords;
- reform of the improvement and repairs grant system for private housing;
- a review on homelessness policies and new statutory provisions for allocations, and
- a new unitary 'social housing' grant for housing providers, coupled with a single budget for public expenditure on housing.

There were also proposals to extend Care and Repair schemes, to make barrier-free standards mandatory for all new housing, and to address issues of energy efficiency. The future role of Scottish Homes was flagged up, but no firm proposals were put forward, as this would be a matter for the new Parliament to consider.

Missing from the Green Paper was any discussion of housing benefit (as this was to remain the responsibility of Westminster) or of the private rented sector. Nevertheless, the Green Paper was significant as the first on housing for over 20 years, and it signalled the return of housing to the political agenda.

Although no Housing Bill was introduced into the Scottish Parliament in 1999, the Executive sought to engage with the housing profession on specific policy issues through the establishment of task forces. Chaired by the minister, they comprised civil servants, academics and representatives of local authorities, housing associations, private sector bodies, and voluntary groups. One task force focused on homelessness, reviewing both its causes and current practice in dealing with it, as well as making recommendations, which would inform the Housing (Scotland) Bill 2001. The Housing Improvement Task Force focused on disrepair in the private sector (including the private rented sector), financial assistance available to owner-occupiers, and the management of blocks of flats in multiple ownership. The work of these two task forces is referred to in Chapter 12 by Fitzpatrick, and Chapter 5 by Laird and Flint.

The debate on housing policy which had followed the Green Paper and which had been taking place in various forums (such as the Task Forces) led eventually to the Scottish Executive's White Paper, containing their proposals for the Housing Bill. Published in Spring 2000, it was entitled 'Better Homes for Scotland's Communities' and was a glossy affair, with an extensive use of colour and illustrated with photographs of smiling people in designer clothing (Scottish Executive, 2000g).

The proposals for the Bill broadly followed those in the 1999 Green Paper, although there were some additions. These included the enhancement of the strategic role of local authorities through the production of a single Housing Plan and a greater role in the allocation of development funding to housing associations, and firm proposals for the future of Scottish Homes. This body was to be converted into an Executive agency directly accountable to ministers, reflecting the actions of the Welsh Assembly in relation to Tai Cymru, the Welsh housing agency. The Bill was duly introduced into Parliament in Autumn 2000 and was passed on 13 June 2001, receiving the Royal Assent the following month.

The Housing (Scotland) Act 2001

The main provisions contained within the Act followed broadly the thrust of the Green and White papers. Specifically, they can be summarised as follows:

- The Act requires local authorities to produce a strategy for the prevention of and alleviation of homelessness. They must also make available advice and information, free of charge, about homelessness to anyone who requires it, and make temporary accommodation available to a homeless person, while their case is being assessed, regardless of whether they are in priority need. RSLs have a duty to assist local authorities in this regard, and can only refuse to provide accommodation where there is 'good reason'.
- Ministers can instruct local authorities to develop Common Housing Registers in their area.
- Anyone over the age of 16 is given the right to register on a housing list held by a local authority or RSL.
- The broad framework for housing allocation which applies currently to local authorities is extended to RSLs. In particular, the Act specifies factors which are deemed irrelevant in dealing with allocations, including income, property ownership, and rent arrears, if arrangements to repay them are in place.
- The Act creates a single Scottish Secure Tenancy, in both local authorities and RSLs which replaces existing secure and assured tenancies. Anyone over the age of 16 can apply for a joint tenancy and this provision includes same sex couples.

- There are significant changes to the right to buy. It is extended to those tenants of RSLs who do not currently have the right to buy, but excludes RSLs with charitable status. The change does not, however, come into force for ten years. In certain areas where there is particular pressure on council stock (for example some rural areas where stock is in short supply), local authorities can apply for 'pressured area status' and secure exemption of their stock from the right to buy for five years.
- There are also changes to right to buy discount levels. These now start after five years tenancy at 20 per cent, rising by one per cent per annum, to a maximum of 35 per cent of the value of the house. Discounts are capped at £15,000.
- Scottish Homes becomes an executive agency, accountable to ministers, and is renamed Communities Scotland.
- The new Communities Scotland takes on the regulation of all Scottish social landlords, including both local authorities and RSLs.
- Local authorities must produce a strategy to ensure tenant participation.
- Ministers must produce a statement of intent to eradicate fuel poverty, which will be reviewed every four years.
- Local authorities must produce Local Housing Strategies, which assess housing need within their areas.
- Repairs and improvement grants in the private sector become means-tested for the first time, with a maximum grant level set at £20,000.

The Act therefore makes some significant changes to present systems, notably in the right to buy, in regulation, and in allocations and homelessness. These areas are beginning to show some marked distinction from the English position. On the other hand, some provisions such as the introduction of means testing of repairs and improvement grants brings the Scottish legislation more in line with that south of the border.

The areas addressed by the legislation, and the accompanying policy changes are, to some extent, mirrored in the structure of this book. Homelessness is covered by Fitzpatrick in Chapter 12, tenancy changes by Scott in Chapter 3, regulation by Oatway in Chapter 14, and the right to buy by Jones in Chapter 4. There are, however, a number of areas which were not covered by the Act, most notably in the private sector. The private rented sector, for example, remains largely unregulated, although there have been significant moves to regulate Houses in Multiple Occupation (HMOs) and discussions have taken place regarding the introduction of landlord accreditation schemes.

Other legislative developments

The passing of the Housing (Scotland) Act 2001 must be seen in the context of a number of other legislative developments. First, there have been other housing-related pieces of legislation which have been passed by the Scottish Parliament, of which the Homelessness etc. (Scotland) Act 2003, discussed by Fitzpatrick in

Chapter 12, is of particular significance. Second, the UK government announced in the Queen's Speech of November 2003, that a Housing Bill would be introduced at Westminster. While applying south of the border, some of its proposals, on licensing of private landlords and on the house buying process, may be mirrored in future legislation in Scotland. There are also proposals, first suggested in the English Green Paper on Housing, to reform certain aspects of housing benefit and these would apply across the UK. Thirdly, there are other Scottish acts or bills which deal with related issues such as tenement law reform and changes to feudal tenure, which impact directly on housing policy.

The English Green Paper, entitled 'Quality and Choice: A Decent Home for All' was published in April 2000 (DETR, 2000a). Most of the proposals dealt specifically with England and Wales but there were proposals on housing benefit which would have applied to Scotland. Essentially, these involved the development of a single claims process, aimed at shortening processing times; reductions in the complexity of benefit rules; measures to tackle fraud (including the establishment of a hotline service); improvements in work incentives; and a broadening of the definition of the Single Room Rent, a measure aimed at helping young single people. So far, the only measures in the Green Paper to have been enacted are those concerning homelessness and allocations, within the Homelessness Act 2002. Measures aimed at improving the system of house buying and selling, within the Homes Bill, were lost in the 2001 General Election, although the new Housing Bill to be debated in the 2003/04 session of Parliament will resurrect the proposals.

Although the government has not yet legislated on housing benefit, it may be useful to refer to the Housing Benefit (Withholding of Payment) Bill, introduced in 2002 as a Private Member's Bill by Frank Field MP. This was aimed at tackling anti-social behaviour, by withdrawing benefit from tenants or members of their household who had been the subject of Anti-Social Behaviour Orders. Although the Bill fell, the subsequent government-sponsored Anti-Social Behaviour Act 2003 has introduced a range of sanctions against anti-social tenants in England and Wales. The Act did not, however, allow for the withdrawal of housing benefit from anti-social tenants, along the lines proposed by Field.

While benefit is a matter reserved to Westminster and so any future measures passed at Westminster may be applied in Scotland, this tends to cut across devolved matters. These include the provisions in the 2001 Housing (Scotland) Act, including the new Scottish Secure Tenancy, and amended local authority homelessness responsibilities, as well as the Criminal Justice (Scotland) Act 2003, which introduced Interim Anti-Social Behaviour Orders. The position illustrates very clearly the difficulties created by the retention of benefit powers by Westminster.

Within the Scottish Parliament, housing is directly affected by a series of reforms of the Scottish feudal system. The Abolition of Feudal Tenure etc. (Scotland) Act

was passed in 2000 and replaced feudal land tenure with a system of simple land and property ownership. This Act was followed by the Title Conditions (Scotland) Act 2003, which tidied up existing law. Specifically, it limits the extent to which local authorities can influence the factoring of housing after it is sold, and also introduces new rules for the regulation of burdens in mixed tenure estates. Within tenements, the Act allows for common repairs being carried out if a majority of owners agree, thereby removing the common law requirement for unanimity.

The third Bill in this programme is the Tenements (Scotland) Bill which will provide that, in future, all tenements must have a management structure to decide how the property is to be maintained. The Executive is currently consulting on the proposals.

Other legislation has focused on issues of debt. The Abolition of Poindings and Warrant Sales Act 2001, introduced into the Parliament as a Member's Bill by Tommy Sheridan MSP, abolished certain specifically Scottish practices used to recover debt. The Executive introduced new arrangements for debt recovery to replace those abolished, within its Debt Arrangement and Attachment (Scotland) Act 2002. This aims to encourage settlement of debt by agreement between creditors and debtors, without the need for legal action. It creates a national statutory debt arrangement scheme, to allow people to repay multiple debt by instalment in a managed way, free from the threat of enforcement action. Enforcement action will only be taken after judicial enquiry.

Another piece of legislation, aimed at tackling the issue of mortgage arrears is the Mortgage Rights (Scotland) Act 2001, another Member's Bill, promoted by Cathie Craigie MSP. This allows sheriff courts either to suspend debt enforcement in cases where the debtor might be able to repay the debt or arrears if given reasonable time to do so, thereby keeping their home – or to delay the process to allow debtors to find alternative accommodation.

At the very end of the Scottish Parliament's first term, the Local Government in Scotland Act 2003 was passed. The measures included within the Act include:

- a duty of Best Value, which will sweep away Compulsory Competitive Tendering (CCT) and place the Best Value framework on a statutory footing to improve accountability and ensure rigorous scrutiny;
- placing community planning on a statutory basis, so that local authorities and other bodies can work together and with communities in planning and delivering services;
- giving councils a power of general competence to promote and improve the well-being of their area.

Within the Parliament's second term, there will be further legislation on local government and, in Autumn 2003, the Executive introduced the Local Governance (Scotland) Bill, aimed specifically at the introduction of proportional

representation for local elections. The Executive is also legislating on anti-social behaviour, with a Bill passing through the Scottish Parliament in the 2003/2004 session.

Finally, land reform has also been an important issue for the Scottish Parliament and the Land Reform (Scotland) Act 2003 has introduced a community right to buy whenever land is offered for sale in rural areas. This legislation builds on previous community 'buy-outs' of private estates in Assynt, North Harris, and on the islands of Eigg and Gigha. It will have great significance in regard to the long term sustainability of rural communities and should make it easier to provide new housing. Previously a shortage of buildable and accessible land were major obstacles to housing supply.

The range of legislation directly or indirectly affecting housing is significant and reflects the fact that the Scottish Parliament itself passed 62 pieces of legislation in its first four-year term. It is a dramatic illustration of how devolution has impacted on the legislative process, as Westminster would simply never have had the capacity for dealing with these (often specifically Scottish) issues.

Plan of the book

The plan of the book reflects to a large extent the areas addressed by recent legislation and where major policy changes and initiatives have taken place. The devolution settlement in Scotland is, of course, part of an ongoing process affecting all parts of the UK. Assemblies have been established in Wales and Northern Ireland, as well as Greater London, and the government is now moving towards the establishment of regional assemblies in certain parts of England. Chapter 2, by Alan Murie, examines the Scottish situation against the background of other developments within the UK, as well as the question of those powers affecting housing currently reserved to Westminster. Murie is in an excellent position to pass comment, having worked both in England and Scotland and as the co-editor of the previous CIH Scottish policy text.

The next section of the book deals with the management of housing and the rights and responsibilities of residents. Suzie Scott looks at issues arising from the 2001 Housing Act, including the new Scottish Secure Tenancy, the debate on Best Value, developments in tenant participation and tenancy matters, including recent legislative proposals on anti-social behaviour. Colin Jones then focuses on the right to buy and its impacts, as well as examining the recent changes within the new legislation. Good management is not, of course, confined to the social rented sector and Ann Laird and Ann Flint discuss the recent debate on property management reform, including the need for management systems to be introduced in multiply-owned housing, a particularly common form of housing within Scotland.

The subsequent two chapters move on to examine the need to invest in communities. Nick Bailey and Annette Hastings emphasise the importance of regenerating communities, sometimes through 'wider action' initiatives pursued by housing associations with the encouragement of Communities Scotland. The specific issues arising from community renewal in rural areas are then developed by Mark Shucksmith.

Affordability is a key issue in Scottish housing and Mary Taylor and Steve Wilcox examine the challenge of identifying funding for social housing at a time when investment needs are enormous. If affordability is to be maintained, then such investment cannot come from rents alone. The position is complicated because affordability is influenced by benefits policies, which are reserved to Westminster. The Scottish Executive's approach to attracting investment has been the active pursuit of stock transfer and Glasgow's is the largest stock transfer in UK housing history. The stock transfer situation is expanded in Mary Taylor's chapter.

In order to maintain a focus on private as well as social housing, Glen Bramley and James Morgan look at investment in private housing and the role which can be played by the planning system.

The next section of the book has a 'people' focus. Duncan Sim explores the equality agenda which has been developed by the Scottish Executive, while Suzanne Fitzpatrick, a member of the Homelessness Task Force, discusses homelessness strategies, an important element of the 2001 Housing Act and the specific focus of the Homelessness etc. (Scotland) Act 2003. Alison Petch then examines the relationships between housing and social work, the regulation of care and the support offered to individuals.

The final part of the book has a strategic focus. Carole Oatway's chapter focuses on the regulatory framework for Scottish social housing and the changing role of Communities Scotland. Oatway is a practitioner and her contribution has a factual, practical emphasis. Robina Goodlad then looks at the strategic role of local authorities, which has also changed as a result of the new legislation.

Inevitably in a book such as this, there will be gaps. Most obviously, there is little on the private rented sector, but there have so far been only limited policy initiatives in this area, such as HMO regulation. There is no specific chapter on the design and development of housing, although there are some references to this in individual contributions, such as Bramley and Morgan's chapter. And despite the important issue of the ageing of Scotland's population, there is no chapter specifically focusing on older people, although Petch makes detailed reference to their needs. The book is already long, reflecting the considerable changes which have already taken place in housing and public policy in Scotland since devolution, and it would have been difficult to extend its coverage.

This chapter now reflects on the possible changes on the horizon for Scottish housing.

Looking to the future

Part of the *raison d'être* for this book was the speed of policy change since the last textbook on Scottish housing policy in 1996 (Currie and Murie, 1996). It is interesting therefore to speculate on what the possible changes might be in the next few years, which might be the subject of a future text.

At this stage, it seems likely that there will be more housing legislation at some point in the second term of the Scottish Parliament, but with more of a private sector focus. Such legislation could address issues which may arise from the current Tenements Bill, particularly regarding disputes over common areas and the need for mediation. There may also be a need for a system of regulation of factors and property managers, the profession most directly involved in managing the common parts of multiply-owned housing.

Within the private rented sector, there is a good case for developing accreditation or licensing schemes for private landlords, and in the owner-occupied sector, reforms are required in relation to the house buying process. Particularly important might be the introduction of a vendor's survey, which would include an energy audit, clear indications of disrepair and dampness and condensation ratings.

The Chartered Institute of Housing in Scotland has also called for a Decent Homes Standard, to apply to all tenure sectors, with the establishment of 2013 as a target date for all social rented stock to meet this standard (CIHS, 2003a). The Institute has suggested that an updated standard should include serious disrepair, damp, electrical wiring and thermal inefficiency, and it has also called for sufficient funding to be available to allow sustainability to be a central factor in future housing development. There are already indications that the Scottish Executive is moving in this direction, accepting the idea of a Decent Homes Standard, at least for the social sector. The composition of the Parliament after the 2003 elections, with seven Green Party MSPs elected means that green issues, such as sustainable housing, are increasingly likely to feature on the political agenda.

Finally, investment in housing must remain a high priority. Thus far, the Executive has looked to stock transfer as a means of levering in additional – often private – investment. But a number of local authorities have been unwilling to pursue this option and the introduction of proportional representation to local government and the increasingly likelihood of coalition government at this level, means that it may not be possible in the future to achieve council majorities in favour of transfer. There has therefore been debate about alternative investment options. The Executive has now agreed to give local authorities additional freedom to borrow within a new prudential borrowing regime. This will mean that local authorities themselves will be able to decide what is a prudent level of borrowing in their financial circumstances, taking into account the affordability

of tenants' rents. The new regime takes effect in April 2004. It has also been agreed to apply the same financial arrangements for debt write-off to partial as to whole stock transfers. This will give local authorities more flexibility in deciding the future of their stock.

A more radical solution would be a change in Treasury rules from the Public Sector Borrowing Requirement (PSBR) to General Government Deficit Funding (GGDF), as argued by the CIH for many years. This would remove the rather arbitrary distinction between local authority expenditure which falls within the PSBR and housing association expenditure, which does not. But such a change is unlikely within the present devolution settlement.

This raises the further question of future changes to the Scotland Act itself. There is considerable debate taking place within Scotland at present regarding the virtues of full fiscal autonomy. This would involve the Scottish Parliament taking full responsibility for taxation and social security matters, remitting money to Westminster for UK matters such as defence, and keeping the remainder. This reverses the present position of tax being collected by Westminster and money being remitted to Holyrood as the Scottish Block. The idea has been adopted, not just by nationalist politicians but also by some Scottish Liberal Democrats and Conservatives who see this as a way of encouraging fiscal responsibility in Edinburgh.

At the time of writing, the only likely change to the Scotland Act relates to the reduction in the number of Scottish MPs at Westminster, while retaining 129 MSPs in Edinburgh. The amending Bill is in the government's 2003/2004 legislative programme.

The Scottish Parliament has only been in existence for four and a half years and it is perhaps too early to give a detailed verdict on devolution. There have been various complaints expressed by people through the media – about the performance of some MSPs, about some of the decisions of the Scottish Executive, and about the rising cost of the Holyrood building. But there is no question that the Scottish people wish to retain – and extend – the role of the Scottish Parliament; there is no prospect of a return to Westminster government in domestic matters.

Indeed, much of the criticism has been about the Parliament's occasional timidity. When Jack McConnell was elected as First Minister, he sought to distance himself from his predecessors by stating that his approach would be to do less, better. This was not generally seen as being particularly inspiring and, while the performance of the Executive has probably been fairly competent, it has sometimes seemed rather lacklustre and unexciting. The election of a significantly increased number of Green, Scottish Socialist Party and independent MSPs in the 2001 election may change things and make for more lively debate in both committees and in the parliamentary chamber.

As noted above, there has been much debate about seeking an extension of the Parliament's powers, most notably in relation to taxation and social security, although there seems little prospect at present of this happening. Certainly, it is important that the devolution settlement is not seen as being something fixed for all time but as something dynamic, with further powers transferred to Holyrood in the future, as occasion and logic demand. In the longer term, there are many who see the establishment of an independent Scottish state within the European Union as the logical ultimate position, but the Scottish people may not be ready to move on to full independence for some time yet.

Some further reading

Chartered Institute of Housing in Scotland (2003a), *Manifesto 2003. Investing in quality*, Edinburgh: CIHS.

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Hassan, G. and Warhurst, C. (eds) (2000), *The new Scottish politics. The first year of the Scottish Parliament and beyond*, London: The Stationery Office.

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CHAPTER 2:
Scottish housing: the context

Alan Murie

Introduction

There is a growing literature which is concerned with differences between national housing systems. These systems are constantly undergoing change. They continue to reflect different historical legacies but they are exposed to the same global and regional influences and some of the recent debate has focused upon the extent to which national housing policy systems are converging or diverging. At the same time, it is important to recognise that, unlike social security systems which tend to be uniform in their operation nationally, with uniform rates of benefit and methods of administration, housing policy reflects a much greater variety of local circumstances including local politics. The most generally referred to attempts to identify different welfare state regimes have tended to be based on discussions of the national rather than the local welfare state, of which housing forms a key part. Although there is a literature which suggests that there are different types of national housing policy regimes, much of this literature still acknowledges the very considerable variation in the operation of housing systems within countries. It may even be that the differences within countries, between different cities or between cities and rural areas, are greater than the differences between national systems. The book, of which this chapter forms a part, focuses on housing policy in Scotland. It follows similar books published by the Chartered Institute of Housing on housing in Wales (Smith, Stirling and Williams, 2000), and Northern Ireland (Paris, 2001).

The context for discussion of the Scottish housing system reflects both of these different debates. Scotland has a different housing tradition and a different housing system that can reasonably be distinguished from that of the rest of the United Kingdom. At the same time there are enormous variations between the cities and regions of the United Kingdom and yet we would not argue that there is a distinctive housing policy system in every city and region. Some elements of distinctiveness are about local welfare states and some are about different national policy systems. It is important that we do not attribute every difference within Scotland to the operation of a different national policy system.

At this level it is conceivable that the Scottish housing policy system has very little that is distinctive from that other parts of the United Kingdom. Much of what is referred to as distinctive is attributable to the local welfare state dimension and following on from this, there is a debate about how far the distinctiveness remains

or is increasing and how far it is being diminished through convergence. This chapter refers to these issues. First of all it identifies the arguments which suggest that Scotland, both before and since the new devolved government arrangements introduced in 1999, merits being regarded as a separate national policy system. Secondly, it suggests that some of the distinctiveness of the Scottish housing system relates to local rather than national policy influences. Thirdly, it discusses the extent to which there has been a convergence in housing policy and the housing policy system between Scotland and other parts of the United Kingdom or, indeed, other parts of Europe and speculates about whether the future is likely to involve convergence.

Distinctive dimensions

Scotland has a distinctive set of housing problems and has developed a distinctive approach to housing provision. However, it is important not to overstate the nature of this distinctiveness and it is also important to locate its origins. The overseas' observer of housing in the United Kingdom might see the concern to distinguish between Scotland and other parts of the United Kingdom as an exercise in sophistry and obfuscation. Compared with the differences between national housing systems across Europe, the distinctions between Scotland and other parts of the United Kingdom appear small. All national housing systems rely upon the delivery of policy by local agencies, be they local authorities, not-for-profit organisations or market organisations. Consequently all national housing systems are marked by variation in outputs and outcomes. The levels of owner-occupation or other tenures in different cities or regions are never uniform. The legacy of built housing is always different. The impacts of economic and demographic change impart distinctive local challenges and potentialities.

While this does not deny the importance of local variation within the United Kingdom, it raises questions about referring to these dimensions to justify the distinctiveness of Scottish housing policy. If we are not careful we would have a reductionism in which there would be a distinctiveness associated with every locality. It also raises questions about the presentation of Scotland as having a single policy tradition, rather than having different ones associated with local politics and economics. It also raises questions about the levels of comparison which are appropriate to establish distinctiveness. Much of the literature which discusses Scottish distinctiveness compares Scotland with England when we know very well that the variation between regions within England is bound to mean that this comparison will generate distinctiveness. A comparison at a regional level shows Scotland as having more in common with the north of England, say, than with the south-east. A different kind of comparison might then suggest a northern industrial and social democratic policy type with a southern neo-liberal policy type. This would not be a very sensible route to go down. It is not a fruitful basis on which to discuss the Scottish housing system, nor is it helpful to rely upon these kinds of comparisons to justify the distinctive situation of Scotland.

Some accounts of differences between Scottish and English housing rely less upon these detailed comparisons than upon examples of policy differences. For example, and quoting selectively,

> *…regeneration policies are identifiably Scottish and the subsidy regimes for home improvement and council housing are radically different from their English counterparts* (Maclennan, 2001).

Such comparisons risk overstatement in two ways. Firstly, they may refer to temporary or transient differences as, for example, both regeneration policies and subsidy regimes are constantly revised. The danger is that the distinctiveness based on these kinds of comparisons is a snapshot rather than referring to a sustained difference over time. Secondly, they may lack perspective. They may refer to relatively detailed arrangements for subsidy rather than underlying principles of subsidy systems. The subsidy systems in Scotland and England have followed the same principles for over a hundred years. There have been detailed differences but these have not been comparable with the differences associated, for example, with tenure-neutral housing finance systems (see Kemeny, 1993) or between systems based on object and subject subsidies. The introduction of housing subsidies in 1919 and of rent control measures in 1950 were the same in these different parts of the United Kingdom and the underlying principles have remained the same. The switch towards housing allowances in the 1980s came at the same time and again followed the same principles. Indeed, it could be argued that the degree of similarity is so great as to demonstrate that there is no distinctive system. There is a danger that the case for distinctiveness rests on special pleading when it requires such detailed differences to be called into play. These observations, however, do not imply that the whole debate about distinctiveness is misleading, but rather it questions what kinds of evidence and case can be constructed.

Leaving these particular debates aside, there are four broad underpinnings to the argument that Scottish housing has a distinctive quality and history. These overlapping categories refer to legal and administrative differences, historical differences, economic and geographic differences and political differences. In my view it is the legal and administrative differences which form the strongest basis for an argument that Scotland merits being seen differently. While the other elements, taken in conjunction with this legal and administrative difference, begin to contribute to the distinctiveness emerging from Scotland, they would, on their own and without the distinctive legal and administrative situation, have simply contributed to the same pattern of difference that exists, for example, between cities and regions within England. The necessary element in the debate is this legal and administrative one and the way that it interacts with other factors.

The case for looking at Scotland as a distinctive system does not rest on the extent of its difference from England – indeed the development of legislation and policy in Ireland was more distinctive than that in Scotland. In the Irish case, however, the different policies adopted in relation to housing were a result of national rather

than local considerations and led politicians at Westminster to adopt very different approaches than they thought were appropriate elsewhere in the UK (see Fraser, 1996) – or, subsequently they were associated with a separate legislative system in Northern Ireland (Birrell and Murie, 1980).

A separate administration

The emergence of a strong, separate administrative regime for Scotland occurred at the end of the nineteenth century and coincided with the period in which there was a hiatus of activity around housing conditions and housing policy and the consequences of industrialisation. The Treaty of Union of 1707 created a single Parliament of Great Britain meeting in London and guaranteed the separate legal, religious and educational systems in Scotland. It also created the post of Scottish Secretary, but this was often unfilled with Scottish affairs being the responsibility of the Lord Advocate and British Home Secretary. It was in 1885 that the Scottish Office was established and this is the longest established of the territorial ministries within the UK system of government. McCrone (1992) argues that in many respects Scotland remained self-governing in its civil institutions and that the remarkable growth of separate political administration for Scotland helped to reinforce the sense of Scotland. Paterson similarly argues that in the nineteenth century Scots had real autonomy. The political debates that took place and affected policy development in Scotland were not systematically between Scotland and England but rather within the governing bodies of Scotland. The lawyers, doctors, architects and other professionals who operated policy were,

> *…embedded in wider Scottish civil society through Scottish professional associations and, in some cases, the Scottish universities* (Paterson, 1994: 51-52).

The British government took little interest in Scottish domestic government which was left to Scottish bodies and professions. The growth of the modern system of local government and of legislation providing effective powers for state intervention in the housing market occurred in this environment and the subsequent period following the establishment of the Scottish Office. The Scottish Office and the growth of the twentieth century welfare state led to a reorganisation of Scottish domestic government but Paterson argues:

> *…the UK welfare state which emerged between 1910 and 1950 took a distinctive form in Scotland, to such an extent that Scotland can be described as having had a welfare state of its own* (p.103).

The key to this is not legislative differences, although such differences did exist and have ebbed and flowed but was because Scotland had its own welfare state bureaucracy. From this it can be argued that legislation in housing has reflected Scottish differences and political demands. However, more important than this is

the implication that the ways in which legislation was applied reflected the activities of a distinctive Scottish bureaucracy which was a product of the wider Scottish civil society.

This kind of analysis shifts the emphasis away from differences in inputs (the economy, the geography, the demography of Scotland) towards the processes associated with policy making and policy delivery. Because of a strong independent welfare state bureaucracy, the processes of policy making and implementation were distinctive. Arguably there has been a more corporate approach and a closer communication between the Scottish Office civil servants and the professionals involved in managing cities and delivering policy in Scotland than was the case in England where a *laissez-faire* approach (see Griffith, 1966) was sometimes underpinned by a lack of awareness of circumstances in different cities and regions. In Scotland a smaller, more cohesive welfare state bureaucracy was also more likely to be able to co-ordinate its activities and to achieve a greater synergy between different policy areas.

These kinds of considerations reflect debates related to the longer view of Scottish history: for example, Devine (1999) highlights two very different interpretations of what was happening to Scotland through the nineteenth century. The first, pessimistic, interpretation is that the Scottish middle classes, who were to the fore in other parts of Europe in asserting their rights to independence, had been seduced in Scotland by the economic benefits of Union and Empire and were increasingly Anglicised and culturally assimilated:

> *The Scots were steadily becoming invisible as a people, as their ancient institutions and traditions were diluted and eroded by the corrosive impact of closer association with the world's most powerful nation, a process that also had devastating cultural consequences…* (p.285).

Devine argues that there is, on the surface, much to commend this pessimistic interpretation. Divisions within the church and the transfer of responsibility for poor relief from the church to ratepayer-elected parochial boards began to strip Scotland's greatest national institution of its social authority. This was taken an important step further when, in 1872, elected School Boards were set up in every parish under the supervision of the Scotch Education Department based in London (Devine, 1999: 286).

An alternative interpretation of what was happening in Scotland in this period has emerged in recent years. This argues that Scottish national identity did not vanish but rather adapted itself to new circumstances. Devine states:

> *…while political assimilation was prominent at the level of parliamentary government finances and local government, Scottish control was still paramount where it mattered most to people in the Victorian period, that is at the level of the city, the burgh and the locality.*

And

> *Contrary to the assimilation interpretation, most of the actual day-to-day business of governing Scotland remained in Scottish hands for much of the nineteenth century. Only after the passing of the Education Act of 1872, the extension of the franchise to the working class on a larger scale and the creation of the Scottish Office in 1885, was there a decisive movement towards a more centralised state* (Devine, 1999: 287-8).

But at this point, when the United Kingdom state was moving towards greater centralisation, the creation of the Scottish Office ensured that, as the welfare state grew and state intervention in different areas of life expanded, in Scotland it was the responsibility of a national level territorial department or of local government. Devine indicates that, below the parliamentary level, the routine of government and administration was the responsibility of town councils and supervisory boards which were staffed by Scots' lawyers, doctors, surveyors and architects. What emerged was,

> *…a new and powerful local state run by the Scottish bourgeoisie and reflecting their political and religious values. It was this local state, rather than a distant and usually indifferent Westminster authority, that in effect routinely governed Scotland.*

At the same time economic success strengthened these institutions and the view that the nation was experiencing a Scottish renaissance was convincing.

These arguments are important for students of housing. If we accept that Scotland had a largely independent, local welfare state then the case for distinctiveness is already established. It does not rest on measures of outputs but rather on the fact that there was a distinctive process. It is also crucial that this distinctive local welfare state was strong and perhaps at its strongest at the end of the nineteenth century and for the first three-quarters of the twentieth century. It was in this period that housing policies developed alongside other key elements in the modern welfare state.

The Scottish welfare state then, while not uninfluenced by what was happening elsewhere in the United Kingdom, was, in its crucial formative period and in its strongest period of development and influence, dominated by Scottish actors and a Scottish bureaucracy.

A Scottish housing history

Against this background, it is possible to consider the more conventional accounts of Scottish housing history. The origins of housing policy and council housing in Britain are inextricably bound up with local campaigns, often channelled through

trades union and Labour Party organisations demanding improvements in council housing. These campaigns were evident in Scotland, as well as in cities in England, and those in Clydeside have received particular attention in the literature. They draw attention to the more dramatic housing problems associated with Clydeside and how the response to these campaigns contributed through the distinctive Scottish bureaucracy to the development of different policy approaches.

As Rodger (1992: 106-7) argues, raising political consciousness was the first step towards engaging the political will and developing new housing strategies. By the end of the nineteenth century, there was a consciousness in Scotland that adverse living conditions had an impact on physical health and on child development. Alarm about the impact of poor health on the imperial and defence capabilities of the nation increased towards the end of the century and became very widely held. And a series of commissions of enquiry and committees provided further evidence and reinforced the view that new action needed to be taken in relation to the housing question.

In this context it is relevant to note who was resistant to this view. The major interest group affected by this was the private landlord. The nineteenth century housing market in Britain was dominated by private renting. However, as Pooley (1992) notes, the market was highly differentiated with a series of sub-markets related to differences in quality, cost and location. The standard of housing available to different groups varied according to income, and the supply of rented housing was controlled by a large number of different individuals and agencies. Englander's (1983) account of the position of the private landlord emphasises the political marginalisation of that group and their ineffectiveness in resisting demands for reform in the twentieth century. The combination of interests antagonistic to those of the landlord increased as awareness of housing problems developed, and as tenants and working class organisations became increasingly effective in this debate. The most striking example of this relates to the experience of Scotland, where particular features of the Scottish housing situation, in particular the tenemental form of housing and the legal arrangements for tenancies, posed greater strains on the system than elsewhere. The Scottish rented sector was coherently organised. Despite the fragmentation of property ownership, the consolidation of executive power amongst factors and property agents, gave their professional associations greater power and influence and maintained a greater degree of solidarity among landlords. There are a number of accounts of how factors in Scotland used the law to coerce tenants. The use of powers to seize tenants' possessions, where the tenant failed to pay the rent, rose dramatically at the beginning of the twentieth century. In the ten years from 1899-1909 rents recovered through the courts in Scotland rose by 204 per cent. Property owners and factors were unprepared to allow rent arrears to accumulate in difficult economic times, even though the proportion of unlet houses increased, so that in 1910 one in ten stood empty (Rodger, 1992: p.121). Recourse to the law in this way was an indicator of heightened conflict between landlord and tenant before 1914 – as was the escalation in eviction proceedings.

Rodger (1992) argues that tenants' views regarding the practices adopted by landlords and factors were increasingly voluble and pressure for action was sustained between 1900 and 1914. Submissions to elected representatives and at political meetings made plain their opposition to the housing system. The system was the subject of questions in municipal and parliamentary elections and was drawn to the attention of ministers. Local councillors and other political figures openly expressed their opposition to this system. Tenants' defence and protection societies, trades councils, the Social Democratic Federation, the Scottish TUC and innumerable informal groups all allied themselves in opposition to the existing system. Rodger comments:

> *This autonomous growth of political activism amongst labour interests before 1914 reflected the failure of earlier philanthropic, civic and corporate endeavours to address housing deficiencies* (p.123).

Housing had become a central electoral issue at the ward level in many cities in the UK before 1914, and most important in the shaping of labour politics was the inter-linking of housing issues and radical stances on suffragism and pacifism. Before 1914, it was claimed that tenants possessed rights beyond those of the contract with their landlord and that adequate housing constituted a basic social right. Discontents around the housing question were fundamental in developing a constituency of working class political support for the Labour Party. Tenants' campaigns around rents and evictions were of great importance, and the Labour Party had harnessed and orchestrated early tenants' movements.

This longer tradition of increasing organisation and support around the housing issue has tended to be overlooked, and the housing literature has focused upon the more dramatic issues associated with the 1914-18 war. Again the accounts have highlighted rent strikes on Clydeside and have tended to identify landlords' unpatriotic extortion under inflationary conditions of war time production and the government's dependence upon munitions and naval construction on the Clyde. In these wartime conditions, landlords saw an opportunity for profit and raised rents. The tenants and residents responded by refusing to pay these rents. The threat of civil disturbance during war time led government to intervene by introducing rent control which prevented landlords from raising rents.

The more recent accounts of the events on Clydeside place these events in a longer historical context. They argue that there was not isolated unpatriotic extortion, but that landlords had been consistently charging unreasonable rents and adopting inflexible management policies which had built up opposition and solidarity among tenants and others. The events of 1915 were the culmination of a long period of activity and not the reaction to an isolated piece of opportunism by landlords. This is an important view in relation to the analysis of social movements. Too often the dramatic event can be identified and too much attributed to the short term reaction to particular events, rather than to a longer term sustained campaign which was changing opinion and created the preconditions for effective political action in relation to housing.

The intervention of government through rent control nonetheless had a dramatic effect upon the future of housing policy. Once having established that exploitative rents were unreasonable and that there was a threat of civil unrest, governments have been reluctant to remove rent controls at a stroke. Nor have they been strongly influenced by the landlord interest in the future development of housing policy. By the end of the First World War, the balance of interests around housing had shifted significantly with the interest of the private landlord no longer sustained or sustainable.

Whitham (1982) illustrates the crisis of quality in housing associated with Scotland, referring to the transfer of Admiralty torpedo workers from Woolwich to Greenock in 1911. These workers rejected the tenement houses offered to them in Greenock and it was accepted that government workers involved in such moves would have to be provided with more generously planned cottages at garden city standards and that these would have to be subsidised. Whitham (1982: 10) states that:

> *The war experience showed, not surprisingly, that housing conditions were worst in the older industrial areas dominated by heavy industry, and, as the torpedo workers had realised, they were nowhere worse than in Scotland. In Scotland, too, the crisis of supply broke most dramatically in the Glasgow rent strikes of 1915, leading directly to rent control, a 'temporary' measure that was not easily to be relinquished.*

Concern about Scottish housing had been officially recognised as early as 1911 and led to the appointment of a Royal Commission which eventually reported in 1917. Even discounting for wartime circumstances the majority of the report found the failure of the private supply of working class housing proven and recommended that the state itself, through the local authorities, should assume responsibility:

> *The local authorities must be placed under a unmistakable obligation to maintain a continuous and systematic survey of their housing accommodation [and] – failing provision by any other agencies – to undertake themselves – with financial assistance from the State – the necessary building schemes* (quoted in Whitham, 1982: 10).

The findings of the Royal Commission which reported in 1917 showed that, not only were the fabric and amenities of the housing stock in Scotland significantly worse than in the rest of Britain, but that the average house size was smaller with overcrowding much more prevalent. For example, the 1911 Census revealed that while in England only 7.1 per cent of the housing stock consisted of one or two room houses, in Scotland the figure was 53.2 per cent. Overcrowding in England averaged 9.1 per cent and, in Scotland, 45.1 per cent (Rodger, 1989: 27-29). The Tudor Walters Report, published in 1918, extended to Scotland and confirmed the need for a programme of new housebuilding for working class households. The legislation following in 1919 adopted a system of subsidy in England and Scotland (with detailed differences) (see e.g. Malpass and Murie, 1999). The duties placed

on councils were almost exactly those recommended by the Scottish Royal Commission (Whitham, 1982: 12).

Rodger (1989) identifies a shift in attitudes towards Scottish housing, away from the complacent view of an official inquiry in 1885, to establish in 1912 the most thorough investigation of general housing conditions ever undertaken in any part of the United Kingdom. In the intervening period it had become apparent that, while the trend of housing policy might be upward, the general standard of housing in Scotland was appreciably below that of English boroughs. The position was sufficiently disturbing that Rodger states (p.27), Scottish Office authorities tampered with measures of overcrowding in Scotland,

> *…so as not to provide propaganda for advocates of municipal housing, subsidised building and social welfare reform.*

Overcrowding, housing density, amenities such as water supply and room sizes and the correlation between insanitary housing and both life expectancy and retarded physical development in children, were among the features of late nineteenth century Scottish housing most frequently employed to convey the nature of daily life. Rodger's discussion of the causes of Scottish housing problems at this point refers to two key factors. First, the pattern of weak and unpredictable incomes and second, the legal code which underpinned the framework of the building industry. At this stage then, the argument could be advanced that the separate legal and administrative arrangements for Scotland were part of the explanation for the severity of problems. They also contributed to the complacency and the response to these problems – including the implication that the Scottish Office sought to obscure the extent of problems.

This is an important dimension to the debate because it moves us on to an argument that the distinctive legal and administrative arrangements in Scotland need to be seen in conjunction with Scottish politics. The pressures around housing during and after the First World War and the strength of Labour Party control over local government, especially in west central Scotland, are important elements in explaining why Scottish housing policy developed the characteristics it did. A relatively autonomous legal and administrative system was in itself no guarantee of an enlightened housing policy. It is only because it operated in combination with local political pressures that it generated the distinctive pattern of policy and practice which is associated with Scotland.

The different tenure structure of Scotland emerges from this combination. Scotland has consistently had a considerably higher proportion of households in council housing and a lower proportion in owner-occupation than England and Wales. At the same time this difference does not hold for all parts of Scotland and O'Carroll has highlighted the extent to which Edinburgh has not shared in this tradition and the extent to which this is attributable to political rather than economic factors (O'Carroll, 1996). O'Carroll's work also suggests that the real

differences between England and Wales and Scotland, and within Scotland, were established before 1961. The ordinary home in urban Scotland before the First World War was a tenement flat rented from a private landlord. O'Carroll argues that, in this, Scotland represented the majority of other European countries but differed from the rest of Britain where workers usually rented small terraced houses. In 1911, only about 3 per cent of all dwellings in England and Wales were flats. O'Carroll notes that, while the origins of tenements are attributable to other factors, the key reason why they survived as the typical Scottish house form up to 1914 lies in the way in which land was bought and sold – an aspect of the separate legal system of Scotland. The results of the Scottish feudal system influenced the layout of Scottish cities and resulted in a high density of flatted development and also increased the cost of producing housing (pp.18-19).

O'Carroll's discussion of differences between Scotland and the rest of Britain goes on to consider socio-economic differences. She suggests four differences which were also causal factors for the poorer and more overcrowded housing conditions in Scotland: low wages relative to England, high and intermittent unemployment, high building costs, and relatively expensive rents. One important difference between Scotland and England prior to 1911 was that in Scotland, most houses were let on a yearly basis with rents paid monthly, quarterly or half-yearly. Scottish tenants with rents above £10 per annum had to agree to take a house for a whole year and furthermore had to sign a missive for the next rental year. This meant that, unlike the situation in England (see e.g. Ward, 1977, 1978), a change in economic circumstances could not be followed quickly by a move to more appropriate accommodation. Tenants' furniture, furnishings and tools could also be seized at any time as a sanction which landlords held over their tenants, should they get into rent arrears. It was not until the House Letting and Rating (Scotland) Act 1911 that both the system of annual lets and the Law of Hypothec (enabling landlords to seize property) was changed. The change that was made at that point also enabled landlords to regain possession of their property more quickly if a tenant was seven days in arrears with rent. The distinctiveness of the Scottish system was apparent and modernisation was taking place but not only to the advantage of tenants.

At a local authority level, socialist parties controlled Glasgow Corporation from 1933 onwards, except for brief periods in 1948-51 and 1968-71 and 1974-76. The situation was different in Edinburgh where local politics were dominated by the Progressive Party (quasi-Conservatives) and Labour was excluded from power until the last quarter of the twentieth century. As O'Carroll states, the situation in Edinburgh was that:

> *…rate payers elected politicians who were committed to preserving Edinburgh's rates at a lower level than the other main Scottish cities. Because of this priority, the level of council house building in Edinburgh was low and there is evidence that Edinburgh Corporation was particularly active in promoting building by the private sector particularly in the interwar period. This was done by providing loans and subsidies, for both building and*

purchasing houses, at lower rates of interest than not only other Scottish and English local authorities, but also local building societies (O'Carroll, 1996: 23).

O'Carroll's research (see also 1994) establishes that the explanation for Edinburgh's different housing policy and the lower rate of council housing development lies firmly in this political arena and is not explained by differences in the local economy and incomes.

Housing in the Scottish welfare state

What this discussion suggests is that, as housing developed as a key component of the modern welfare state from 1919 onwards and more significantly after 1946, Scotland's housing policy developed as a distinctive national system. Its distinctiveness does not lie in the detail of legislation and is not explained by economic and demographic differences which create local variation throughout all national systems. Rather it lies in a separate legal and administrative system managed and controlled by a local welfare state civil service and professions. Initially the distinctive legal and administrative system can be seen to have contributed to the severity of housing problems in Scotland and, to that extent, the nature of the housing stock and the problems associated with it are not an accident of building or the product of local economic development alone, but are explained by key elements of the legal and administrative system. By the end of the First World War the concerns about the way in which the legal and administrative system was managing housing problems were being strongly voiced. Following a series of disputes, as well as the official recognition of problems through high profile investigations, better management and the provision of housing was placed at the centre of the challenges facing the local welfare state in Scotland. The energy with which housing issues were addressed in Scotland reflects this shift from a complacent approach to one marked by urgency. Differences in local political control meant that the response was different in different parts of Scotland, but the acceptance by the Scottish political system of the importance of housing was embedded in the local welfare state in the subsequent period.

It can be argued that the priority given to housing issues in Scotland spilled over and affected the approach elsewhere in the UK – the most striking example being the influence of John Wheatley, a Clydeside MP, on the development of inter-war housing legislation throughout the UK. At the same time, the Scottish Office maintained a strong research and professional interest in housing issues throughout the post-war years. In the 1960s and 1970s the Scottish welfare state appeared to give greater priority to housing issues and the way that housing interacted with other services (for example, social work) than was true in most of the rest of the UK. The Scottish Development Department was innovative and influential in developing approaches to housing research and housing policy. Distinctive approaches to planning, housing provision and developing house improvement policies are evident from this period.

An era of regionalisation

Debates about the distinctiveness of Scottish housing policy have entered a new era with the establishment of the Scottish Parliament in 1999. The discussion elsewhere in this book will indicate ways in which the new Scottish Parliament will be able to establish and maintain a distinctive housing policy in Scotland. The limitations on what the Scottish Parliament can do will be affected by European legislation and, specifically, the provisions of the Scotland Act 1998. This specified the powers to be devolved (including housing policy), and those to be retained by Westminster (including taxation and social security. Although there are limits, the room to manoeuvre is considerable and the cohesiveness of the Scottish administration should mean that many of the concerns about cross-departmental working and holistic approaches to policy can be addressed effectively in the Scottish context. This policy devolution is in line with European principles of subsidiarity, intended to ensure that decisions are taken as closely as possible to the citizens affected by them.

However, again it is important to put these things in perspective. Other parts of the United Kingdom are also being affected by the creation of regional and national bodies. The legislative Assembly set up in Northern Ireland has equally strong responsibilities in relation to housing and an equal, if not greater, potential to develop distinctive policies and to integrate different policy areas. Arguably Northern Ireland is a smaller territory, with 1.5 million people to Scotland's 5 million. The tensions in Northern Ireland around political co-operation and a history of sectarian division are also different than in Scotland, but do not necessarily prevent as positive a response. The Northern Ireland Housing Executive was established more than thirty years ago as the sole public sector housing agency, taking on the responsibilities of local authorities and new towns. Although this does not rule out the possibility of discussions of reorganisation or conflicts with the small group of housing associations, the starting point for housing policy is immediately more coherent and co-ordinated. In Wales, the new elected Assembly does not have the same legislative powers as in Scotland or Northern Ireland and the devolution of administrative responsibility does not provide the same scope for different policy developments. However, it does provide a focus for policy energy and the potential to develop initiatives and innovations, and to implement policy in a way that is effective for Wales and less influenced by what is happening in England.

None of the regions of England has the history of institutional development or the national traditions associated with Scotland, Wales or Northern Ireland. Nevertheless, in the agenda of regional government following 1997 it will increasingly be inappropriate to ignore differences which emerge at a regional level within England. As has been argued earlier, the differences in housing circumstances within England are enormous and a comparison between Scotland and England is, in many ways, inappropriate. Individual cities have distinctive

patterns and traditions marked by local Acts of Parliament and policy innovation. The politics of local government and of housing and planning have differed between regions: while planning strategies have commonly contributed to the decentralisation of population and economic activity, they have differed in design and impact. City and regional legacies in housing reflect these different policy traditions, as well as differences in patterns of economic and demographic change. The Labour government elected in 1997 was not only concerned with devolution to Scotland, Wales and Northern Ireland, but also with the development of a stronger regional administration within England. Regional Development Agencies established in each of the regions have inherited much from the previous decentralised departmental arrangements and operate alongside reorganised government offices for the regions. Regional Chambers, which exist alongside the Regional Development Agencies, are not elected and are advisory. Nevertheless, the expectation is that they will evolve into stronger and more influential bodies, with the possibility that elected chambers or assemblies will follow. The regional dimension of housing policy is also beginning to strengthen alongside Regional Planning Guidance and Regional Economic Strategies. Regional Housing Strategies are being developed. As the RDAs take on more responsibility from the Housing Corporation, the regional component in policy making will get stronger. At the very least, this is likely to mean a considerable difference in policy between the regions of the north of England, pre-occupied with dysfunctional housing markets and concerned to use housing policy to enhance the competitiveness of their regions, and the southern regions where affordability problems and housing shortages dominate. The development of Housing Market Renewal Areas in the Midlands and the north and of key worker housing strategies in the south are an early indication of the divergent policy focus that can be expected to become a feature of housing in England.

All of these new national and regional arrangements are at an early stage. They imply that the distinctiveness of approaches to housing problems will increase not just in Scotland, Wales and Northern Ireland but also in the regions of England. It is important to remember that a region such as the West Midlands is larger than Scotland in terms of population size and that the resources associated with housing are logically similar to those in Scotland. Without a national tradition or the tradition of local welfare state administration, the English regions are almost certainly more fragmented, with a lot of work to be done to overcome antagonisms between local government and other sectors and, within local government, between different professional bodies and different interest groups. It is wholly appropriate to argue that the nature of the administration of housing policy in Scotland will remain very different from that which applies in the English regions. However, in emphasising the distinctiveness of the approaches, it is essential that we do not ignore the changes which are occurring elsewhere and which will constantly require us to address the extent and nature of distinctive approaches in different parts of the United Kingdom.

Conclusion: a loss of distinctiveness?

What has been argued above is that the distinctiveness of the Scottish approach to housing policy has rested for a long time on a separate legal and administrative system. The establishment of the Scottish Parliament in 1999 does not then establish a separate system, although it may well consolidate it. It cannot automatically be assumed to mark a breaking point which changes the distinctive nature of housing policy. From the argument advanced above, it is likely to ensure that the way that housing policy is made and carried out will continue to be separate and there is reason, from the early actions of the Scottish Parliament, to conclude that the Parliament will also introduce different detailed legislation (for example, related to the right to buy, and to homelessness).

However, there are a number of important considerations which may at least affect the superficial appearance of distinctiveness. It may be that, for example, the explicit differences in policy aims and vehicles will not increase. A number of reasons can be advanced for this view. Firstly, there is a tendency in legislation to adopt more general measures which leave scope for ministers to establish and change the detail of those measures. Legislative fashion may mean that distinctive national legislation will become less apparent, although the way that this legislation is applied will continue to be different. More importantly, as the role of the private sector in housing provision grows throughout the United Kingdom, so the key policy agencies in relation to housing are less those associated with the local welfare state and government, but are much more those related to the operation of the market. These agencies are not respecters of territory and are likely to adopt similar priorities and procedures irrespective of place. Again, this should not be overstated. Because Scotland has a separate legal and administrative system, even the way that the private sector operates will take this into account. For example, the nature of the house purchase system and the role of solicitors and other professionals has been recognised as a distinctive feature of the way that the private sector operates and this is likely to continue.

This argument could be taken a step further to argue that privatisation, Europeanisation and globalisation all act to restrict the extent to which local welfare state differences are as important as in the past. The convergence in policy between different countries is driven by these processes rather than by any specific change in the nature of the local welfare state itself. The local welfare state is increasingly crowded out in terms of its influence over what happens in the housing sector. At the same time, the orthodoxy within government continues to place an emphasis on the use of taxation and tax incentives, social security provisions and housing benefit payments operating against a system of market pricing, as the most appropriate way of managing housing systems. Unless the Scottish Parliament is willing to break away from this orthodoxy (and its capacity to do so is restricted by the legislation which set it up) the operation of the housing system in Scotland could become more like that in England. Housing policy itself is also less likely to be seen as the most effective way of responding to major

challenges associated with urban change and deprivation. Again, the consensus places a greater emphasis on holistic policy approaches rather than those driven by particular services. It could be argued that there is a greater consensus between professionals in different parts of the United Kingdom about the best ways of addressing problems. This is not an issue about the Anglicisation of a Scottish administrative system, but may be an issue about a professionalisation or European consensus emerging in relation to key questions connected with housing.

All of these factors might suggest that the distinctiveness of the Scottish housing system will diminish and that there will be a convergence between the different policy systems in the United Kingdom, with the nationalisation of party politics. The extent to which the party of government in Westminster is also the party of government in Edinburgh and controls Scottish local authorities is also likely to increase the extent to which there are the same policies and priorities being carried out throughout the United Kingdom. On this basis it may be that we will have to wait until we can see a greater fracturing in the politics between different parts of the United Kingdom before we can assess whether a divergence in policies is likely to emerge.

Nevertheless the logic of this contribution to the discussion is that, even if a convergence occurs in many of the explicit policies, mechanisms and the professional fashions associated with housing, the existence of a long-established, coherent and cohesive Scottish administrative system would still be likely to make a difference. The different organisations concerned with housing policy in Scotland have a greater capacity to deliver a coherent policy than is the case in many other parts of the United Kingdom. The strength of the local welfare state administration and a long-established legal and administrative distinctiveness should ensure that the Scottish system is better able to deliver policies effectively even if the policies are superficially the same as elsewhere. This does not mean that other parts of the United Kingdom could not develop effective local welfare state systems which could deliver and implement policies as effectively as in Scotland. However, the Scottish system has a head start in this respect and even if there was a considerable convergence in policy, the Scottish tradition would seem likely to leave it strongly placed to achieve policy intentions more effectively. The note of caution must be that this would apply whether or not the policies being pursued in Scotland were enlightened or complacent.

Some further reading

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CHAPTER 3:
Managing housing in the social rented sector

Suzie Scott

Introduction

This chapter explores issues of housing management, drawing on recent work carried out for the Scottish Executive on housing management practice. It begins with a discussion of the role of housing management, with reference to the debate on Best Value and the caring role. It then covers the relationship between tenant and landlord, making reference to the new Scottish Secure Tenancy, to the rights of the consumer, to developments in tenant participation practice and to the debate on anti-social behaviour.

The role of the social rented sector

Social rented housing is the current term for the stock owned by local authorities, social housing companies and registered social landlords (such as housing associations and co-operatives). At its peak, in 1981, council housing was the dominant tenure in Scotland. Public sector landlords (including councils, the former new towns and the national Scottish Special Housing Association) owned over 1 million properties, representing around 52 per cent of the stock while housing associations and co-operatives owned around three per cent (Scottish Executive, 2000k). In some cities and urban areas in Scotland, over 70 per cent of the housing was owned by the local authority. By 2001, the sector had shrunk to less than half a million properties, due to council house sales and stock transfer (see Chapters 4 and 9), although the sector is still a significant source of housing for many people.

Although local authorities and registered social landlords (RSLs) share a common commitment to housing those in greatest need, they have very different organisational profiles. The reorganisation of local government in 1996 created 32 unitary authority landlords out of nine Regional, 53 District and three Islands Councils. In contrast, the housing association sector grew steadily through new building and small-scale stock transfers. As a result, the average number of properties owned by local authorities, in 1999, was around 12,500 houses but the median size of registered social landlords was around 560 properties (Scott *et al.*, 2001a).

Traditionally, the functions of social landlords have included 'core' tasks such as: collecting rents and managing arrears, repairs and maintenance, dealing with tenancy terminations and letting property, managing tenancies and the environment around the properties (Clapham *et al.*, 1995). However, over the past decade, there has been increasing conflict in roles caused by competing commercialising and welfare pressures. On the one hand, there has been increasing emphasis on the 'welfare' role of social housing. The sector is increasingly occupied by disadvantaged households, as those who were more economically advantaged have moved out of the sector (either by buying their council home or buying privately). Clapham *et al.* (1995) found that one-third of households in the council sector were elderly, one in ten were single adults and only a quarter were families. Almost all households in the sector had low incomes and the majority of households had no-one in employment. In addition, social landlords have assumed increasing responsibility to assist in the delivery of community care for older people, people with mental health problems and people with learning or physical disabilities (Scott *et al.*, 2001b).

When the Labour government came to power in 1997, the Prime Minister placed emphasis on addressing social exclusion (Blair, 1998). In parallel with developments in England, the Scottish Parliament developed the concept of Social Justice, emphasising the need to intervene where individuals may become particularly vulnerable to social exclusion (Scottish Office, 1999a). Housing organisations have also been encouraged to widen the scope of their activities to include working with children and young people (Coles *et al.*, 1998); employment and training (McGregor *et al.*, 1999) and community safety and security (Crime Concern, 1998). Housing associations have been encouraged to undertake activities that may have a wider community benefit (Scottish Homes, 2000) and there has been growing pressure for social landlords to become more proactive in regeneration (Carley *et al.*, 2001). There has also been a trend towards broad based policy initiatives, on issues such as crime and anti-social behaviour, which require partnership working between council services and other agencies (Scott *et al.*, 2001b).

On the other hand, social landlords have been encouraged to introduce management systems to monitor performance. The impetus for change began in the 1970s, when council housing was charged with being inefficient, bureaucratic and monopolistic (Power, 1987). However, with the election of the Conservative government in 1979, there was an increasing emphasis on 'economy, efficiency and effectiveness' (Maclennan, 1989). The government also had a wider agenda to promote choice and competition, to reduce public sector monopolies and to instil more business like approaches across the public sector. The Tenants' Charter for Scotland (Scottish Office, 1992) floated the idea of compulsory competitive tendering for local authority housing management services and put greater emphasis on standards and performance. In the event, the introduction of compulsory competitive tendering of housing services was

delayed by local government reorganisation and was replaced, by the incoming Labour government, with the 'Best Value' regime. This was defined as:

> *…a duty to deliver services to clear standards – covering cost and quality – by the most effective, economic and efficient means available* (DETR, 1998a).

Best Value required authorities to undertake 'fundamental performance reviews' across all services. In doing so, authorities were encouraged to take a corporate approach and to focus on cross-cutting issues such as community regeneration, requiring review across service areas and organisations. Reviews were expected to address what became known as the '4 C's' by:

- Challenging both the need for service provision and the manner in which it is provided;
- Comparing performance with other service providers;
- Consulting service users and the wider community on standards and the scope for service improvement;
- 'Embracing fair competition' as a means of securing performance improvements.

Housing associations were also affected by this emphasis on performance. Scottish Homes was established in 1989, taking over the role of regulating and monitoring the sector from the Housing Corporation in Scotland. Performance standards for associations were introduced in 1992 and, following a policy review, were revised in 1996 and again in 1999 (Scott, 1997). The regulatory system has a critical role in setting standards, and in providing best practice guidance and incentives for landlords to improve their performance. The key tool has been a system of performance assessment, associated with a series of rewards and sanctions. Associations were graded and good performance rewarded through less frequent inspections and greater access to funding. Sanctions, on the other hand, include appointments to governing boards, statutory inquiries where mismanagement or misconduct was suspected, and ultimately the possibility of assets being transferred to another social landlord (More, Pawson and Scott, forthcoming).

The pressure on housing organisations to adopt a performance culture had a clear impact. A study in the early 1990s found very limited development of a systematic approach to performance management in local authorities (Accounts Commission with Chartered Institute of Housing, 1992). However, a 1999 study of both local authorities and housing associations found that social landlords had well-established performance review systems for core housing management functions such as rent accounting, arrears, allocations, voids and repairs. It should be noted however, that most of the housing staff and tenants interviewed, as part of the study, expressed concern about the competing priorities of the 'performance' role and the 'social' role of housing management. The Best Value regime was

criticised for being too oriented towards outputs, in the form of performance indicators, rather than achieving outcomes, such as a better quality of life for residents living on estates (Scott *et al.*, 2001a).

Responsibility for both regulation of social landlords and social inclusion in Scotland has now been passed to Communities Scotland. This new executive agency replaced Scottish Homes in November 2001. The agency has been developing a new regulatory regime (see Chapter 14) for both local authorities and RSLs. It remains to be seen whether this 'joined-up' approach will resolve the tensions between the conflicting roles of social housing organisations.

Over 10,000 people are employed in the management of this stock (Scott and Keoghan, 2000). Both local authorities and housing associations have been affected by organisational change, due to local government reorganisation, stock transfer and changes in legislation and regulation (Scott *et al.*, 2001a).

The Housing (Scotland) Act 2001 brought with it a raft of further challenges for those working in housing. In the short term, both councils and RSLs had to revise their allocation and rent arrears policies to meet the new legislative requirements, ensure that their tenants signed the new tenancy agreements, and develop tenant participation strategies. Longer term, alongside delivery of the services to tenants, councils must develop and implement local housing strategies for their areas and strategies on homelessness. The Local Government in Scotland Act 2003 places a statutory duty on local authorities to develop the Best Value framework and community planning. They must also prepare for the new housing regulatory regime whilst, in some cases, planning transfer of their stock. It is clear that housing officers are feeling the pressure of responding to these diverse demands and that social landlords will continue to evolve.

Tenancy rights

For many years, tenants in council and housing association properties in Scotland had only limited legal rights and obligations. Under common law, tenants must occupy the property, take reasonable care of it and pay the rent. In turn, landlords must give full possession of the property to the tenant and ensure that it is wind and watertight and in proper habitable condition. Further repair obligations, requiring landlords to keep in repair the structure and exterior of the house and the services (water, gas, electricity), sanitation and space and water heating were enacted in 1966. The main difference between local authorities and housing associations was that housing association tenancies were governed by the Rent Acts, which meant that 'fair rents' were set by an independent rent officer. However, neither types of tenant had security of tenure: most leases could be brought to an end if the landlord served a valid 'notice to quit', for whatever reason (Himsworth, 1994).

This position was changed by the Tenants' Rights etc. (Scotland) Act 1980. The 1980 Act introduced a raft of tenancy rights for council tenants, the most important of which were security of tenure and the right to buy. Landlords could only seek to end tenancies on the grounds that were laid down in the legislation. These were divided into discretionary grounds, where the landlord had to show the Sheriff that it was 'reasonable' to evict; and mandatory grounds, where the Sheriff had to give possession. In practice, the main grounds which were used by landlords were discretionary grounds covering payment of rent, breach of tenancy conditions and causing a nuisance or annoyance to neighbours. The other important component of the secure tenancy was that the spouse and children of the tenant, who were living with them, had rights to succeed to the tenancy, if the tenant died (Mullen *et al.*, 1997).

Under the 1980 Act, housing association tenants were given all the rights of secure tenants except the right to buy. However, rents continued to be set by the rent officer. The Housing (Scotland) Act 1987 consolidated the 1980 Act, together with previous legislation affecting public sector tenants, and extended the right to buy to non-charitable housing associations with more than 100 dwellings. There was, therefore, increasing convergence between the tenancy rights in the local authority and housing association sectors, as associations were increasingly seen as part of the public sector (Himsworth, 1994).

The White Paper 'Housing: the Government's Proposals for Scotland' (Scottish Development Department, 1987b), indicated a major shift in attitude towards housing associations. Concerned about the rising costs of financing housing associations, the government wanted associations to raise a considerable proportion of their funds for development through private finance, rather than government grants. Associations were therefore redefined as the independent rented sector. To attract private finance, the government also proposed that all new housing association tenants should have assured tenancies, along with tenants in the private rented sector. The White Paper argued that associations needed greater powers to regain possession of properties, in order to give lenders security for their loans (Mullen *et al.*, 1997).

There were a number of differences between secure and assured tenancies, but the major issues of concern to tenants related to security of tenure, the right to buy and market rents. The key issue in security of tenure related to the grounds for possession. In a secure tenancy, the landlord had to convince the Sheriff that it was reasonable to evict for rent arrears, but in assured tenancies, there were three grounds for rent arrears eviction. One of these grounds for recovery of possession (ground 8) was mandatory where the assured tenant owed three months rent (i.e. the Sheriff had no discretion). In addition to this clause, there was a very controversial ground, which permitted recovery of possession by a heritable creditor if the landlord defaulted on its mortgage. This ground was introduced to provide security to lenders and there was no similar provision for secure tenancies. (Mullen *et al.*, 1997).

Housing association tenants with assured tenancies did not have the right to buy. In the case of secure tenants who became housing association tenants as a result of a stock transfer, however, the right to buy was preserved. Existing secure housing association tenants continued to have their rents set by the rent officer, but the new assured tenancies had 'market' rents set by the association.

Many respondents to the White Paper expressed considerable concern that housing associations were being treated as private landlords and that assured tenancies would reduce tenants' rights (Scottish Executive, 2000l). Once the legislation was enacted, the Scottish Federation of Housing Associations sought to meet the statutory rights of secure tenants by developing a Model Assured Tenancy Agreement (MATA) to 'build in contractual rights for housing association tenants which are as close as possible to existing secure tenants rights' (SFHA, 1989).

Following the publication of the government's Tenant's Charter for Scotland (Scottish Office, 1992), further rights for secure tenants were introduced in the Leasehold Reform, Housing and Urban Development Act 1993. These included a limited 'right to repair'; some rights to compensation for improvements carried out by tenants and adjustments to the right to buy. However, no similar rights were introduced for housing association tenants.

Although research found that, in practice, the wider grounds for possession in assured tenancies had only marginal impacts on eviction rates, assured tenants' rights were a key issue in the discussions about stock transfer (Mullen *et al.*, 1997). A number of organisations began to campaign for a single tenancy, arguing that council and housing association tenants should have the same rights (Hood, 1998). Following the election of the Labour government in 1997, and the advent of the Scottish Parliament in 1999, housing was pushed further up the political agenda. The Scottish Green Paper (Scottish Office, 1999b) set out the case for new legislation on tenancy rights. It argued that housing transfers had a positive effect on tenants' rights, as stock transfer landlords sought to improve tenancy agreements. However, the paper accepted that there was a serious issue of perception.

A follow-up paper on proposals for a single social tenancy, in January 2000, set out the case for change more explicitly (Scottish Executive, 2000l). The paper acknowledged the confusion caused by variations in tenancy rights, both within and between the sectors and noted that the differences made council tenants reluctant to move to association landlords. The paper proposed a new tenancy for both sectors which would 'reconcile the differences between secure and assured tenancies, combining the best features of each and introducing new elements' (Scottish Executive, 2000l, para. 6).

The Housing (Scotland) Act 2001 introduced the Scottish Secure Tenancy, which applies to all local authority and housing association tenants. This came into force in September 2002. Unusually, the legislation is retrospective and applies to

existing tenancies as well as new tenancies, which means that landlords had to undertake a major exercise in 'signing-up' tenants to the new lease. The Act gives 15 grounds for possession, which are closely modelled on those of the 'old' secure tenancy (as amended by the Crime and Disorder Act 1998, see below).

Grounds 1 to 7 are 'conduct' grounds. The main difference between the 'old' and the 'new' grounds is that, in most cases, action can be taken where the conduct was caused by anyone living in the house and by visitors to the house, in addition to conduct by the tenant or joint tenants. However, these grounds are discretionary grounds, where the landlord must show that it is reasonable to evict. These grounds are summarised below:

- Non-payment of rent or breach of tenancy conditions.
- Conviction for using the house, or allowing it to be used, for immoral or illegal purposes, or an offence punishable by imprisonment committed in, or in the locality of, the house.
- Deterioration in the condition of the house owing to acts of waste, neglect or default.
- Deterioration in the condition of furniture provided.
- Absence from the house without reasonable cause for more than six months or ceasing to occupy the house as a principal home.
- Having induced the landlord to grant a tenancy by a making false statement.
- Acting in an anti-social manner or pursuing a course of conduct amounting to harassment.

Grounds 8 to 14 are management grounds, where the landlord wishes to gain possession of a particular property, and will make other suitable accommodation available for the tenant when the order takes effect. These are:

- Acting in an anti-social manner or pursuing a course of conduct amounting to harassment and, in the opinion of the landlord, it is appropriate to require the tenant to move to other accommodation.
- The house is overcrowded, so as to render the occupier guilty of an offence.
- The landlord intends to demolish, or carry out substantial work on the building and such work cannot reasonably take place without the landlord obtaining possession of the house.
- The house has been designed or adapted for occupation by a person with special needs and (a) there is no longer a person with special needs occupying the house, and b) the landlord requires it for someone who has such special needs.
- As above, where the house forms part of a group of houses which has been designed, or which has been provided with or located near facilities, for persons with special needs.
- The landlord has leased the house and the lease has expired, or will expire within 6 months.

- The landlord is an Islands Council and the house is held for educational purposes and the landlord requires it to accommodate someone who is employed for this purpose.

Ground 15 allows the landlord to transfer the tenancy of the house to the tenant's spouse, or former spouse, or cohabitee, including same sex partners. In this case, the court must be convinced that it is reasonable to make the order and that other suitable accommodation will be available for the tenant when the order takes effect.

The Act also improves rights to succession to tenancies, by allowing tenancies to pass twice and giving same sex partners and live-in carers the same rights as cohabitees. Scotland has moved ahead of England and Wales in creating both the single tenancy and in giving rights to same sex partners. In late 2002, these issues were still the subject of consultation and discussion in England (The Law Commission, 2002).

In order to ensure that the rights of Scottish Secure Tenants are understood, the Scottish Executive commissioned a Model Scottish Secure Tenancy Agreement (MSSTA). This includes core statutory rights for all social housing tenants, with provision for variations to be made by negotiation between landlords and tenants (Scottish Executive, 2002l). Surprisingly, however, many of the tenants' rights, including those created in the 2001 Act, have no explicit remedy. This means that if a landlord fails, or refuses, to allocate homes in terms of the Act, or agree succession to the tenancy, then the tenant has limited means of recourse (O'Carroll and Scott, forthcoming).

Tenant participation

The term 'tenant participation' covers a range of processes and forms. Arnstein (1969 described these as a ladder in which, at the basic level, citizens are given information; while halfway up the ladder citizens may be consulted on issues that affect them. At the highest level is full citizen control. More recent writers have challenged the notion of a hierarchy of options and have instead suggested that tenant participation forms 'a spectrum of activity – a range of possibilities for dialogue and negotiation' (ODPM, 1999). This includes a wide range of activities such as: one-to-one contact with tenants, newsletters, public meetings, support to tenants' groups, customer satisfaction surveys, focus groups and involving tenants in decision-making committees.

The Scottish Office defined tenant participation as being:

> …*about tenants influencing decisions about housing policies, housing conditions and housing (and related) services. It is a two way process which involves the sharing of information ideas and power. Its aim is to improve the standard of housing conditions and service* (Scottish Office, 1999c: 4).

However, it is also stressed that arrangements for tenant participation must be developed locally and flexibly, evolving by consensus (Scottish Office, 1998b).

Organised activity by tenants, in the form of tenants' or residents' associations have a long history, dating back to the beginning of council housing (Cairncross *et al.*, 1992). Government publications since the Second World War have advocated the involvement of tenants in the management of social housing (Goodlad, 1991) but, initially, councils paid little attention to tenant participation. In the 1970s, there was considerable political pressure to give tenants a greater say (Power, 1987). Both the English and Scottish Green Papers on Housing Policy (DoE, 1977; Scottish Office, 1977) advocated tenant participation. The Labour government had intended to set up statutory tenants' committees, which would be consulted on a wide range of issues (DoE, 1978), but the incoming Conservative government replaced this with a more general requirement for local authorities to consult tenants (Goodlad, 1991).

Legislation was introduced in England and Wales in 1980 to require landlords to consult tenants about certain aspects of housing management (not including rents and charges), but this clause was not included in the Scottish Tenants' Rights etc. Act 1980 (Scott *et al.*, 2001b). Scottish legislation in the 1980s and 1990s aimed to increase participation on specific issues. Legislation in 1986 required consultation with tenants on stock transfer, while the 1988 Housing (Scotland) Act introduced 'Tenants Choice', allowing tenants to move to another landlord on an individual basis. The Leasehold Reform, Housing and Urban Development Act 1993 required councils to consult tenants on housing management standards.

There were no legislative requirements governing tenant participation with registered social landlords, but Scottish RSLs were expected promote participation (Scottish Federation of Housing Associations and Scottish Homes, 1999). The Model Assured Tenancy Agreement, which RSLs were expected to use, also included a clause on information to tenants which gave assured tenants of housing associations slightly more rights than those of Scottish secure tenants (Mullen *et al.*, 1997).

Following the election of the Labour government in 1997, there was an increased commitment to tenant participation. The Scottish Office issued a consultation paper on proposals for new legislation (Scottish Office 1998b) and a National Strategy for tenant participation (Scottish Office, 1999b). At the same time, the social inclusion strategy emphasised the 'empowerment of individuals and communities' as a key principle of social justice (Scottish Office, 1999a).

The Housing (Scotland) Act 2001 requires social landlords to provide a wide range of information to tenants, on request. This includes:

- the terms of the tenancy;
- policies and procedures on rent setting and charges;

- policies on allocation of property, including admission to housing lists, priority systems, transfers and exchanges;
- repairs and maintenance;
- tenant participation strategy;
- the landlord's arrangements for taking decisions.

(Housing (Scotland) Act 2001: Section 23)

The Act also aims to create a statutory framework for tenant participation (Scottish Executive, 2002e). Sections 53 and 54 of the Act require both local authorities and housing associations to develop and implement a tenant participation strategy; to set up arrangements for the registration of tenants' groups which meet certain criteria; and to consult with tenants' groups and individual tenants on a range of issues.

The Act prescribes that the tenant participation strategy should include information on the arrangements for obtaining the views of registered tenant organisations and individual tenants and an assessment of the resources required to support effective participation. Landlords are required to consult tenants on a range of matters including:

- policies on housing management, repairs or maintenance, where the proposal is likely significantly to affect the tenant;
- the standard of service in relation to housing management, repairs and maintenance which it intends to provide;
- the tenant participation strategy;
- proposals to change the landlord or owner of the property.

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In addition, Section 23 requires social landlords to consult tenants about rent increases and other charges and 'have regard to the views expressed by those consulted'.

There is evidence from Scott *et al.* (2001a) that many landlords were embracing good practice ideas in tenant participation before the Act came into force. Comparison with previous studies found that council housing services were more likely to have tenant participation policies, to use a variety of forms of information provision and consultation and to provide information and to consult tenants on a range of issues.

The pattern of participation activities in RSLs was very different to that of local authorities. Perhaps not surprisingly, in view of the importance of the community-based and co-operative movement, 82 per cent of RSLs had tenants on their main committee compared with only one council. However, more than half the RSLs surveyed had no tenants' groups operating in their stock and only 41 per cent provided any support to tenants' groups. The study suggested that there were some RSLs whose only consultation with tenants was through tenants being on committees (Scott *et al.*, 2001b). Such associations will have to change their

consultation practices in order to comply with the legislation, because the guidance issued to support implementation of the participation clauses states that:

> In the case of RSLs, it is not enough simply to have tenants on the committee. There needs to be active engagement with tenants' organisations and other interested tenants (Scottish Executive, 2002e, para 28).

Communities Scotland has the role of ensuring compliance with the new legislative requirements on tenant participation. The Scottish Executive (2002e) has indicated that all social landlords will be expected to demonstrate that they have a published tenant participation strategy and are encouraging tenants actively to participate. However, there may be some way to go before tenant participation is truly effective: many commentators argue that the relationship between landlords and their tenants is still paternalistic, with professionals believing that they are best qualified to judge tenants' needs (Cairncross *et al.*, 1997). As Harlow (1985) noted 'the law is only one factor in the relationship and it may not be the most important one'. There is still an unequal power relationship between landlords and tenants and the most important change may be in the attitude of staff.

Tenant management

In a tenant management co-operative (TMC), a social sector landlord (a local authority or housing association) owns the housing but particular estates or areas are managed by local residents. Local councils were first given powers to devolve management to housing co-operatives in 1975 (Clapham and Kintrea, 1992). The legislation was strengthened when a 'right to manage' was introduced as part of the Leasehold Reform, Housing and Urban Development Act 1993. Although there were provisions in both England and Scotland for tenant management, the wording of the legislation was different. However, while English tenants had a legally enforceable right to take over management of their estate and to grants for training (Scott *et al.*, 1994), in Scotland, it was up to councils to decide whether tenants were 'competent' to take over management. Tenants could appeal to the Secretary of State for Scotland if the council refused. There were no government grants for training (Scott, 2000).

The Housing (Scotland) Act 2001 makes only minor variations to this position. The main difference is that the 'right to manage' will now apply to councils, registered social landlords, water or sewerage authorities. The Act states that Scottish ministers must approve a TMC if they are 'satisfied that it is generally suitable to carry out such functions' (Section 55) and that an approved co-operative may make an agreement with the landlord to carry out housing functions. Landlords must make an agreement where they are satisfied that the co-operative is approved by Scottish ministers, that it will be able to exercise the functions 'competently and efficiently', and that the committee is representative of

the tenants of those houses it plans to manage. If the landlord refuses, the co-operative can appeal to Scottish ministers, who may confirm or reverse the landlord's decision.

Agreements, for a period up to 20 years, can be made for a TMC to manage any (or all) of the landlord's housing functions in any (or all) of the houses owned by the landlord, although the guidance recommends a minimum of 100 houses. However, while landlords must provide resources for registered tenants' organisations, there are no such requirements for aspiring TMCs. Instead, the guidance suggests, for example, that fledgling TMCs might obtain independent funding by subscription or a tenants' levy and may 'pursue the possibility of obtaining financial support from its landlord' (Scottish Executive, 2002e para 86). That said, the guidance offers more detail about the process than has been given previously and encourages landlords to provide support and assistance.

The first TMC in Scotland was established in Glasgow (Grant, 1977). On the basis of this experience, the Scottish Development Department issued a Circular in 1977 which asked local authorities to 'consider the establishment of pilot housing co-operatives in suitable areas of housing' (SDD, 1977). The number of TMCs rose slowly throughout the 1980s and, by 1993, there were 33 in council stock, the vast majority of which were in Glasgow (Clapham *et al.*, 1995). However, Scott *et al.* (2001a) found that, by 1999, there were only 26 TMCs in council stock and 4 in RSL stock.

The decline in support for tenant management can be largely attributed to the availability of finance for housing associations and ownership co-operatives in Scotland (Clapman and Kintrea, 1992). While tenants considering a stock transfer had the considerable incentive of funding to carry out improvements, no such promises could be made to tenants whose housing remains in council ownership. This position may change in the future, as councils consider the wholesale transfer of their stock. In the Glasgow stock transfer, the entire stock of 85,000 properties was transferred to the Glasgow Housing Association in 2002, but the day to day management functions will be devolved, by agreement, to around 60 tenant-controlled Local Housing Organisations (LHOs). These include most of the existing TMCs, along with a number of new tenant-led organisations and existing community-based housing associations and co-operatives. Over time, it is expected that many of these LHOs will take over ownership of the properties in their areas. There is little evidence, however, that there is much enthusiasm for the model elsewhere in Scotland.

The Human Rights Act 1998

The Human Rights Act 1998 came into force on 2 October 2000. It obliges public authorities, such as local authorities, to act in accordance with the European Convention on Human Rights. The Convention aims to protect individuals and

private organisations against infringement of fundamental rights by the state (O'Carroll 2001). The main areas of Act which affect housing are:

- *Article 6 – The Right to a Fair Trial* – everyone is entitled to a fair hearing by an independent tribunal to determine civil rights or criminal charges;
- *Article 8 – The Right to Respect for Private and Family Life* – public authorities should not interfere in the private and family life, home or correspondence of individuals except where necessary to protect national security and public safety, for the protection of disorder or crime, for the protection of morals, or rights and freedoms of others;
- *First Protocol, Article 1 – Protection of Property* – everyone is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of their possessions except in the public interest and subject to the conditions provided for by law. However, this does not impair the right of a state to enforce laws to control the use of property for the general interest or to secure the payment of taxes, contributions or penalties.

The Act may have an impact on the allocation of housing, transfers of tenancies, repairs, rents, homelessness, nuisance and other breach of tenancy and appeals by tenants or applicants. Social landlords are advised to review their policies and procedures to ensure that they comply with the legislation.

Anti-social behaviour

In contrast to the increase in rights for tenants in the social sector in general, there has been a reduction in the rights of tenants and individuals whose behaviour is not considered to be acceptable. Although this may seem anomalous, it is consistent with the citizenship approach which argues that, with rights, come obligations and responsibilities (Cairncross *et al.*, 1997). The range of problematic behaviour was outlined in a Scottish Office consultation paper:

Such behaviour takes many different forms with varying levels of intensity. It can include vandalism, noise, verbal and physical abuse, threats of violence, racial harassment, damage to property, trespass, nuisance from dogs, car repairs on the street, joy-riding, domestic violence, drugs and other criminal activities such as house-breaking (SOED, 1995a, p.1).

Various terms have been used to describe this phenomenon, including neighbour dispute, neighbour nuisance and anti-social behaviour. However, the term 'anti-social behaviour' has become an increasingly popular phrase to define more serious forms of nuisance. This was defined by the Scottish Affairs Committee as:

…where the problem is the direct result of behaviour by one household or individuals in an area which threatens the physical or mental health, safety or security of other households or individuals (SAC 1996: para.3).

There has been increasing pressure from tenants, and from the media, for greater powers for and more effective action from landlords and statutory agencies. In response to the debate, public sector landlords have moved from a minimalist approach – steering clear of involvement in disputes between neighbours (Aldbourne Associates, 1993) – to a view that they have a greater role to play (Ferguson, 1994). Scott *et al.* (2001a) found that most social landlords had established written policies about neighbour nuisance and introduced some design and management measures to reduce crime and anti-social behaviour. These included initiatives such as closed circuit television and mediation teams.

There are a number of legal remedies available to social landlords, where the perpetrators live in social rented housing. These include eviction, interdict (a court order requiring someone to stop acting in a particular way) and specific implement (an order requiring someone to carry out their legal obligations, such as maintaining gardens and cleaning common areas) (Collins and O'Carroll, 1997). However, many landlords and tenants expressed dissatisfaction with the legal process, complaining that it was too slow and difficult to evict people for causing a nuisance (SAC, 1996). In response, the government introduced new legislation in the Crime and Disorder Act 1998. This extended the grounds for eviction for both secure and assured tenants, extended police powers to seize noise-making equipment and introduced a new remedy, the Anti-Social Behaviour Order (Scottish Executive, 1999c).

The Housing (Scotland) Act 2001 restates the position on eviction in the Scottish Secure Tenancy. Ground 7 for eviction states:

> *The tenant (or any one of joint tenants), a person residing or lodging in the house with, or any subtenant of, the tenant, or a person visiting the house has:*
> (a) *acted in an anti-social manner in relation to a person residing in, visiting or otherwise engaged in lawful activity in the locality, or*
> (b) *pursued a course of conduct amounting to harassment of such a person, or a course of conduct which is otherwise anti-social conduct in relation to such a person,*
> *and it is not reasonable in all the circumstances that the landlord should be required to make other accommodation available to the tenant.*

This differs from the old ground in a number of ways. First, it extends the law to cover visitors to the property rather than just those living there. Second, it refers to anti-social conduct rather than nuisance or annoyance and extends to behaviour which is *likely* to cause alarm and distress. It is not necessary to prove that anyone has actually complained. Third, it extends the nature of the victim to include anyone residing or visiting the area and finally it covers behaviour in the 'locality' rather than the 'vicinity' of the house. The clear intention of these changes was to broaden the scope of grounds for eviction (Atkinson *et al.*, 2000). However, the Act also states that the courts must take into account the nature of the conduct, the effect that the conduct has had and any action taken by the landlord before court

action was taken. While these guidelines may represent an attempt to limit the discretion of the Sheriff, they also require landlords to show that they have tried to resolve the problem in other ways before commencing court action.

Anti-Social Behaviour Orders

Anti-Social Behaviour Orders (ASBOs) allow local authorities in Scotland to seek a court order against anyone over the age of 16 where 'the person has acted in anti-social manner or pursued a course of anti-social conduct' in 'a manner that caused, or was likely to cause, alarm or distress' (Section 19, Crime and Disorder Act 1998). ASBOs are not restricted to tenants and the behaviour can take place anywhere in the local authority area. The behaviour itself does not have to be a crime, but breach of the order is a criminal offence (Atkinson *et al.*, 2000).

In practice, landlords have made limited use of their legal powers. Scottish Executive statistics show that, between April 2002 and March 2003, local authorities took 177 tenants to court for anti-social behaviour and obtained 61 eviction orders. In comparison, over 28,000 council tenants were taken to court for rent arrears and over 10,000 eviction orders were obtained in 2001/2002 (Brown and Selkirk, 2003). In total, 226 ASBOs were granted between April 1999 and March 2003 (CIH, 2003). Scott *et al.* (2001c) found that there were a few landlords who were using eviction or ASBOs as a major tool but many others had raised no legal action at all. There was little use of other remedies such as interdict and specific implement.

Short Scottish secure tenancies

The Housing (Scotland) Act 2001 also introduced a further legal tool: the short Scottish secure tenancy. Short tenancies can only be used in specific circumstances, including 'probationary' tenancies for people against whom an order for recovery of possession for anti-social behaviour had been made within a period of three years. Where an ASBO is in force, the landlord of a Scottish secure tenant may serve a notice on the tenant, which has the effect of converting the tenancy to a short Scottish secure tenancy (O'Carroll and Scott, forthcoming). The short tenancy can be terminated by the landlord by issuing a valid notice, giving at least two months notice. The court must grant an eviction order if procedures have been followed. This is a severe diminution of tenants' rights as the landlord does not need to prove that the tenant has misbehaved during the short tenancy. A number of agencies have expressed their concerns that tenants could be evicted without any further evidence of anti-social behaviour (Shelter, 2003).

Despite the introduction of these measures, there is still pressure for continued legal reform. Recent changes include the attachment of a power of arrest to interdicts in the Protection from Abuse Act 2001. The Criminal Justice (Scotland) Act 2003 introduced interim Anti-Social Behaviour Orders; allowed RSLs to apply for ASBOs, whether or not the subject of the order is a tenant or lives in

rented housing and requires local authorities to prepare anti-social behaviour strategies, in consultation with communities and the police. The Scottish Executive has made tackling anti-social behaviour a high priority and proposes a raft of further measures in the Anti-Social Behaviour Bill, going through the Scottish Parliament in 2003. This includes the extension of ASBOs to children aged 12-15; the introduction of Parenting Orders, requiring parents to undertake more active supervision of their children; the extension of electronic tagging for under 16s and fixed penalty notices for dog fouling (Scottish Executive, 2003c).

In a further move, the Department of Works and Pensions (2003) has issued a consultation paper on possible mechanisms for withdrawing housing benefit from families who are deemed to have behaved in an anti-social way. Withdrawal of housing benefit would almost certainly result in landlords seeking eviction because the rent had not been paid. Unsurprisingly, there has been considerable opposition to the idea, both from voluntary agencies and from landlords (Shelter, 2003).

Changing roles

In response, many social landlords are increasingly adopting a policing role. The Scottish Executive has encouraged social landlords to establish specialist anti-social behaviour units and there is also growing use of surveillance equipment and techniques. In some areas, staff are on call 24 hours to witness problems and neighbourhood warden schemes are being piloted in several areas (Scottish Executive, 2003c).

On the other hand, there is also evidence that both the government, and landlords, are beginning to recognise that the under-lying causes of anti-social behaviour lie in family, educational, employment and social problems (Scottish Executive, 2003c). Dillane *et al.* (2001) found that many of the families facing eviction for anti-social behaviour had wider problems. These included mental and physical illness, domestic violence, poor parental control and alcohol and drug addiction. Some landlords also recognise that legal action often only displaces the problem, without tackling the underlying difficulties that caused the behaviour (Scott *et al.,* 2001c). In response, several local authorities have established support units that aim to tackle the underlying problems and rehabilitate the families (Shelter, 2003). The Dundee Families Project was the forerunner of such schemes. This provides intensive support to families at risk of eviction, and to those who have been evicted for anti-social behaviour. The evaluation by the Dillane *et al.* (2001) found that the project was successful in achieving its aims with the majority of tenants that staff worked with and was also more cost-effective than legal action and eviction.

The debate on anti-social behaviour, therefore, appears to be moving towards a recognition that anti-social behaviour is a symptom of wider social problems, which require a co-ordinated response by a number of agencies. On one hand, the

Scottish Executive is encouraging, and legislating for, stronger and firmer action against perpetrators, On the other, it accepts that many of the perpetrators may also be in need of support (Scottish Executive, 2003c). Social landlords must strike the balance between acting for the 'common good', to protect the interests of the wider community, and recognising the needs of individuals. This goes well beyond the 'traditional' landlord role and requires considerable co-operation between different agencies. Partnership working with other council services (such as social work, environmental health and planning) and with other agencies (such as the police and voluntary agencies) has become more common, but research suggests that fully 'joined up thinking' has some way to go in many areas (Scott *et al.*, 2001c).

Summary

There have been many changes in the social rented sector over the last 20 years. First, the size of the sector has shrunk from over one million properties to less than half a million properties, due to council house sales and stock transfer. Second, the role of social landlords has been changing. On the one hand, there has been increasing emphasis on the 'welfare' role of social housing, as the people living in the sector have become more disadvantaged. Housing organisations have therefore been encouraged to widen the scope of their activities and there has been a trend to greater partnership working with other agencies. On the other hand, social landlords have been encouraged to introduce management systems to monitor performance. It is clear that housing officers are feeling the pressure of responding to these diverse demands and that social landlords will continue to evolve.

There have been a number of changes in tenancy rights over the last 20 years. The 1980 Act introduced increased rights for secure tenants, but these were off-set by a loss of statutory rights for assured tenants in housing associations in the 1988 Act. The new Scottish Secure Tenancy restores the position of equal rights between local authority and housing association tenancies, and introduces some new rights. The most important of these is the right to participate. It remains to be seen whether the legislation will make a real difference. The model tenancy agreement will play an important part in making the rights of tenants clear. However, many of the rights are not enforceable by tenants. The most important changes will be in the attitudes of staff, and the effectiveness of the regulatory role of Communities Scotland.

Although landlords have had powers to devolve management responsibilities to tenant co-operatives for over 20 years, in practice these were only established in significant numbers in Glasgow. The new legislation introduced by the 2001 Act makes little difference to the legal or financial position of tenant management co-operatives. However, the terms of the Glasgow stock transfer require the new landlord (Glasgow Housing Association) to devolve management and, ultimately

ownership, to tenant-controlled Local Housing Organisations. There is little evidence, however, that there is much enthusiasm for the model elsewhere in Scotland.

In contrast to the increase in rights for tenants in the social sector in general, there has been a reduction in the rights of tenants and individuals whose behaviour is not considered to be acceptable. A number of new legal remedies have been introduced over past decade and raft of further measures is proposed. However, the debate on anti-social behaviour appears to be moving towards a recognition that anti-social behaviour is a symptom of wider social problems. The issue remains highly controversial. There is a need to strike the balance between the collective right to live in peace and the rights and needs of individuals. This goes well beyond the 'traditional' landlord role and requires considerable co-operation between different agencies.

Some further reading

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CHAPTER 4:
Reforming the right to buy

Colin Jones

Introduction

The right to buy (RTB) was initially established in 1980. It gave secure public sector tenants the chance to purchase the houses that they currently lived in at favourable discounted rates. The RTB has been a central element of housing policy in the UK ever since. Over 400,000 public sector dwellings had been sold under RTB in Scotland by the end of 2002. The transfer of such a large stock of dwellings has inevitably had major implications for the public sector and the structure of opportunity within the housing system. This chapter is concerned with the operation and impact of RTB in Scotland and a critical appraisal of recent reforms as set out in the 2001 Housing (Scotland) Act.

The focus of the chapter is the nature of the take up of RTB and the access to housing. Space precludes discussion of other issues such as the management of the remaining social housing stock or the subsequent maintenance of the housing sold under RTB (see Jones and Murie, 1999 for a review of these). The reason for this focus is that these are the points that government reforms have concentrated. The chapter begins with an analysis of the policy background to the establishment of RTB and the main features of the legislation. This is followed by a review of the pattern of sales and their impact on the social housing stock. The next section continues to examine the impact of RTB via subsequent resales on the open market. In the final sections, the logic and details of the 2001 reforms are assessed.

The policy background and legislation

The introduction of RTB was set within a monetarist policy agenda set by the Thatcher government that aimed at a reduction in public expenditure, greater targeting of public resources, the promotion of market forces, and the rolling back of the state, coupled with an increase in self help. The RTB was also introduced within the context of housing policies committed to the extension of home ownership by consecutive Labour and Conservative governments. The essential difference between RTB and the previous policies was that the growth of home ownership had previously been at the expense of the private rented sector. By the end of the 1970s, the stock of properties available for transfer from privately rented accommodation was drying up and if the growth of owner-occupation was

to continue, it was logically necessary that this would be at the expense of the public sector.

Up to this point there had been a rapid post-war expansion of public sector housing through a building programme linked latterly to the large slum clearance programmes of the late 1960s and early 1970s. However, the new housing had brought with it unexpected problems. The traditional physical housing problems and overcrowding in city tenements had been addressed but a new set of concerns had emerged. Much of the new housing was found to be defective, unsuitable for families, and lettings policies apparently based on housing need had created spatial concentrations of the unemployed. The 1970s saw the introduction of the word 'residualisation' to the housing vocabulary. There was considerable disillusionment with the council housing 'solution' and new generations of Scots were starting to turn their backs on their traditional public sector housing backgrounds.

The RTB in 1980 created a new national framework for the sale of public sector housing in Britain. However, it is important to recognise that the sale of public sector houses on a significant scale occurred prior to the 1980 legislation (Murie, 1975; Forrest and Murie, 1988). The new towns in Scotland had active sales drives and accounted for the bulk of sales. East Kilbride Development Corporation also had a policy of selling off vacant properties in designated areas. Local authorities had the discretion to sell, and amongst the local authorities that elected to do so were some of the suburban authorities of Glasgow, while Edinburgh operated such a scheme between 1972 and 1974 (Jones, 1982). Hence it should not be forgotten that had the right to buy not been introduced, the previous discretionary policies would have provided a significant flow of sales of properties to sitting tenants. In these terms the additional impact of the right to buy is less than the total indicated by the number of sales having taken place.

The principal elements and innovations of the right to buy legislation were contained within the Tenants' Rights, etc. (Scotland) Act 1980, its equivalent in England and Wales being the Housing Act, 1980. They were as follows:

- a statutory right to buy replacing local discretion and applying to the bulk of secure tenants with three years' tenancy and to all council properties (with the exception of some dwellings for the elderly or disabled and some other lesser categories);
- a price for sale to be determined on the basis of valuation, less fixed rates of discount linked to the number of years of tenancy (in any council or other relevant dwelling). The discounts rose from 33 per cent (for three years' tenancy) by one per cent for each additional year of tenancy up to a maximum of 50 per cent. Discounts were subject to cost floors (to avoid the sale price falling below the cost of construction);
- a disincentive to early resale related to repayment of discount (reduced by 20 per cent of the total for every complete year of residence) if resale occurred within five years.

There have been a number of changes to these arrangements since the inception of RTB. In 1984 the length of tenancy before eligibility to purchase was reduced to two years, with the minimum discount now 32 per cent and the maximum discount increased to 60 per cent. The Housing (Scotland) Act 1986 was the next significant extension of the legislation, equivalent to the Housing and Planning Act 1986 in England and Wales. The 1986 Act increased the discounts available on flats under the right to buy and increased the protection against high service charges in the early years after purchase of flats. The discount on houses remained at 32 per cent (for eligible secure tenants with the minimum of two years' tenancy) plus one per cent for each additional complete year up to a maximum of 60 per cent. But for flats the discount started at 44 per cent (for the minimum two years) and rose by two per cent for each additional complete year up to a maximum of 70 per cent. The implications of this are that tenants of flats qualified for a 50 per cent discount after only five years secure tenancy. After ten years they qualified for a 60 per cent discount and after 15 years for 70 per cent. The attraction of purchasing was enhanced further by reducing the period during which discount was to be repaid on resale from five years to three. The provisions of RTB were consolidated in the 1987 Housing (Scotland) Act and there was no further legislation on the subject (unlike in England) until the 2001 Housing (Scotland) Act passed by the Scottish Parliament. This Act was the first opportunity for a Labour/Liberal Democrat government to modify a policy conceived as a central tenet of Thatcherism.

In the period since 1980, RTB has not operated in a vacuum. It has been complemented by other policies and its impact has been affected by this wider policy package. Most important of these developments was a parallel demise in local authority new building and persistent real increases in rents over a period of years. Alternative social landlords appeared. There was also an alteration in subsidy regimes, with a shift towards housing benefit for individuals and away from bricks and mortar subsidy.

Households that do not qualify for rent rebates or housing benefits and which therefore would bear the full burden of rent increases have not seen the tenure as attractive. For these households the alternative of purchase with the possibility that housing costs would be lower as an owner than as a tenant is very significant. It is this combination of factors, rather than RTB itself, that has changed the size, dwelling type and age structure of the social housing sector

RTB sales and the council housing stock

Sales were initially slow to take off in Scotland in the early 1980s compared with England. This partially reflected the initial reluctance on the part of local authorities to facilitate sales but also the state of the economy. There was a minor peak in 1983 when 17,949 sales were completed (Table 4.1 and Figure 4.1). Sales really took off in the late 1980s fuelled by the boom in house prices and potentially the impact of increased discounts for flats. Annual sales peaked in 1989 with a

total of 39,335 sales. Although annual sales have never reached this level again the annual rate of depletion of the public sector housing stock in this way during the mid-1990s was higher than any other part of the UK (Jones and Murie, 1999).

Table 4.1: Annual public sector sales to sitting tenants 1979-2002

Year	No. of sales	Year	No. of sales
1979	1,010	1991	23,007
1980	6,127	1992	24,032
1981	10,749	1993	20,063
1982	14,140	1994	21,290
1983	17,949	1995	16,811
1984	16,173	1996	12,838
1985	14,963	1997	16,517
1986	14,106	1998	14,105
1987	19,391	1999	13,317
1988	31,930	2000	13,981
1989	39,335	2001	13,169
1990	33,213	2002	15,880

Source: Scottish Executive Statistical Bulletin Housing Series

Figure 4.1: Annual public sector sales to sitting tenants 1979-2002
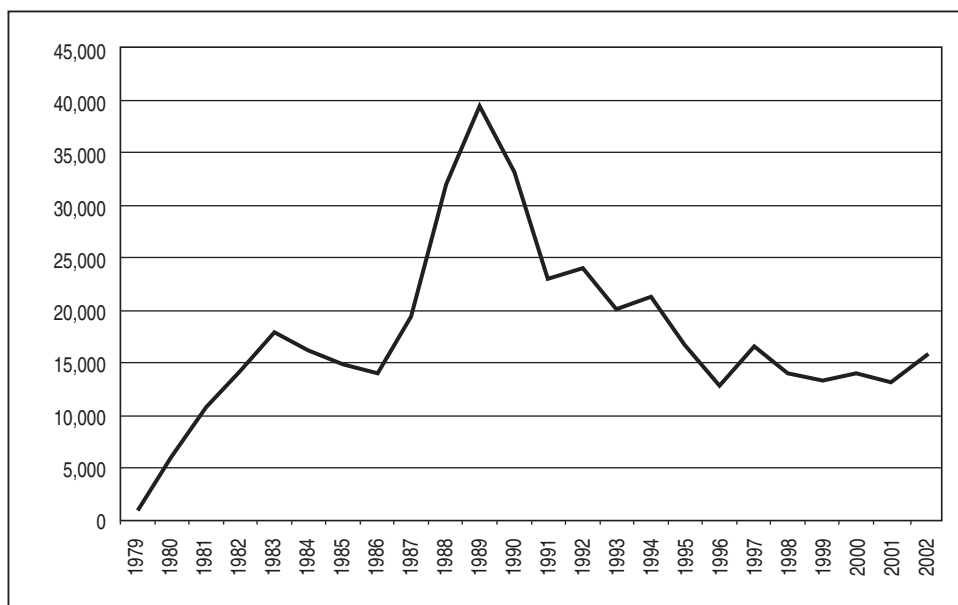
Sales reached a low point in 1996 but, perhaps stimulated by the UK general election rose again to a minor peak in 1997. Subsequently sales have reached a plateau of between 13-14,000 sales each year. The recent rise in house prices has stimulated an increase in sales activity as has occurred in England, with sales in 2002 rising to almost 16,000, a five year high.

By the end of 2000, 37 per cent of the 1980 public sector stock had been sold, and Jones and Murie(1999) estimate that if the rate of depletion of the mid-1990s continued, then 48.5 per cent of the 1980 stock would remain in 2010 (ignoring demolitions etc.). Maclennan *et al.* (2000) undertake a more complex research method and forecast around 42 per cent of the 1980 stock will remain by 2020. Both estimates are seen by their authors as underestimates of the public sector stock at the relative points in time in the future.

Already RTB has had a significant effect on the tenure structure of Scotland. The proportion of housing that was council housing in 1981 was 52.1 per cent. It had fallen to 22.6 per cent by 2001, although not all of this decline can be attributed to RTB. There has been some housing sold via voluntary stock transfer to housing associations who now account for 6.7 per cent of the total stock, compared with only 1.8 per cent in 1981. There has been only minimal new housebuilding by local authorities and most new houses have been built for sale. The consequences of these policies have been that owner-occupation has risen to 64.2 per cent in 2002, from 36.4 per cent in 1981.

In this context one of the most crucial debates which has emerged relates to the general position of the council house tenure and council estates. The debate about residualisation of council housing and the increased concentration of lower income households on council estates in the 1970s has been extended from council estates to council housing as a whole. Council housing has arguably become almost the exclusive domain of the elderly and the young on low incomes.

Local impact of sales

By the time of local government reorganisation in 1996, the highest proportional sales were in Badenoch and Strathspey, where 48.8 per cent of the 1980 stock had been sold, followed by North East Fife (42.7 per cent) and Stewartry (40.8 per cent). Most local authorities had sold between 30 and 39 per cent. The areas with the lowest sales were Glasgow, with 16.6 per cent of its stock sold, Inverclyde (17.6 per cent) and Motherwell (19.5 per cent). It is important to note that areas with the highest sales relative to the size of the local housing stock are rural and the lowest are urban. Further research by Pawson *et al*. (2002) reveals that the proportion of the stock sold in Badenoch and Strathspey by the end of 2000 had reached 62 per cent.

In many ways, the pattern of sales is most critical at the estate or sector level in an urban area or at settlement level in a rural area. Figures in this respect are limited

to a number of case studies. Jones and Murie (1999) show that in Glasgow, the proportion of properties sold up to 1995 varied between 33 per cent in Anniesland, an area of good quality housing much of it built as family houses in the 1920s, to four per cent in the peripheral estate of Castlemilk. A similar if more extreme story is told for Edinburgh, and for Badenoch and Strathspey by Pawson *et al.* (2002) in the period up to 2000. In popular areas of Edinburgh such as Saughtonhall/ Corstorphine and the suburban areas of Currie/Balerno, sales amount to 82 per cent of the 1980 stock. In contrast, sales in Wester Hailes, Niddrie, and Craigmillar were less than three per cent of the stock.

Sales in rural areas tend to be more uniform between communities, partly a reflection of the smaller variation in the quality of the stock. For example, in Badenoch and Strathspey, although one settlement had sales representing 79 per cent of the 1980 stock, RTB sales in all the major settlements were above 50 per cent. Even so, Rosenburg (2001) reports that all the council stock in some settlements in East Lothian have been sold, a scenario which is undoubtedly not unique to that area and reflects the original low numbers of council housing in these communities.

Changing profile of the public stock

It is too narrow an analysis to assess the impact of RTB just in terms of crude numbers. It is also important to examine differential sales by house type. Between 1980 and 1986 flats accounted for between 11 and 16 per cent of sales each year. Sales of flats then rose in significance, undoubtedly in part the consequence of the increased discounts. The proportion of sales that were flats reached a maximum in 1990, when they represented 42 per cent of all sales. The proportion of flat sales then dropped away to 35 per cent of sales in 1994 and 1995, and has since remained broadly around that figure, comprising 37 per cent of sales in 2000 and in 2001. Hence the overwhelming majority of sales have been of houses.

To look at this differential impact in detail, it is again necessary to examine case study evidence. Jones and Murie (1999) showed the impact on Glasgow's council stock by 1996. Glasgow has been identified earlier as the area with the lowest sales relative to stock size but sales have still had a significant impact on the stock of certain house types. At one extreme, only one per cent of the high rise stock had been sold, compared with 48 per cent of semi-detached houses at the other. The most common house type sold was 'four in a block' flats, 38 per cent of which had been sold. This was broadly equivalent to the proportion (39 per cent) of terraced houses sold. In terms of size, two-fifths of three bedroom properties had been sold.

More recently, Pawson *et al.* (2002) examined the impact on three different types of areas – a rural area, a rural/commuter area, and a city where there have been high levels of sales. Table 4.2 shows that there has been a high proportion of housing stock of three or more bedrooms sold, well over half in the two rural

areas. The sales in Edinburgh of larger homes may have been higher but for the large demolition and transfer programme that accounted for a further 23 per cent of the 1980 housing stock of four or more bedrooms. The relatively low sales rate for small dwellings is perhaps partially influenced by the fact that sheltered housing has been exempt from the RTB regime.

Table 4.2: Sales by house type as a percentage of 1980 stock in case study areas

No of bedrooms	1	2	3	4+
Badenoch & Strathspey	15.6	42.4	62.0	56.1
Edinburgh	16.0	40.0	44.3	37.2
Gordon	4.6	44.6	55.8	63.9

Source: Pawson *et al.* (2002)

The impact of RTB on access to council housing

There has been no formal assessment of RTB by the UK or Scottish governments. Such an assessment would necessarily involve an analysis of the impact of sales on access to social housing and the lettings available. Access to council housing can be simplified as having two dimensions: access to the sector and access to good quality housing. The relative significance of these two dimensions depends on whether there is a shortage or surplus of social housing available. The pattern of subsequent resales is also important for considering the impact of RTB. First, arguably there is no short or medium term impact on the housing system if purchasers remain in the same house for the rest of their lives. Second, if and when resales occur, if these homes are bought by local people who traditionally would have been housed locally by the council, then arguably there is no effect on communities where the local authority stock is relatively uniform.

Initially, RTB purchasers tended to be older tenants who did indeed expect to stay for the rest of their lives in their home (Foulis, 1985). This would suggest the impact of RTB on access to housing is minimal. However, over twenty years, the characteristics of households exercising RTB has changed, partly as a consequence of the revised socio-economic and demographic profiles of council tenants and partly because of RTB sales. Recent English evidence finds that the characteristics of purchasers is becoming more diverse and younger, with many expecting to move on in the housing market (Jones, 2003). While there is no direct comparable Scottish empirical research there is no reason to believe the Scottish experience to be different.

The inevitable constraints on supply brought about by RTB means that the choices facing households with regard to access to housing have been evolving, with

decisions becoming more complex. For example, a council tenant couple living in a two bedroom home and faced with little prospect of transferring to a three bedroom property because a high proportion have been sold, may choose to buy their existing council house and then sell it, so as to move on and achieve their ultimate goal.

In this revised view of the housing system, first resales are essential to achieve long term household goals. Jones and Murie (1999) found that resales in Glasgow started to become significant at the beginning of the 1990s. This suggests that the impact of RTB on access to housing began as much as ten years ago, and the cumulative effect of first resales, housing lost to the council stock, continues to grow. Evidence on the aggregate effect of these RTB (first) resales is provided by Jones and Murie (1999), who found that 16.2 per cent of all RTB sales in Glasgow had been resold by the end of 1996. This is further illustrated by research on East Lothian showing that by 2000, 28 per cent of the homes sold under RTB had been traded, with the ownership of another seven per cent having been transferred without sale (Rosenburg, 2001).

There is a close correlation between popular areas and house types bought under RTB and the level of resales. Resales in Glasgow tend to be in easily marketable properties such as houses and 'four in a block' flats and in areas where there are concentrations of these house types. As a result, almost one-fifth of RTB sales in the Anniesland area of the city had been resold by 1996 but only seven per cent in Castlemilk. As the sales in the latter area were minimal the number of resales is very small.

If the cumulative number of first resales can be regarded as the numbers of properties lost to lettings, then in parts of the Anniesland area of Glasgow resales by the end of 1996 were equivalent to the loss of at least a year's lettings. There are a number of caveats to this conclusion but this gives a broad indication of the impact RTB has had on the opportunities to rent in one of the most popular areas of the city (Jones and Murie, 1999). At the same time, the impact of RTB has hardly impinged on access to the less popular areas. So although it may be argued that recent increased turnover of lettings in council housing has balanced the number of RTB sales such an aggregate view fails to acknowledge the reduction in access to the better quality housing.

The second issue regarding the impact of RTB relates to the origins of purchasers of any resales. This influence has always been linked specifically to rural areas. From the beginning, there have been strongly held concerns that resales in small rural communities would be bought by second home purchasers and other in-movers in attractive locations (Williams and Sewell, 1987). Indeed, various studies have suggested that rural housing areas have suffered from incomers buying up former council housing (Twine and Williams, 1993; Pawson and Watkins, 1998). However, the nature of purchasers of former council housing sold under RTB in rural areas varies with local circumstances, particularly with regard to the commuting distance to large employment centres.

The most recent study by Pawson *et al.* (2002) considers resale purchasers in the former Gordon, and Badenoch and Strathspey district areas. They find that Gordon district has a very open migration pattern with a high proportion of resale purchasers coming from Aberdeen and approximately 70 per cent from outside of the area. In-migrants are also an important segment of the Badenoch and Strathspey housing market, accounting for almost a third, but they are primarily interested in properties with land and rural views. Migration patterns suggest a strong link to Edinburgh; for example 10 per cent of home buyers in Aviemore originate from Edinburgh. Even so, most purchasers of former council housing in Badenoch and Strathspey are local, if not moving within the same settlement.

From the empirical research on the impact of RTB the following comments can be made. An analysis of RTB in terms of numbers of council houses is too simple. There has been a growing effect on reducing accessibility to the better council housing for a decade. The effect of RTB in towns has been less on households seeking access to council housing (there is often a crude excess of supply) but on those within the sector who anticipated a move to better housing. If the better housing in urban areas that has been sold is then resold to households who would otherwise have been council tenants this does not negate the loss of opportunity for those who cannot afford to buy and remain in the poorer housing. In rural settlements where the supply of council housing is more constrained and the quality less variable, the impact of RTB has been through the reduced access to social rented housing for low income households. This has compounded a long standing shortage of social rented housing in rural areas.

Modernising the RTB

The recently introduced changes to RTB as part of the 2001 Housing (Scotland) Act have been referred to by the Scottish Executive as the 'Modernised RTB' and followed a consultative Green Paper, *Better Homes for Scotland's Communities* (2000). The Green Paper acknowledged there is a need to modernise RTB to achieve a better or 'fairer' balance between the interests of the individual, the landlord and the community. Even so, the modernised RTB is extended across the social rented sector as part of a common set of tenants' rights within a single standard secure tenancy for all social sector tenants, to be introduced at the same time. Those tenants who already have RTB have their existing rights ring fenced. The changes to RTB therefore apply only to new tenants.

The Executive's underlying thinking behind the modernised RTB is partially set out in a paper by Maclennan *et al*. (2000). First, they argue that RTB had been operating in isolation from other policy instruments and, in some instances, possibly at variance to them. Second, in comparison with other policies such as cash incentives for tenants to move elsewhere to buy, it was an expensive policy. Third, they accept that RTB may cause problems in some areas. Their conclusions are that RTB needs to be 'rebalanced rather than removed' to meet the aspirations of both low income households and the objectives of communities.

The changes set out in the Green Paper were ultimately incorporated in the legislation. Beyond the extension of RTB to other social landlords, the main provisions of 'the modernised RTB' are for new tenants:

- An increase in the qualifying period to five years rather than two as previously.
- Discounts to start at 20 per cent and rise by one per cent a year to 35 per cent, subject to a maximum of £15,000 (current average discount is just over £20,000).
- The potential designation of 'pressured' areas where the modernised RTB would be suspended.

Thus RTB for existing tenants remains unchanged except that there are increased constraints on applications. The RTB can be refused if tenants have any rent, council tax or water and sewerage charges arrears, or who are subject to eviction orders.

A crucial issue in achieving this 'rebalance' is the efficacy of 'pressured' areas in which Maclennan *et al.* (2000) state that the suspension of RTB should be combined with the use of cash incentive schemes for tenants who lose their rights to buy elsewhere. There is no precise definition of a pressured area provided by the legislation; instead a local authority has to present a case to the Executive following broadly the guidelines set out in Pawson *et al.* (2002). The necessary research is potentially very complex. For example, as we have seen above, individual settlements in rural areas have relatively open markets with a minority of incoming purchasers so the question of 'pressured' status could depend on the socio-economic status of the local purchasers of houses originally sold under RTB.

Even if the hurdle of 'pressured' status is achieved there must still be some doubts about whether this will achieve the rebalancing identified as the policy goal. First, there is the problem that the suspension of RTB sales in such areas applies only to new tenancies once the legislation is operative. Thus RTB sales will continue in these areas. In the short term this status will have only a marginal impact on the loss of lettings even if it is supported by the use of cash incentive schemes for tenants (funded by the Executive) who lose their rights and want to move.

In England the response to severe housing pressures and exploitation of RTB as summarised by Jones (2003) was a reduction in the maximum discounts in 2003 for all tenants to £16,000 (from £38,000) in 42 local authority areas mainly in London and South East England. This is likely to dampen severely, if not almost stop, RTB sales in these areas. Further measures have been incorporated into the 2003 (English) Housing Bill before the Westminster Parliament, that extend both the qualifying period for all tenants from two to five years and the period after sale when discount may have to be repaid from three to five years. Therefore the English measures are more extensive and applicable to all tenants. While the area-

based restrictions are simpler and likely to be very effective, they are only operative in South East England and ignore potential 'hot spots' elsewhere.

Overall the Scottish rebalancing measures introduced in the 'modernised RTB' seem timid. Reductions in the incentives to purchase for new tenants appear modest, compared with the English reforms, and there must be a question mark over the effectiveness of 'pressured' area status. At best 'pressured' area status can only preserve the status quo (even this is unlikely), and not redress the past impact of RTB on access to housing.

A radical view of reforming the balance between the various interests could have taken a more proactive view in which there is some form of parallel purchasing schemes which fund social landlords to buy second hand or new housing within the community. For example, the 75 per cent of proceeds from council sales that at present must be used to repay debt could be redirected. However, it should be recognised that this would not be a simple solution as it would be difficult to provide new build in some communities in large urban areas but it could be applied in rural areas.

Conclusions

The RTB introduced in 1980 was perhaps the most successful privatisation of the Thatcher revolution. It has had the most profound effect on housing policy, reversing the growth in social housing developed over much of the twentieth century and transforming the nation's tenure structure.

At the local level, RTB has had a growing effect on reducing accessibility to council housing for a decade. The effects have varied between urban and rural areas. In the towns, much of the better housing has been lost to those aspiring upward movement within the sector. In rural communities, where the supply of council housing is more constrained and the quality less variable, the impact of the RTB has been through the reduced access to social rented housing for low income households.

The stated aims of the 2001 Housing (Scotland) Act of the Labour/Liberal Democrat government was to rebalance RTB toward the community while still meeting the aspirations of social tenants. The reform, entitled the 'modernised RTB', incorporates two main features, a reduction in RTB incentives and its suspension in 'pressured' areas, and will not apply to all social tenants, but only to new tenants. These reforms in practice are very modest compared to parallel changes introduced in England which apply to all tenants. The cumulative impact of RTB in popular areas has been so significant that marginal reform is insufficient to redress the consequences. The continuance of the RTB under a Labour/Liberal Democrat government has been affirmed but the rebalancing is arguably little more than symbolic.

Some further reading

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CHAPTER 5:
Reforming property management

Ann Laird and Ann Flint

Introduction

This chapter examines the current debate on property management reform, including the challenges of managing multiply-owned property, an area on which there is legislation currently passing through the Scottish Parliament. It focuses primarily on private flatted housing in tenements, the traditional Scottish house type where problems of managing repairs faced by all house owners are compounded by the difficulties of organising the collective action of owners. Tenements were also built by the public sector and now RTB owners have helped to create multiple-ownership here too. Thus a tenement may refer to a modern block of flats, or a traditional tenement, or a conversion where owners share a roof. A tenement is any building in multiple-ownership where there are shared common parts.

Although Scotland suffers from one of the least effective tenement laws in Europe (Bailey and Robertson, 1999b), the resulting major problems created for the management of multiply owned property have yet to be tackled. The problem has traditionally affected privately owned tenement housing but there are now increasing numbers of right to buy owners who are also affected. Their role-reversed relationship with their former social landlords provides further evidence of the need for legislation in this area.

The problems in dealing with tenemental stock affect around 28 per cent of private sector households in Scotland and the main practical consequence is a difficulty in effecting common repairs. Owners generally have a poor record in terms of the long term maintenance of their property and the situation is not helped by the difficulties which many Scottish home owners have in working with their neighbours to agree on necessary action. Thus, while the most significant indicator of disrepair is the age of property (with many tenements dating from before 1919), the next most significant indicator, not surprisingly, is multiple-ownership (Scottish Executive, 2003e). There is, in addition, an almost complete lack of consumer representation for private flat-owners.

Perhaps because social renting was the dominant tenure for so long in Scotland, there was only limited political attention given to the private sector. This has now

changed significantly and the Scottish Parliament has provided an opportunity for much needed legislative change on private sector housing.

Key legislation in the Scottish Parliament relating to private housing has already been referred to in Chapter One, and includes the Abolition of Feudal Tenure etc. (Scotland) Act 2000, the Title Conditions (Scotland) Act 2003, and the Tenements (Scotland) Bill is currently before Parliament. This raft of legislation reforming the Scottish feudal system follows work by the Scottish Law Commission on the Law of the Tenement (Scottish Law Commission 1990, 1991). The Scottish Executive's Housing Improvement Task Force, focusing on private housing and set up in December 2001, had 'Common Property Management' as one of four priorities on its agenda, 'Maintenance', 'Buying and Selling' and 'Landlords and Tenants' being the others. Its final report was published in 2003 (Scottish Executive, 2003e).

A historical background

The Scottish housing stock includes many traditional Edwardian, Victorian, Georgian and a few earlier tenements, typically large-scale vertical-style buildings of three or four storeys. They are solidly constructed from local stone and roofed with slate. Both exterior and interior decoration ranges from very basic to luxurious. A row of similar tenements typically occupies one side of a street, usually with another row facing (Reed, 1993).

Many traditional tenements were built speculatively for sale to landlords, who then made an income from them by letting them out to tenants (Sim, 1995). After the Second World War, individual flats were gradually sold off until eventually, most whole tenement blocks were in private multiple-ownership.

A traditional Scottish pre-1919 tenement is therefore a purpose-built property comprising a number of separate flats, usually two or three per landing, and accessed from the street through a close and a common stair. Generally they were built as private speculative developments and, while most were aimed at housing the working class, many middle class properties were also constructed. The quality of tenements varied, however, between and within different cities. The Glasgow rent strike of 1915 and subsequent government legislation on rent control (Melling, 1983) had a significant impact on landlord income and many landlords found it difficult to fund even basic repairs. Although rent controls were eased in the 1950s, many landlords decided to sell off flats as they became vacant.

The poor condition of Glasgow tenements was exposed by the 1966 hurricane (Sim, 1995) and it hastened the decision to sell off many of the remaining rented properties. Individuals who bought these properties were subsequently helped to repair and improve them by government grants in the 1970s and 1980s (Grant and Currie, 1985), and these were a key element in ensuring that basic repairs and

improvements, such as new roofs, were made to these older tenements. Since that period, in many cases, there has once again been only reactive maintenance and repair.

Inter-war and post-war blocks of flats are perhaps more easily regarded as 'tenements' in the same sense as the traditional pre-1919 tenement than the large numbers of blocks of flats in the modernist style, some multi-storey, others low-rise, that have been built all over Scotland. Many of these were built for local authorities, new towns, or for the Scottish Special Housing Association, and many were of poor quality and lacked visual appeal. Some of the worst have been demolished, while some others have been transferred to housing associations. Varying proportions of social tenants and right to buy owners occupy them today. New tenements have also been built by developers and though the owners may have purchased 'luxury city apartments', the law that governs them is identical to that governing the typical tenement portrayed in Figure 5.1.

Figure 5.1: Typical traditional tenement showing the common parts – usually the chimney stacks, chimney vents or flues, roof, mutual gable walls, gutters, downpipes, common stairs and access doors into and out of close (Source: Gilbert and Flint, 1992).

Traditional tenements provide a familiar backdrop for the many fine buildings of Scotland's towns and cities, and are a key feature defining the character of Scottish townscapes. In many parts of Scotland, such as Glasgow's West End, and central Edinburgh, these buildings are highly valued. Elsewhere, such as in parts of Dundee or in the East End of Glasgow, where some owners cannot afford repairs, their condition is deteriorating and property is likely to be at risk in the future. In modern urban planning terms, tenements or low-rise blocks of flats offer ideal population density – high enough for economies of scale in infrastructure and services, low enough to provide usable open space and visual amenity.

Managing a tenement

Legally speaking, the term 'tenement' refers to a building where several owners share responsibility for managing and maintaining the common parts, including the roof, and this is the norm in both the traditional Scottish tenement and in modern blocks of flats. Principles of common ownership also apply to subdivided terrace houses and subdivided villas; all of these are 'tenements' in this sense. The common parts of a tenement would normally include the roof, walls, basement, common stairs, back court, and front access to the building, as well as water supply pipes and other common services. Where flats are of equal size, the rule of thumb is that each owner normally contributes an equal share towards the repair and maintenance of the building. The owners of all the flats are responsible for looking after the building as a whole.

The owners of a tenement may choose to manage and organise repairs and maintenance themselves, or they may decide to appoint a property manager or factor to do this for them. Factoring tends to be a more common practice in the west of Scotland (Sim, 1995) and all over Scotland the developers of newer blocks often impose the use of property managers on their owners (Flint, 2002).

A key management tool is the 'Deed of Conditions', the legal document that defines how the responsibilities for the common parts of a building are allocated to the various owners. It is created at the date when a tenement is first multiply-owned, which could either be when it was constructed, or the date at which the first flat was sold off separately by the original owner of the whole building.

There are many types of Deeds of Conditions, and no single standard format, so for every building they are potentially unique. It is not uncommon for them to be badly written and hence inoperable, or simply to be 'silent' on important issues. They are in all probability written in legal terminology and may well appear impenetrable to the average member of the public. There are also differences between east and west of Scotland. The common rule is for the roof to be communally owned in Glasgow but to be owned by the owners of the top floor flats in Edinburgh, unless the Deeds say otherwise. In these circumstances, it is hardly surprising that while most flat owners have some rough working

knowledge, they probably know little or nothing of the detail in their own building's unique Deed of Conditions.

This shift from the position where a single landlord owned a tenement to the usual present position of multiple-ownership, together with the related issues of management, is illustrated in Table 5.1.

Table 5.1: Changing ownership structures within tenements

	Tenement owned by a single owner	Tenement owned by multiple owners
Common ownership	No	Yes
Deed of Conditions	None	Yes
When	Historical	Contemporary
Owner(s)	The 'landlord' owned the entire tenement building e.g. • Private landlord • Social landlord	Anyone who owns a flat in a tenement building e.g. • Owner-occupier • Absentee private landlord • LA landlord or HA landlord • Mixed ownership of two or more of the above
Residents	All the residents have the same status of being tenants	Those who live in a tenement building, may be • Owner-occupiers • Tenants of private, LA or HA landlords • HMO tenants of private landlords • A mixture of these where mixed ownership exists
Factor or property manager	Factor: Owner/landlord's agent employed to • Manage building maintenance etc. • Let out flats to tenants	Property manager (optional) • the owners' agent, employed to manage building maintenance etc. of common parts

Researching the issues

Since 1997, there has been an increased interest in researching the main issues, and in learning from other countries. Bailey and Robertson (1999b), in research funded by the Joseph Rowntree Foundation, explored the current legal arrangements for ensuring repair and maintenance of tenements in Scotland, compared with those in France, Australia and the USA. The position regarding former council tenants, who have purchased their flat under the RTB legislation

with the local authority continuing as their factor, was the focus of work by the Scottish Consumer Council (Welsh, 1999). This was extended by Leather and Anderson (1999) in their work for Scottish Homes, which looked at good practice within local authority and housing association landlords. The Housing Improvement Task Force (Scottish Executive, 2003e) included common property management as a key element in its work.

The principal problems relating to tenement property management in Scotland are well documented, and there is a strong consensus about the main priorities. They may be summarised as follows:

- Radical reform of tenement law is needed because the legal arrangements for flat-owners in Scotland are widely regarded as defective.
- There is a need for good quality pre-purchase and post-purchase information for flat-buyers about their commitments and responsibilities.
- There is a need for new public and private advice services to help flat-owners with legal, financial or technical matters.
- A new registration/regulation system for property managers (factors) is needed.
- A new accessible system is needed for adjudicating disputes without going to court.
- Effective leadership is needed from government on good maintenance practice.

The Scottish House Condition Surveys conducted by Scottish Homes and later Communities Scotland (Communities Scotland, 2003b) have drawn attention to problems of disrepair in the housing stock. Indeed, the surveys noted many examples of dwellings where surveyors identified repairs that they considered necessary, but of which owners were unaware. Partly this is because many owners find it difficult to arrange for detailed surveys of buildings such as tenements, where a number of areas such as roofs are not readily accessible. Partly too it reflects a lack of awareness on the part of owners of the need for regular surveys of roofs, gutters, downpipes, chimney stacks and other external parts of the building.

Research has shown that serious problems of poor housing conditions exist across the UK. Leather and Morrison (1997) estimated that, in 1996, around 1.8 million dwellings in Britain were officially 'unfit' or, in Scotland, 'Below the Tolerable Standard'. The maintenance backlog was estimated at over £37 billion. There are strong reasons to believe that these problems will get worse rather than better in the medium to longer term. The ageing of the dwelling stock, the growing proportion of elderly owner-occupiers and rising instability in jobs and personal relationships are all likely to lead to an increase in the numbers of people who will find it difficult to keep up necessary repairs and maintenance.

The problems are exacerbated in tenement housing because of the need to organise common repairs and this requires particular management skills. Work in London

by the Nugee Committee (1985) on the management of privately-owned blocks of flats concluded that the skills needed to manage a block of flats so as to maintain it in a proper condition, at economic cost and with sensitivity to the expectations of tenants, must not be under-estimated. Regulation of property managers, the setting up of vocational and academic training and qualifications, continuing professional development (CPD) and all the trappings of a modern developing profession are currently missing from the equation: this is acknowledged by property managers themselves.

People continue to join the privately-owned tenement sector from communities where home ownership is not a commonplace experience. Keen to purchase their own flats, and encouraged by government RTB policies, they willingly make a significant financial commitment, which of necessity brings with it the need for monetary co-operation with other owners, as they work together to meet potentially costly common repairs responsibilities. These newcomers to home ownership may well feel betrayed when they realise that a satisfactory legal structure does not exist for tenements, and, that they, like all other private tenement owners, are condemned to struggle in an irresolvable situation. The first step on the housing ladder is often into the most complex of property types.

Compared with the law in other developed countries, the law in Scotland relating to tenement property management in the private sector is therefore widely regarded as defective.

The problems that have been identified by all research studies are those of organising repairs generally and organising other owners. Firstly, all repairs are difficult to organise. Owners need to identify what repairs are needed, not always easy for those who do not understand how buildings work. Having identified a need for repair, good tradesmen need to be found and, even then, there is no means of knowing if they have always done a good job. Cost is also frequently cited as a problem and an as yet unpublished survey carried out by Friends of Glasgow West (FGW) showed that few owners save for repairs. In housing associations, it is normal practice to establish sinking funds by setting aside one per cent of property value every year. The FGW survey showed that a third of owners would contribute nothing to a building repair fund and less than five per cent would consider paying as much as £50 per month. The later figure is perhaps the truer representation of costs given that typical flats in the West End are worth around £150,000. There is also a structural problem in the housing market. Houses are valued in terms of location and number of bedrooms. State of repair appears to make little difference to price and the cost of repairs is not usually repaid in terms of addition to property value.

The organising of common repairs brings added problems. There is the need to organise all other owners. Essential communication can become a game of Chinese Whispers. Reluctant owners may frustrate proposals and owners at different life stages (older people with low incomes, young couples mortgaged to the maximum,

absentee owners and single people who are seldom at home) can all be reluctant to join in repairs for different reasons. Even when all owners are willing to join in, many have doubts about the factor's ability to organise the repairs for them.

The building type can also add to the difficulty of repairs. Problems may occur in somebody else's house or simply cannot be seen on a high building where roof problems can be hidden away behind valley gutters. Working at roof height requires edge protection and there are limited possibilities for DIY.

The consequence of all this in the long term is bound to be a serious but largely avoidable decline in the maintenance condition of these buildings. As noted earlier, the widespread availability of government grants in the 1970s and 1980s helped to remedy the effects of poor tenement maintenance over previous decades. By then the owners could not afford to rectify the cumulative effects of neglect unaided. To avoid a repetition of this crisis, and to secure the sustainability of private sector tenement housing, the appropriate legal tools and other forms of support must be put in place.

Role reversal and hidden misconceptions

It is quite common for tenement flat-owners not to feel fully responsible for what happens in their own building. Avoidance of group responsibility by individuals may account for some of this, but history also plays a crucial role. At one time, the factor acted for the landlord of the building and residents were also tenants. Factors now act as property managers to residents who are owners, but the changed relationship is not always clearly understood. Some owners remain unclear about the full extent of their responsibilities, even though the tenement property for which they have a shared responsibility may easily be worth up to £1.5 million in total.

When tenants become owners and take full responsibility for their share of managing a building, a second change is that a wide range of knowledge and skills is suddenly required. They may well not appreciate what they will need to learn. Likewise when the factor/property manager finds that they are no longer employed by a single landlord, but by a group of around eight separate owners, their organisational and communication skills become far more critical than before. If both parties are ill prepared for these changes, then major problems may occur.

The traditional private tenemental sector went through this transition during the post-war period, experiencing many of the difficulties already identified. Social landlords and their tenants are now going through much the same process as a result of the RTB. Poor communication, lack of consultation and conflict of interest are common complaints, and both the social landlords (now technically property managers in the private sector) and the new owners are struggling with a major role reversal for which they are ill prepared.

An example of the impact of RTB in an area of flats, formerly let as social housing, is that of the Cumbernauld Home-owners Association (CHOA). Like many new towns, Cumbernauld actively encouraged tenants to exercise the RTB and initially, properties seem to have been first well maintained. However, concerns developed about the construction methods used in some blocks and properties began to prove difficult to sell. As a result, some flats were let privately and their condition deteriorated. Continuing resale problems left many owners facing negative equity.

In late 1999, prior to the transfer of the remaining rented housing stock to the Cumbernauld Housing Partnership, Scottish Homes wrote to all the owners of flatted dwelling houses factored by them, suggesting the formation of a steering group. The aim was to give the owners (who comprised 40 per cent of the estate), a say in how the properties were managed, with the aim of bringing the houses up to an acceptable condition.

A firm of management consultants, ODS, was employed to advise on and oversee the setting up of a committee, and eventually Articles of Association were drawn up, directors appointed and a limited liability company established. In 2002 it held its first AGM and there are now about 400 members out of a possible 1,200, and more will join as work progresses. A common repair fund has been a key feature of CHOA. A part-time Liaison Officer was appointed to co-ordinate board members, arrange meetings, seek funding and also to liaise with Cumbernauld Housing Partnership. In 2002, a full-time Liaison Officer was appointed who will take this work forward.

The first CHOA Repair Project involved 12 multi-storey blocks of flats which were suffering from severe water penetration due to faulty panel joints. In conjunction with CHP, estimates were obtained, and a public meeting was held of all the owners with representatives of CHP, North Lanarkshire Council and CHOA. Most responded favourably, many joining the Common Repair Fund, and work has now commenced.

In future, CHOA will widen its scope to act as a contact point for complaints, and to provide information on services, special insurance rates, etc. It is hoped that in future, provided finance is available, CHOA will expand into more areas within the town.

There is also a problem of conflict of interest, which may arise where a local authority or housing association still owns flats in the property that it is being paid to manage by RTB owners. The conflict may be one of attitude to spend. Landlords are geared up for capital projects where everything is swept up in one large contract and little work undertaken in between. Owners on the other hand will fund repairs from current expenditure and incremental approach to repair and improvement will suit them better.

Figure 5.2: Changing relationships (role reversal) when tenants become home owners

| Roles in a traditional tenement | Roles in a contemporary tenement |
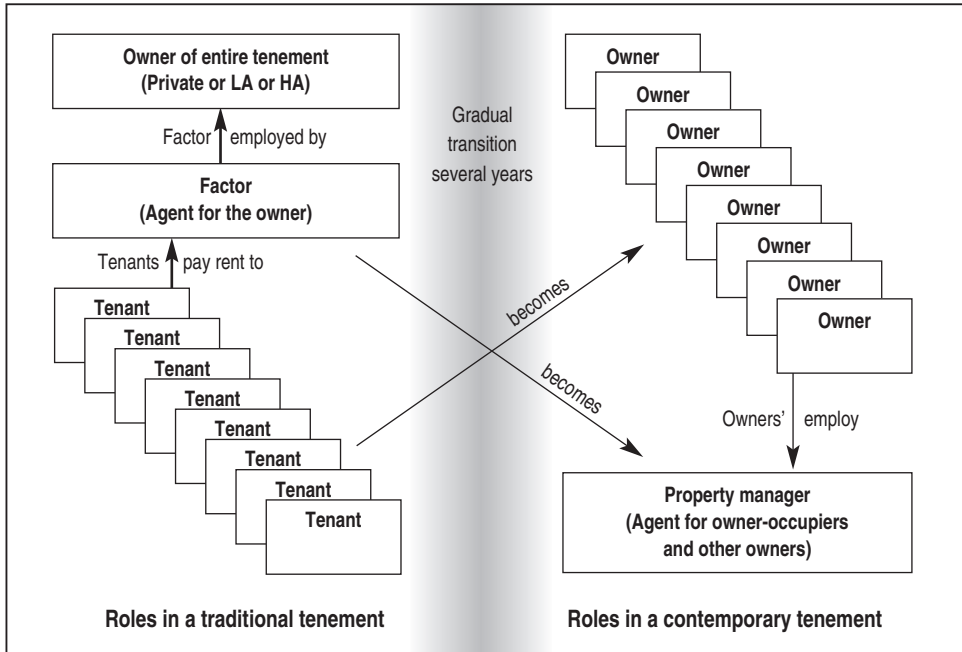
The interface where public and private sectors meet is therefore a difficult one, in which there is some failure to appreciate fully that RTB results in both the purchasers and the social landlord in the private sector being placed in a sometimes unfamiliar position for many of those directly involved (Pieda, 1990; Welsh, 1999).

There is also evidence that, where owners have attempted to organise common repairs, they have experienced difficulties in dealing with absentee private landlords. Many privately rented flats in inner city tenement areas are let as Houses in Multiple Occupation (HMOs) to several unrelated people, often students or unemployed persons. Sometimes HMO landlords can be very difficult or impossible to contact, sometimes being resident in other countries. This can lead to maintenance failing to be done, or other owners being forced to make up the shortfall of cash. Recent legislation regarding registration of HMOs may help to relieve this a little, if the process succeeds in achieving a sufficient rate of coverage of such properties.

Consumer representation is also somewhat lacking in this whole area. At a time when there has been considerable legislation on housing and on feudal tenure, it is important that consumers are adequately represented alongside property managers, factors, and others. The danger in the current imbalance is that the best solutions to the problems of common property management are less likely to be found without their help.

Financial and legal aspects

When purchasing property, especially for the first time, home owners may not effectively take account of any maintenance backlog and realistic costs. Property valuations by surveyors when property is sold tend to take scant account of maintenance condition in all but the most extreme cases. Mortgage lenders intent on generating business do not encourage owners to make long term investment on repairs. Such short-sightedness can only result in disaster in the long run. In the current economic climate where short-termism is the norm, the longest term issues suffer the most. These include the repair and maintenance of our homes, one of our valuable individual and national assets. The 'offers-over' system of bidding for houses also adds to the problem. In these cases, the bidder with the most understanding of the repair needs of the property is likely to underbid those who are less well informed. The introduction of the sellers' survey recommended by the Housing Improvement Task Force (Scottish Executive, 2003e) could help resolve this problem by forcing a better standard of survey-acquired knowledge into the buying and selling process.

The new legislation which is gradually sweeping away the old Scottish feudal system of land and property ownership may be able to provide some assistance in the future. In the Title Conditions (Scotland) Act 2003, there is the possibility of including Model Conditions of Management for multiply-owned property, which could apply to all new building. Owners of older property could opt into this scheme, but a strong financial incentive would be needed to encourage them to do so. The details of these changes are described later in this chapter.

Public information and education about the practical aspects of property management must be key elements in any future strategy. Many members of the public would also benefit from training in some of the more transferable skills such as communication and team-working, which are necessary for a group to operate effectively. When it is considered that the total value of a traditional eight-flat tenement could be up to £1.5 million, then the skills of the owners are well worth developing.

Based on the research carried out by the Friends of Glasgow West, into property management experiences, a number of such skills may be identified. They include:

- *Administrative* – including record-keeping, using professional advisors, dealing with contractors.
- *Financial* – sourcing finance, prioritising/planning/budgeting, financial record-keeping, dealing with mortgage/insurance (including common insurance and a 'common reserve' fund), securing grants, debt collection from other owners.
- *Management* – general decision-making and planning, monitoring building defects, monitoring progress/quality of contractors work, monitoring quality of regular services.

- *Knowledge of terminology* – relating to building structures, roofing, plumbing, maintenance, building contracts/contractors.
- *Legal* – Knowledge of title deeds, liability, boundaries with neighbours, disputes with contractors.
- *Team working* – communication with co-owners, holding meetings (minutes/agendas), communicating/meeting with outside bodies, including the factor/property manager, group decision-making and planning, delegating tasks, dispute resolution.

Thus, the whole profile of the management of common property and, at the same time, good maintenance practice, needs to be raised in public awareness until it becomes part of public common knowledge.

Assistance for owners

So, having identified the issues facing owners, what help is available to owners and what action is being taken to resolve the problems? The existing legislation comprises a mixture of powers under previous Housing Acts and Public Health/ Control of Pollution Acts.

Repairs notices

Section 108 of the Housing (Scotland) Act 1987 allows the local authority to issue Serious Disrepair Notices on individual properties that the Council considers to be in a state of serious disrepair. However, concomitant with the service of this notice is a requirement to offer grants and loans. There is a concern that some councils will therefore not serve such notices because of a lack of finance. This can also be seen as unfair, as owners in tenements where owners are not co-operative may be more likely to get grant than owners in tenements, where all the owners agree to carry out repairs immediately. Where owners have succeeded in co-operating, they may have less access to funding – a perverse situation, especially when one considers that no VAT is payable on enforcement work carried out by local authorities.

Section 87 of the Civic Government (Scotland) Act 1982 allows the local authority to serve a repair notice to bring the building into a reasonable state of repair having regard to its 'age, type and location'. There is no general entitlement to a mandatory grant

In terms of health legislation, the Public Health (Scotland) Act 1897, (Section 146 (1) provides for any 10 ratepayers (Council Taxpayers) residing in the local authority area acting as one group, to take action. This might be a useful remedy in the case of a tenemental property occupied by tenants whose landlord has failed to undertake common repairs.

Finally, the Environmental Protection Act 1990 can also be used to instruct repairs. Section 79 imposes a duty on local authorities to inspect their area to identify any statutory nuisance that should be dealt with or to investigate any complaint of a nuisance made by a person living in the area. Section 80 gives powers to serve notice and in default to take action to stop or prevent any 'statutory nuisances'. The definition of a nuisance has a number of elements and those likely to be of relevance in housing areas are:

- Any premises in such a state as to be prejudicial to health or a nuisance
- Any accumulation or deposit which is prejudicial to health or a nuisance
- Noise emitted from premises so as to be prejudicial to health or a nuisance.

Resources for repair

The Housing (Scotland) Act 2001, described elsewhere in the book (see Chapter One) was largely about public sector housing, with the only key item of applicability to private owners being the introduction of means-testing for private sector repair and improvement grants. This failure to address the issues within the private sector attracted pointed comment about the lack of help for the much-neglected owner-occupier. A particular concern, for public sector housing managers, related to areas of stock transfer, where the transfer had been promoted to raise money to improve house conditions elsewhere in the public sector. There was anxiety about the ability of new owners to fund their share of improvement within community regeneration initiatives, thereby holding up much needed improvement of public sector stock. Fortunately, in the climate of looking at problems and solutions in the Scottish Parliament, there was will and motivation to examine this issue and the Housing Improvement Task Force was initiated by Wendy Alexander in December 1999 (see below).

Specifically, the scope of the grants system was extended by the Housing (Scotland) Act 2001 to include:

- the installation of heating systems;
- insulation;
- the replacement of electrical wiring;
- the installation of smoke detectors;
- the fitting of fire doors to flats off closes;
- the provision of door entry systems.

The Act, however, introduced means-testing of grants, with a minimum grant of 50 per cent for common repairs. Initial appraisal of the means-testing bands suggests that applicants with an income of less than £13,000 after paying mortgage of £15,000 with one child at school would get grant at a higher rate than the 50 per cent band.

The local authority is also empowered to give loans. Section 214 of the 1987 Housing (Scotland) Act provides for home loans for the purchase, repair or improvement of a house. Sections 109 and 131 of the same Act provide for the local authority to be able to serve Charging Orders. These give the local authority first charge on the title as a way of recovering costs of compulsory repairs and requires the owner to make an annual payment for a period of up to 30 years.

The Housing (Scotland) Act 1987 also allows for other improvement and repair related orders to be made but these are increasingly less used. Examples of these include Section 88 Improvement Orders, covering BTS houses not in Housing Action Areas; Sections 89-91, covering declaration of Housing Action Areas (where a majority of houses within a defined area does not meet the Tolerable Standard; Section 114 covering Closing Orders; and Section 115 covering Demolition Orders.

The period since 1996 has seen the overall resources available for investment by local authorities fall from £121 million to £56 million. As a result, statutory action is increasingly limited to situations where an authority's own investment plans require it (another example of conflict of interest) or where a public safety risk exists. The illustration of the backlog in Glasgow City Council's private sector budget illustrates the point.

Table 5.2: Glasgow repairs expenditure

Glasgow City Council private sector backlog grants	Number of applications	Estimated cost	Number of applicants completed per annum
Section 108	3,879	£130,980,000	60-70
Voluntary grant applications (includes lead pipe work, standard amenities, fire escapes etc.)	2,127	£9,690,000	200
Total backlog on private sector support applications		£321,810,000	

The private rented sector

The presence of private landlords within a tenement has often been seen as a problem by other owners, as some landlords seem to have been unwilling to pay their share of common repairs, as they would be unlikely to recoup it in rent. Owners have therefore welcomed the mandatory licensing of Houses in Multiple Occupation (HMOs).

From 1 October 2003, HMOs are defined as properties occupied more than two people who are not members of the same family or a couple living together. In

terms of the planning legislation, 'house' in this context does not include flats, so local authorities may require a planning application for flats occupied by fewer than five unrelated people. Local authorities have a degree of discretion in planning policy. In relation to HMOs they may wish to consider such issues as density of HMOs in an area, location within tenements or other house types, car parking provision, and the level of occupation which constitutes multiple-occupancy and thus a material change of use. The Scottish Tenement Group, which has recently been established to campaign for better awareness of repairs issues in tenements, feels that this legislation is being invoked more wholeheartedly in the West End of Glasgow than in some other areas such as Edinburgh but there is only anecdotal evidence to support this view at present.

Changes to feudal tenure

The position of owners in tenemental property will also be assisted by recent legislation on feudal tenure. One of the first pieces of legislation passed by the Scottish Parliament was the Abolition of Feudal Tenure etc. (Scotland) Act 2000. Although essentially an Act designed to deal with rural land issues, notably providing for community land buy-outs, the Act sounded the death knell for the feu superior. Unwelcome practices had evolved as superiorities were sold and new commercial superiors, investigating their powers, found opportunities to earn additional income. Such income earning tactics of charging for minor consents to alter buildings or even taking back properties, and 'irritating the feu', where there were infringements of the terms of the Deed of Conditions were seen as manifestly unjust. For urban owners, the impact of the Act is less obvious, though one downside of the Act is that owners will be compelled to redeem feus at a cost perhaps 20 times the annual feu duty and will also have to pay off feu arrears. Redemption had previously been voluntary.

The abolition of feu superiors, however, left a gap regarding the regulation of land ownership. If there were no feu superiors, who would enforce the terms of the Title Deeds and Deeds of Conditions? This led to the passing of the Title Conditions (Scotland) Act 2003. This Act:

• allows the feudal system to be abolished completely and completes the removal of the power of feudal superiors;
• gives Scotland a simplified and modern system of land tenure;
• helps make the property registers more transparent and easy to use;
• makes it easier for property owners to remove restrictions on the use of their property; and
• provides a majority rule system for some communities where the title deeds do not provide a decision-making mechanism.

Title conditions are the obligations placed on someone as a result of ownership. They are essential to protect owners' interests in their properties. They restrict an

owner's use of property or oblige the owner to do something – such as to pay their share of repair bills. Conditions which pass on with the property and known as 'real burdens' can cover repair obligations, provision of services or what an owner can and cannot do with their property. The Act introduced a series of new burdens of which the 'community' burden is one of the most critical. Other burdens are classified as 'neighbour' burdens and 'conservation' burdens. The 'community burden' is for common schemes that will include a tenement or an estate where all owners have a responsibility for common parts and all owners would be able to enforce that responsibility on any other owner. An owner would no longer go to the feu superior to have these common burdens enforced.

Significantly, for tenement owners, the Act also provides for 'development management schemes'. These would allow the formation of an owners' association, an advisory committee, extensive delegations to a property manager, annual meetings and budgets. But it is to be entirely voluntary, applies to new developments only and is expected to be too expensive and complex to apply to the typical tenement. So far, therefore, the legislation has done little to help owners in situations where other owners are unwilling to join repair schemes and there has been little incentive to make owners more willing to save for repairs or to have their buildings surveyed on a regular basis to reduce the levels of ignorance of building conditions amongst owners.

One piece of legislation remains to be passed and this is the Tenements (Scotland) Bill. This legislation defines a tenement as any building with two or more flats and sets out a list of scheme property (common property). In doing this, the Tenements Bill is largely based on the common law definition of property as interpreted in Edinburgh. So, the top flats will own the roof above (except for the portion above the stair which will be communal) and the ground floor flats will own the solum. This may prove a gift too far for ground floor flat owners.

The Housing Improvement Task Force

At the same time as the legislation on feudal reform has been passing through the Scottish Parliament, the Housing Improvement Task Force has been conducting its investigations, culminating in its final report in Spring 2003 (Scottish Executive, 2003e). The Task Force has come to a number of well considered recommendations relating to repairs, particularly common repairs. To summarise briefly, the recommendations include:

- The introduction of a single sellers' survey, so that all aspiring owners are aware of the condition of the property for which they are bidding. This has been likened to an MoT certificate for a car, where the vehicle's repair history is fully available.

- The development of a purchaser information pack to accompany the survey.
- The use of owners' associations where there are developments of more than eight flats. As noted earlier these will apply to all new properties but will only apply to existing tenements if all owners agree.
- Compulsory provision for contact addresses to be provided to neighbours for absentee owners. This will make the process of making contact much easier, when repairs require to be carried out.
- Compulsory common insurance.
- The preparation of Good Practice notes for drawing up of new title deeds and Deeds of Conditions.
- The extension of Land Attachment Orders to cover recovery of repair costs from non-compliant owners.
- The introduction of more community mediation schemes, where owners find it difficult to agree on matters affecting the common areas of a property.
- The introduction of maintenance plans and the linked use of sinking funds. This will enable owners to plan and to budget for long term maintenance.
- In order not to delay repairs schemes unnecessarily, local authorities will have the powers to be able to pay for non-compliant owners' costs and then to recover them through charging orders.
- If the non-compliant owner is a landlord, the local authority should have powers to arrest housing benefit payments which would normally be due to the landlord.
- An accreditation scheme for property managers, recognising (as noted earlier) the important and changing management skills which are now needed.
- The introduction of mortgage to rent schemes for owners who cannot afford repairs.
- The development of a positive tax framework for repairs and sinking funds.
- Widening the scope of compulsory repair orders to cover preventative maintenance and to uncouple these from the requirement to give grant.
- Suspension of occupation orders on properties subject to repairs notices.
- New and wide-ranging area based powers to deal with areas of private ownership where there has been market failure – creating Housing Renewal Areas
- Control orders for properties where the absentee owner cannot be contacted.

The report is wide ranging and while some of the recommendations may find their way into later Parliamentary stages of the Tenements Bill, it is likely that the rest will form the basis of further housing legislation, this time with a specific private sector focus.

Conclusion

In conclusion it can be seen that, although the tenement is one of the most common forms of housing within Scotland, the legal framework for dealing with issues of repairs and maintenance has been lacking. In that respect, Scotland has lagged behind many European countries, as well as countries such as Australia and the USA. There has also been a lack of owner awareness as to the kinds of repairs which are needed and few tenement owners regularly commission surveys of their tenement block. This contrasts, for example with the situation in countries like Holland where the 'Monument Watch' scheme is specifically aimed at ensuring the long term maintenance of significant older buildings.

The recent legislation on feudal reform has made some impact but, despite the passing of the Abolition of Feudal Tenure and the Title Conditions Acts, there are still many gaps in the supporting structures and legislation to assist home owners. It is likely, therefore, that the work of the Housing Improvement Task Force will have the greatest significance, and the Scottish Executive has made some excellent recommendations that meet many of the problems identified as affecting tenement owners. Legislation on private housing which implements these recommendations is eagerly awaited.

Some further reading

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CHAPTER 6:
Housing and neighbourhood regeneration

Nick Bailey and Annette Hastings

Introduction

*…because there is constant interaction between society and the urban fabric, we cannot tinker with our cities without making some adjustments to society as well – or vice versa…**a change in one must imply, presuppose, a change in the other*** (Rykwert, 2000: 7 – emphasis added).

The truth of this statement is apparent from an examination of social and spatial trends in Britain over the last three decades. During that time, there has been a significant increase in inequality and rising levels of poverty and social exclusion. In parallel with this, there has been growing spatial polarisation and a concentration of impoverished and excluded groups in 'low demand' urban neighbourhoods, typically but not always social housing estates (Hills, 1998; Social Exclusion Unit, 1998c; Lee and Murie, 1999). Not surprisingly, neighbourhood regeneration has emerged as a key issue for New Labour in both England and Scotland (Tiesdell and Allmendinger, 2001).

Since 1997, neighbourhood policy has gone through two distinct phases. The first phase, covering the early years of the New Labour administration in Westminster, was marked by a flurry of new 'zones' and other area-based initiatives – some 33 in all, according to Stewart (2000). While most were confined to England alone, Scotland had its own new neighbourhood regeneration programme, the Social Inclusion Partnerships (SIPs), launched in 1998. In the second phase, first the English government and then the Scottish Executive set in motion far reaching reviews of neighbourhood policy. These culminated in the *National Strategy Action Plan* (Social Exclusion Unit, 2001) and the Community Regeneration Statement, *Better Communities in Scotland* (Scottish Executive, 2002a) respectively. Both documents mark a distinct break from the past and both have reached the same conclusion. They signal a move from a 'zones' to a 'mainstreaming' approach to regeneration. The emphasis is on ensuring that mainstream public services operate in a way which helps to 'narrow the gap' between deprived and other areas. Area-based initiatives are to play a secondary, supporting, role in future.

This chapter is concerned with the role of housing under the 'mainstream' approach to regeneration. It argues that, while there is much to welcome in the new approach, the understanding of the contribution that housing could make is weak and many of the lessons of the past, often learnt in Scotland, have been ignored or forgotten. Indeed, the new approach derides past efforts at regeneration for their over-emphasis on 'bricks and mortar' (Social Exclusion Unit, 2000). The new framework does improve on past policy statements by drawing attention to the role of mainstream services but its analysis of the causes of neighbourhood decline and of spatial inequalities is incomplete. Ultimately, the government will not succeed in its objective of 'narrowing the gap' unless it starts from a better understanding of the relationship between spatial and social divisions.

The next section reviews the history of neighbourhood regeneration initiatives in Scotland and identifies the lessons we can learn from past initiatives about the possible contributions of housing to regeneration. The third section sets out the new neighbourhood policy in Scotland and in England, while the fourth examines the role afforded to housing. The final section provides a brief conclusion.

Learning from the past

In the immediate post-war period, the main urban problems lay in overcrowded and poor quality housing in inner city areas. These areas were the legacy of rapid population growth and urbanisation during the nineteenth century, exacerbated by rent regulation in the twentieth century which discouraged investment in this stock (Gibson and Langstaff, 1982; Bailey and Robertson, 1999a). The solution was seen to lie in re-housing residents to new estates on the periphery of the city or to satellite new towns, and in the redevelopment of the inner areas, in a process led by the public sector. In building new housing, Scottish local authorities, like those in England, operated under strict cost constraints imposed by central government, emphasising quantity over quality (McCrone, 1991). The lessons of this period are essentially negative. They include the finding that housing on its own is not enough. New estates lacking any social amenities beyond schools will quickly become unpopular. Other lessons we might draw include:

- that poor housing design or construction leads to rapid deterioration in quality, particularly in the absence of adequate maintenance;
- that poor design can exacerbate problems of crime and insecurity; and
- that large-scale re-housing programmes disrupt family networks and communities.

From the early 1970s, housing policy switched gradually from redevelopment to rehabilitation of older inner areas and the first set of positive lessons emerge as a result of the Scottish rather than the English experience. Both Scotland and England adopted an area-based approach to housing renewal, through Housing Action Areas (HAAs) designed to tackle the worst remaining housing (Gibson and

Langstaff, 1982; Robertson, 1992b). In England, where HAAs focused largely on terraced housing, the policy relied on the voluntary uptake of grants by individual private owners and it proved relatively ineffective as a result. In Scotland, the legislation was forced to 'come to terms with' the tenement (Robertson, 1992b). This form of housing, almost unique to Scotland in the British context, presented distinct administrative and technical challenges which necessitated co-ordinated action. Local authorities were therefore given strong powers of compulsory purchase to back up the incentive of grants – the 'sticks and carrots' approach. The use or, more often, threatened use of these powers proved highly effective. The HAA programme was responsible for the improvement of over one in 10 of the stock of older houses in Scotland (Robertson and Bailey, 1996).

Although initiated as a housing improvement policy, the HAA programme was soon valued for its wider contribution to neighbourhood regeneration. First, there was hard evidence that investment in housing improvements had wider 'spillover' effects on surrounding areas (Maclennan, 1993). Public subsidy to upgrade the physical fabric encouraged further private investment. In Glasgow's case, the scale of work was such that it was seen as contributing to the improvement in the city's image overall (Scottish Office, 1988; Maclennan and Gibb, 1988; Robertson and Bailey, 1996).

Second, the programme demonstrated the way in which housing tenure change could influence the social mix of a neighbourhood and hence the social impacts of regeneration (Bailey and Robertson, 1997). In some areas, grants to private owners were the key means of securing housing renewal. In many of these areas, the subsequent rise in house prices meant that low income groups became unable to access the housing and the population profile changed over time – a form of indirect displacement. In other areas, where housing associations acquired and improved the housing for rent, low income groups continued to have access even though the quality and market value of the housing had risen. Importantly, housing associations did not become monopoly owners across the wider neighbourhoods in which they operated. Even in Glasgow, which saw by far the highest levels of activity, only three postcode sectors had more than one-third of the stock in housing association ownership in 1991 (Census figures). Consequently, these neighbourhoods functioned as mixed communities after renewal.

Third, the development of the community-based housing association (CBHA) model showed that housing could be a vehicle for engaging residents in the process of regeneration, building 'community capacity' and empowering people by giving them collective ownership of and control over a key asset, the housing stock (Burns *et al.*, 2001). However, despite the widely acknowledged success of this approach to community engagement, the intensity of resources required to support so many localised regeneration agencies should not be forgotten, as well as the substantial time demands placed on large numbers of volunteers. Fourth,

and related to this, the CBHAs have gone on to act as focal points for action on a wide range of economic and social issues, such as workspace provision, property management or community development activities (SQW, 2000; Carley *et al.*, 2000). In this respect, Scottish housing associations were again ahead of the game as the 'wider action' agenda went on to become national policy for associations in Scotland and England.

The late 1970s saw a second phase of innovation in Scottish regeneration policy, with the launch of the first integrated neighbourhood renewal scheme in Britain, the Glasgow Eastern Area Renewal (GEAR) project (Moore and Booth, 1986; McCrone, 1991). Between 1977 and 1987, GEAR pioneered the multi-sectoral approach to regeneration. Although the project was led on behalf of central government by the Scottish Development Agency (SDA), the approach can be seen as the direct forerunner of the partnership model with the emphasis on the engagement with a wide range of agencies around a common strategy. In the 1980s, it stood in sharp contrast to the special purpose agency model (the Urban Development Corporation) being implemented in England, at least in terms of process (Moore and Booth, 1986). Improvements to housing and the physical environment were combined with investment in infrastructure and efforts to attract new industry, as well as with training and other social initiatives. In practice, housing and environmental improvement played a very significant role. According to the unpublished final evaluation, quoted in McCrone (1991), of the £383 million total public expenditure (at 1986 prices), housing organisations accounted for over 60 per cent. Public expenditure levered half as much again from the private sector and most of this was in the form of new housing. In physical terms at least, GEAR has been judged as relatively successful.

Both HAAs and GEAR influenced a third important urban policy innovation – the Urban Partnership projects set up under *New Life for Urban Scotland* (NLUS) (Scottish Office 1988). The NLUS approach marked a shift in focus from inner urban areas dominated by private housing to the peripheral estates of the post-war period, dominated by council housing. The four partnership areas were the estates of Castlemilk (Glasgow), Wester Hailes (Edinburgh), Whitfield (Dundee) and Ferguslie Park (Paisley). All four areas were seen as the location of an increasingly complex set of social, economic and environmental problems. As with GEAR, housing played a major role in the NLUS programme. Investment in housing and the physical environment accounted for over half of all public investment and over 80 per cent of private investment (CPC, 1999). In this regard, NLUS was supported by the newly created national housing agency, Scottish Homes (formed from the merger of the Housing Corporation in Scotland and the Scottish Special Housing Association). Scottish Homes played a strong role in regeneration policy from the outset. It was involved in the NLUS programme through representation on Urban Partnership boards, through its stake in one Urban Partnership area, Castlemilk, arising from its acquisition of 1,000 houses from the local authority; and through its role in encouraging the formation of new housing associations in these areas.

In relation to the process of regeneration, NLUS can be seen as building on both GEAR and the HAAs. It further developed the public-private partnership model, an innovation in GEAR but now ubiquitous in neighbourhood regeneration in the UK. NLUS also placed a strong emphasis on community participation. Whilst meaningful community participation at the strategic partnership level was difficult to achieve and was often a frustrating experience for community representatives in particular (Hastings, 1996; CPC, 1999), at the neighbourhood level it was more successful. Indeed, resident involvement in housing change was probably one of the most significant elements of the NLUS programme and, again, an important mechanism for achieving this was the CBHA model.

In terms of strategies for regeneration, NLUS saw not just housing investment but tenure diversification and the break up of the local authority monopoly on ownership as critical. Clearly, there were important ideological and fiscal imperatives underlying the then Conservative government's emphasis on this: political hostility to local authority housing, as well as a desire to lever in private funding to reduce the need for public expenditure. More positively, however, the tenure diversification approach can be seen as a logical extension of the HAA experience. For deprived public sector estates, tenure change is a means of bringing about greater social mix and reducing concentrations of deprived households. Concentrations of deprivation have increasingly been seen as problematic for the ways in which they may compound disadvantage through a variety of 'area effects' (Social Exclusion Unit, 2001; Atkinson and Kintrea, 2002; Scottish Executive, 2002a). These include the impacts of living in areas which have poor public or private services, are socially isolated, or which are stigmatised. Increasing social mix can reduce stress on public services as well as increasing pressure for local service improvements. It can raise average incomes and spending power, attracting back private services. By raising levels of employment, it can bring better flows of information about jobs to the area while a more diverse housing and population base can help to change negative images of an estate.

However, the importance of tenure diversification and social mix for regeneration should not be overstated. The key priority remains tackling poverty and exclusion directly by ensuring that there is work for those that want it and that they have the skills and confidence to access it; that benefit levels are raised for those without work; that housing standards and costs are reasonable; that people are able to enjoy a good standard of environment and so on. Social and economic inequality and deprivation are the core problems. Spatially concentrating such disadvantaged households does exacerbate their problems, and policy should aim to address this. The contribution of tenure diversification policies needs to be seen in relation to this bigger picture.

Overall, the track record of the Urban Partnerships was mixed (CPC, 1999). Not surprisingly, they were seen as most successful in relation to improvements in housing and the physical environment, and these had further benefits for local perceptions of safety and for external perceptions of the estate. Tenure

diversification strategies also demonstrated some degree of success in broadening the social mix, mainly due to the introduction of owner-occupation. Across the four Urban Partnership areas, local authority ownership of the housing stock fell from 96 per cent to 56 per cent in ten years; housing associations rose from nil to 24 per cent, and owner-occupation from four to 20 per cent (CPC, 1999). The Partnerships were less successful in improving the social and economic situation of residents. In part, this was the result of high levels of turnover in the local authority stock. In line with trends elsewhere (Cheshire *et al.*, 1998), residents who were more economically successful tended to move out to be replaced by people with higher levels of need. The tenure mix strategies have also been criticised for failing to bring other promised benefits. There seemed to be little social contact between owners and renters, and little use by owners of local services (Atkinson and Kintrea, 2002). Whilst such evidence casts doubt on the effectiveness of the approach, it can also be interpreted as a failure of implementation rather than of policy: the planning and design of these new areas of owner-occupied housing was poor; and little had been done subsequently to promote integration. The approach at least has the potential to increase social integration, in comparison with the alternative (do nothing).

Where tenure mix strategies can be legitimately criticised is in being too limited in their approach, focusing on symptoms rather than root causes and taking a neighbourhood rather than a strategic perspective. The underlying cause of social segregation lies in the housing system and the way it operates to allow the separation of rich and poor. It is clear how this occurs in the market sector where access to housing is based on the ability to pay. More recently, it has become apparent how allocation systems replicate these outcomes in the social housing sector (Kleinman and Whitehead, 1999; Pawson and Kintrea, 2002). This has resulted in calls to reform allocations systems to take greater account of community as well as individual needs, and to build greater choice and flexibility into the system. More fundamentally, there is a need to examine the processes of housing investment by both private and public sectors. Private developers seek to construct new developments aimed at relatively homogeneous sets of people and to isolate these off from existing areas, but public sector housing bodies reinforce this by focusing their limited resources on the improvement of existing areas of social housing (Atkinson and Kintrea, 2002). On their own, tenure diversification strategies will have limited impact.

There are substantial overlaps between Scotland and England in the role given to housing in neighbourhood regeneration during the 1980s and 1990s, but the English experience has also resulted in some different lessons. One was the emphasis given to housing and environmental design in relation to problems of crime and safety, following the work of Oscar Newman on 'defensible space'. Coleman (1985) popularised her ideas in England, leading to the Design Improvement Controlled Experiments of the late 1980s (Sim, 1993). A second difference was the emphasis on housing management. This was championed in England by Anne Power and gained government support through the Priority Estates Project of the 1980s (Power, 1987). Although there were debates about the

extent to which management reforms needed to be accompanied by major investment, these projects did demonstrate that a high quality, localised approach to management could have positive impacts on physical appearance and social order, thus improving quality of life, protecting investment in the physical fabric and promoting a better image for the area (Scott *et al.*, 2001). This was an area neglected by the Urban Partnerships in general (CPC, 1999).

In summary, a number of lessons emerge from this brief review. From the Scottish experience, housing investment, tenure change and organisational or institutional arrangements can all have important impacts on neighbourhood regeneration. Social housing investment not only raises standards but can also improve neighbourhood environment and image, and help to lever in further private investment. For estates dominated by social housing, tenure change can be an important tool to reduce segregation and promote social mix, although it does not guarantee social contact or other spin-offs. Local housing organisations can also be a key mechanism for promoting community ownership and control, with wider spin-offs for economic and social development. English experience might echo many of these points, but separately contributes the lesson that localised housing management can play a valuable role in ensuring improvements are sustained, and in raising quality of life through estate caretaking and 'policing' roles. The need to reform allocation systems emerges from the experience of both countries.

The new neighbourhood regeneration policy

As noted earlier, the New Labour government's initial response to urban problems was to continue the stream of fragmented, time limited zones and special funding initiatives which have characterised neighbourhood policy in the past (Mossberger and Stoker, 1997; Dabinett *et al.*, 2001). At the same time, however, it began work on developing a new policy. In England, this was a wide ranging process, led by a dedicated organisation at the heart of government (the Social Exclusion Unit within the Cabinet Office), with 18 Policy Action Teams undertaking reviews in specific areas. In Scotland, a much more limited process occurred and rather belatedly. The new agenda is encapsulated in documents published by the Social Exclusion Unit (2000 and 2001) and subsequently by the Scottish Executive (2002a, 2002j). Overall, the new framework is remarkably similar north and south of the border. In what follows, we draw primarily on the more discursive and detailed English documents for insight into the underlying thinking.

The new agenda breaks from the past in a quite fundamental way. It moves from a reliance on a succession of special initiatives to make mainstream services 'the Government's main weapons against deprivation' (Social Exclusion Unit, 2000: 64). At the same time, it shifts the main focus for action from the neighbourhood to the local authority level. With this more strategic approach, it has been argued that, for the first time 'there is a possible policy framework for reviving neighbourhoods, that recognises key problems and might reverse or remove them' (Maclennan, 2000: 38).

In terms of understanding the factors which create and sustain deprived neighbourhoods, the central argument is that poor areas tend to get worse public services and that this in turn increases problems of deprivation and exclusion for residents of these areas – a classic example of an 'area effect' (Atkinson and Kintrea, 2002). There is some exploration of the reasons for this in the English documents although the Scottish policy statement is notably silent on this critical issue. For the SEU, one problem is that mainstream services have not paid attention to the particular needs or special problems of areas with concentrations of deprivation. More importantly, it is argued that service providers have failed to recognise the higher levels of need and the higher costs of providing services in deprived areas in their resource distribution models (Social Exclusion Unit, 2000). Indeed, the allocation of additional resources to deprived neighbourhoods through area-based initiatives has served to mask the problems of poor public services rather than resolving them. These initiatives are widely seen as having failed to produce adequate bending of mainstream programmes (Stewart, 2000).

The new policy addresses these issues by making local authorities and other public agencies responsible for ensuring that mainstream services play a positive role in narrowing the gap between deprived and other areas. Co-ordination is to be provided through Community Planning Partnerships (CPPs) in Scotland or Local Strategic Partnerships (LSPs) in England operating at a local authority level. These are backed by a system of targets under local outcome agreements (Scotland) or Public Service Agreements (England) agreed between local authorities and central government. Further reinforcement is provided by national Public Service Agreements (at least in England), agreed between the Treasury and the major spending departments in Whitehall.

A second key element to the new agenda is that it may represent a more 'outward-looking' approach (Hall, 1998) to neighbourhood regeneration than the 'inward-looking' area-based model (Hastings, 2003). CPPs and LSPs are intended to tie service providers into a regeneration agenda envisaged at the local authority rather than neighbourhood spatial scale, providing a more strategic as well as integrated approach to the problems of deprived neighbourhoods. Partners have to confront structural causes of urban decline (poor public services) which lie outside the neighbourhoods themselves. They also need to think about the role of each deprived neighbourhood within the wider urban area (McGregor and Maclennan, 1992).

In Scotland, the new framework coincides with the reorganisation of Scottish Homes into Communities Scotland, now an executive agency of the Scottish Executive rather than a quango and therefore under closer ministerial control. In some sense, the move can be seen as raising the profile of regeneration. Communities Scotland has taken on broader responsibilities for delivering neighbourhood regeneration policy, as well as the housing association investment programme and monitoring regime. There is to be a new Scottish Centre for Regeneration within Communities Scotland, responsible for improving our

knowledge and understanding of the problems of deprived communities and ensuring this is widely available. On the other hand, these changes can be seen as a de-emphasis of the role of housing within regeneration, as it now forms just part of Communities Scotland's portfolio.

In spite of the break with past policy, there are also substantial continuities. The need for a partnership approach has been recognised as fundamental to the effectiveness of CPPs and LSPs, while neighbourhood initiatives of some description are likely to continue to play a role in many areas, not least because these are seen to be key to facilitating community involvement in the process of change. The new agenda also emphasises the importance of developing 'social capital' in deprived areas and building 'community capacity', as if both were absent or diminished in these areas. There is a structural dimension here, in the call to public agencies to ensure their ways of working support this, but the emphasis is largely on the communities and the individuals within them. In this sense, the new agenda perpetuates the negative images of deprived areas as dependent, even deviant, so prevalent in NLUS (Hastings, 1998).

The role of 'housing' in the new neighbourhood policy

While the new regeneration policy has clearly sought to learn from earlier approaches to neighbourhood renewal, it also seems to have forgotten some lessons about the significant role of housing in neighbourhood regeneration. Indeed, the new policy seems to be at pains to distinguish itself from the previous 'housing led' approach which it characterises, rather simplistically, as a largely physical agenda:

> *…regeneration programmes have too often concentrated on changing buildings, rather than helping people. Bad housing design and serious disrepair have often been an important part of the problem, but housing is not the whole answer* (Social Exclusion Unit, 2000: 29).

The neglect of housing has a number of serious implications. First, the new regeneration policy largely ignores how the housing system creates spatial inequality and the concentration of disadvantage in the first place (Kleinman and Whitehead, 1999). The two documents from the SEU each devote the whole of their first chapters to analysing the causes of neighbourhood decline and defining the problem, but ignore the housing system as a factor (Maclennan, 2000). The focus is rather on the unemployment and worklessness, arguing that neighbourhood decline 'almost always starts with a lack of work' (Social Exclusion Unit, 2001). Social problems such as poor health and poor levels of educational qualification are offered as important, if secondary, parts of the explanation but the documents do not question why so many people with poor health or low qualifications come to live in the same areas in the first place.

The Scottish documents do not contain any explicit analysis of the causes of neighbourhood problems, merely referring to them as 'complicated' (Scottish Executive, 2002a: 6).

Second, although the new regeneration policy acknowledges housing quality and physical improvement as issues in deprived neighbourhoods, it fails to see physical investment as an aid to regeneration. In the first SEU report, 'bricks and mortar are de-emphasised, even roundly abused' (Maclennan, 2000: 21). In the subsequent Action Plan for England, the government made housing improvement, and physical regeneration more generally, an explicit strategic objective (Social Exclusion Unit, 2001). However, the achievement of this depends on a set of investment plans developed separately in the name of housing, rather than neighbourhood policy. Although the Housing Policy Statement (DETR, 2000b) was also designed to tackle neighbourhood abandonment and low demand, as well as to increase investment in social housing, explicit links with the new regeneration policy are neglected. It is not obvious, for example, that the government recognises the potential spillover effects of housing improvement such as an improved external image or an improved sense of well-being for residents.

In Scotland, investment in housing quality did not feature in the Community Regeneration Statement. The recognition of the importance of housing for regeneration appeared later in a consultation paper on modernising social housing in Scotland: 'Good quality, affordable housing is a key element in regeneration…' (Scottish Executive, 2003b: 20). The ministerial speech to launch the paper added: 'You cannot build sustainable communities without decent housing…' (Scottish Executive, 2003b). The consultation paper talks of the need to better integrate housing investment and regeneration, and there is the announcement of additional funding for regeneration works (environmental improvements, demolitions or new build) to accompany plans for the transfer of stock into community ownership. But this looks more like 'regeneration' being used to support the stock transfer process than any genuine co-ordination. The focus of the rest of the consultation paper is on minimum standards and stock transfer.

Third, the importance of housing management services is underplayed. The new regeneration framework does not neglect these issues entirely; one of the 18 English Policy Action Teams was devoted to exploring the connections between housing management and neighbourhood renewal, and other PATs dealt with related estate management issues such as neighbourhood wardens. In neither Scotland nor England, however, is housing management considered a core public service within the terms of the 'mainstreaming' debate (Scottish Executive, 2002a). Nonetheless, the new regeneration policy does attempt to support improvements to housing management services across a number of dimensions. These include, for example: improving services at the point of delivery through encouraging 'on the spot' locally-based services; and addressing social order and environmental management issues through neighbourhood wardens and estate caretakers.

Finally, the new regeneration policy ignores the potential of local housing organisations as vehicles for inclusion and building social capital. In the Scottish context in particular, this is a striking omission given the very significant role which community-based housing associations have played in community engagement and, to a lesser extent, in wider social and economic development issues.

Conclusions

Devolution is intended to enhance our capacity to develop policy solutions which are in tune with local needs or sentiments, or which build on local institutional capacities or histories. We would not expect a sharp break in regeneration policy in 1999, however, as there has long been a high degree of freedom to shape both urban and housing policy in Scotland and this freedom has been used extensively, as the chapter shows. Nevertheless, it is ironic that, post-devolution, neighbourhood regeneration policy in Scotland looks almost indistinguishable from that in England. Indeed, Scottish policy statements appear as pale shadows of those produced by the English government, illustrating perhaps some of the diseconomies of scale which devolution may bring.

It would be wrong, however, to see this as a story of English policy colonising Scotland. Where the new neighbourhood policy has strong continuities with the past – in relation to partnership working and community engagement, for example – there is much that originated in Scotland. And, whilst the mainstreaming agenda emerged first in the English strategy, there have long been calls in Scotland for a more strategic approach to neighbourhood regeneration which moved beyond small-scale, spatially targeted initiatives (McGregor and Maclennan, 1992; Scottish Office, 1996). At the very least, policy transfer has been two way.

The similarities between regeneration policies in Scotland and England extend to their joint failure to consider the contribution of housing adequately. The relative neglect of issues of physical quality and housing investment might be justified as housing policy documents deal with these issues more directly, but the latter do not always make the connections clear; the importance of good quality, affordable housing is seen as a housing and not a regeneration issue, for example. It is more difficult to understand the low status given to housing management in comparison with other public services. From a Scottish perspective, the failure to mention housing as a vehicle for community engagement is also a major omission. Regeneration statements might also have discussed issues of housing finance (rents and affordability) or governance (stock transfer), although we have not had space to discuss these (and they are in any case covered in other chapters in this book).

The biggest single disappointment remains the unwillingness or inability to tackle the issues of segregation head on. The consequences of segregation are recognised but the causes are not properly diagnosed. Tenure diversification has a role to play

here but there are also much wider issues. Desegregation implies not only the need to bring about change within deprived neighbourhoods but also the need to limit the ability of the more affluent to isolate themselves from lower income groups. It implies wider reform of planning legislation and, as Atkinson and Kintrea (2002) have argued, a fundamental re-think about where we make new investment in social rented housing. Indeed, it goes further than this. We started with Rykwert's quote, making the connection between social and spatial inequalities. Growing spatial divisions have not been simply a by-product of increasing social inequality but, we would argue, a necessary component. As the gap between rich and poor has grown, the more affluent have sought to distance themselves in spatial terms. This suggests that reversing spatial polarisation, and achieving the government's aim of 'closing the gap' between rich and poor areas, will also require greater efforts to close the gap between rich and poor at an individual level.

Some further reading

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CHAPTER 7:
Housing in rural communities

Mark Shucksmith

Introduction

The supply of affordable rural housing has long been identified as essential to the vitality and sustainability of rural communities. It is also crucial to the life chances of many of the less prosperous members of rural societies, and therefore to social inclusion. Yet, unlike most of Europe, affordable housing is sadly lacking in many rural areas of Scotland, and indeed in Britain.

The Scottish Executive is aware of these issues and makes the following comments in its recent policy statement, *Rural Scotland: A New Approach*:

> *The low level of social housing in rural areas means that provision is generally limited to those regarded as in 'priority need' and research suggests that demand considerably exceeds supply. Pressures on the owner-occupied sector are associated with demands from those moving to live in rural areas, the improvement in the road network leading to the potential for more commuting and, to a lesser extent, from the demand for second and holiday homes. The effect of the steady levels of migration to rural Scotland has been to increase house prices, which coupled with the low wage levels of much rural employment, has served to exclude low income groups from the housing market* (Scottish Executive, 2000h: 64).

This chapter outlines briefly the availability and affordability of housing in rural Scotland, and then turns to examine in more detail the implications of this, first for social inclusion, and second for communities themselves.

Meeting the need for housing in rural Scotland

As a result of several studies[1] commissioned by Scottish Homes during the early 1990s, we are relatively well-informed about the levels of need and types of need which existed then in rural Scotland. Although there has been little recent

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1   The first ten Scottish Homes' 'housing market studies' are summarised in Kirk and Shucksmith (1990). A number of subsequent studies, for example of the Argyll islands, the Cairngorms, rural Perthshire and small communities in the Highlands and Islands, are referred to in Shucksmith, Chapman and Conway's (1996) Review of Scottish Homes' Rural Policy and in Corbett and Logie (1997). Most of these studies are also available in Scottish Homes' Research Papers series, from Communities Scotland.

research, it is unlikely that these will have changed substantially. These analyses documented significant unmet needs and unsatisfied demands for rural housing, a limited housing choice for many rural households, high costs accompanied by low ability to pay, and especially a lack of rented accommodation.

The tenure and affordability findings were highlighted by Kirk and Shucksmith (1990) in their summary for Scottish Homes of the first ten of these studies. There was less frustrated demand for owner-occupation in rural areas than elsewhere, and virtually no preference for private renting. Rather the research showed an acute shortage of social housing, exacerbated by the right to buy.

Ability to pay was found to be low in virtually all the areas studied. In Buchan, the Western Isles, North West Sutherland, Ardnamurchan, the Angus Glens and Berwickshire, a consistent picture emerged of low incomes and low take up of benefit entitlements. In the poorest areas, even low-cost home ownership could not be considered an option for many households. Even in more prosperous areas the greater need was still for affordable rented housing to address what Roger Tym and Partners (1990) termed 'an ever yawning affordability gap'.

Further evidence of rural housing needs is contained in lengthening waiting lists and rising homelessness applications. According to Shelter Scotland (Corbett, 1996), waiting lists in rural Scotland increased by 50 per cent between 1981 and 1995, with 42,000 households waiting for social housing in rural Scotland. Homelessness applications to rural councils rose by 56 per cent between 1980 and 1988 and by a further 67 per cent between 1989 and 1995. For well-known reasons (Shucksmith, 1990), both these figures are generally accepted to underestimate rural needs.

Apart from the shortage of affordable rented housing, the high level of disrepair and poor housing conditions in rural Scotland is noteworthy. The 1996 Scottish House Condition Survey (Scottish Homes, 1997b) revealed that in rural Scotland, houses are older, one in eight dwellings experienced dampness, one in four experienced condensation; and one in four had poor energy ratings. These problems were concentrated not in the public sector, as in urban areas, but in the private sector. Indeed the highest rates of dampness in any tenure in any location were found in the private rented sector in rural areas (36 per cent). Similarly, condensation affected 32 per cent of privately rented houses in rural Scotland. These houses tended to be occupied by people on the lowest incomes and with no savings. The 1996 Scottish House Condition Survey estimated the total repair bill in rural Scotland as £412 million.

Housing and social inclusion in rural Scotland

In recent years, policy debates about inequality have tended to focus on social exclusion rather than on poverty. The concept developed out of the EU anti-poverty programme (Room, 1995), and has been widely adopted. For example, in

Britain tackling social exclusion was an immediately stated priority of the Labour government in 1997.

The concept of social exclusion is contested, nevertheless, and no single agreed definition exists. The term has been used in three ways in current policy debates (Levitas, 1998):

- an 'integrationist' approach in which employment is seen as the key integrating force, both through earned income, identity and sense of self-worth, and networks;
- a 'poverty' approach in which the causes of exclusion are related to low income and a lack of material resources;
- an 'underclass' approach in which the excluded are viewed as deviants from the moral and cultural norms of society, exhibit a 'culture of poverty' or a 'dependency culture' and are blamed for their own poverty and its intergenerational transmission.

These have been summarised as 'no work', 'no money' and 'no morals' respectively. This chapter takes an amended integrationist approach in the belief that this is best suited to developing an understanding of processes of exclusion, but that these processes extend far beyond labour markets and indeed are multi-dimensional (Shucksmith and Chapman, 1998). In particular, the chapter focuses on housing.

Poverty is usually viewed as an outcome, denoting an inability to share in the everyday lifestyles of the majority because of a lack of resources (often taken to be disposable income). In contrast, social exclusion is seen as a multi-dimensional, dynamic process which refers to the breakdown or malfunctioning of the major systems in society that should guarantee the social integration of the individual or household (Berghman, 1995). It implies a focus less on 'victims' but more upon the processes which cause exclusion. It also acknowledges the importance of the local context in such processes. Thus, while the notion of poverty is *distributional*, the concept of social exclusion is *relational*.

A particularly fruitful way of viewing processes of social exclusion and inclusion is as overlapping spheres of integration.[2] In a similar approach to Kesteloot (1998), Duffy (1995) and Meert (2000), Reimer (1998) argues that it is helpful to distinguish the dimensions of social exclusion according to the different means through which resources are allocated in society. He proposes four systems, which capture the different processes which operate, as follows :

- Private systems, representing market processes.
- State systems, incorporating authority structures with bureaucratic and legal processes.
- Voluntary systems, encompassing collective action processes.
- Family and friends' networks, associated with reciprocal processes.

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2   See Philip and Shucksmith (1999).

One's sense of belonging in society, as well as one's purchase on resources, depends on all these systems. Indeed some have argued that these form the basis of citizenship.

To understand better the lack of affordable housing in rural Scotland, and the related social exclusion and social changes, one needs to consider the nature of, and influences on, the demand, supply and stock of housing in rural areas, and the roles of all four systems of market, state, voluntary, and family and friends. While there are important variations from one area to another in the ways in which these forces operate, it is possible to summarise the general position.

Private systems

Private systems privilege those who have an ability to pay over those who do not – the only 'need' recognised by the private market is effective demand. Such processes dominate the allocation of housing in rural Scotland The dominance of owner-occupation in rural Scotland was observed in all of the rural housing market studies commissioned by Scottish Homes in 1990 (see Kirk and Shucksmith, 1990) and was also noted in a review of more recent evidence by Shucksmith, Chapman and Conway (1996). Overall, 61 per cent of housing in rural Scotland[3] is owner-occupied, compared with 56 per cent in urban areas; and rural Scotland has a much smaller social rented sector (26 per cent compared with 38 per cent in urban areas). Since 1990 there has been an overall decline in both the private rented sector (from 15 to 13 per cent) and the social rented sector (from 29 to 26 per cent), the latter primarily due to the mandatory sale of council houses. (Scottish Executive, 2000h) The relative importance of the private market in allocating houses is one legacy of difference between rural and non-rural areas, and its concomitant, the lack of social housing, has been widely identified as the most important issue facing rural communities (see Shucksmith, Chapman and Clark, 1994; Shucksmith, Chapman and Conway, 1996).

Housing markets in rural areas are not 'free-markets', at least on the supply side. On the demand side, the growing number of single person households and the increase in the number of elderly people have heightened the demand for housing in most areas. In many rural areas these sources are augmented by the increased purchase of retirement and holiday homes, as well as by commuters seeking the perceived benefits of a rural lifestyle. At the same time, supply restrictions (notably planning controls) have permitted relatively few to realise the widespread desire for rural home ownership, and the resulting increase of house prices has caused problems for a sizeable proportion of the indigenous rural population and for potential low income rural dwellers. It is thus on the supply-side that regulation has the greatest impact, through the constraints on supply imposed by

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3   This 'official' definition of rural Scotland is based on local authority areas with a population density of less than one per hectare. The dominance of owner-occupied housing is even more marked at finer spatial resolutions.

the planning system and by policies of urban containment (Hall *et al*., 1973; Newby, 1985; Shucksmith, 1990). Policy guidance has been reinforced by the desire of some rural residents (often the most articulate and powerful) to preserve the countryside in its existing state, so that planning has become a political arena through which the interests of the most powerful are imposed on the weak.

As Newby (1985) elaborated, several years before the term social exclusion was coined:

> *As prices inexorably rise, so the population which actually achieves its goal of a house in the country becomes more socially selective. Planning controls on rural housing have therefore become – in effect if not in intent – instruments of social exclusivity.*

Paradoxically, it may be that those most avidly protecting (their own) perception of the 'rural idyll' are, by token of the effect on the housing market, inadvertently threatening the social, cultural and economic sustainability of what they are so keen to preserve. In this way the operation of state systems of bureaucracy and authority, manipulated by powerful interest groups, works through housing markets to systematically force up house prices and thus exclude less wealthy households from many rural areas.

In some parts of rural Scotland, house prices are now higher than in urban areas, and few new households in these rural areas are able to afford home ownership through the open market. In such attractive areas, the majority of new housing is built by the private sector for the upper end of the market. The combination of increasing demand, restricted supply and insufficient stock of rented housing has resulted in a deficit of rural housing, both in quantitative terms and also in terms of affordability for lower and middle income groups.

State systems

Inclusion/exclusion may also be the result of political and legal processes. In rural areas, as has often been noted, the local state has tended to adopt a minimalist role, reflecting dominant conservative ideologies. This has left legacies of difference between rural and non-rural areas, such as a lack of council housing, poorer infrastructure, and a more paternalistic approach to consumers.

Very little private housing in rural Scotland is rented, other than tied housing, and research suggests that this stock is unlikely to increase. As a result, the vast majority of those unable to afford house purchase must depend on social housing provision by local authorities and the voluntary sector (housing associations). In each case this is allocated according to assessed need. However, social housing in rural areas is lacking, accommodating only 26 per cent of households even by the most favourable definition of rural areas. Partly this is a historical legacy of the

dominance of rural areas by Conservative councils who tended not to build council houses to the same extent; partly it is the result of social housing investment being concentrated in urban areas by the state bodies which finance voluntary sector housing; and partly it is a result of the Conservative government's policy during the 1980s and 1990s of enforced council house sales to tenants at substantial discounts which has privatised the former social housing stock at much higher rates in rural areas. Not once in the last decade have rural local authorities or housing associations working in rural Scotland received a spending allocation equal to rural areas' share of the population. Over the same period housing association completions and local authority completions together made up less than a third of the social housing lost through the right to buy in rural Scotland. For every three houses built, ten houses have been sold (Corbett and Logie, 1997). This clearly privileges those with the ability to pay to the exclusion of those who exhibit housing need.

There is thus a lack of housing choice within rural areas, particularly for those who do not have the financial means to compete effectively within the private sector. For these households and individuals, the allocation of houses through the state and voluntary sectors is crucial to their chances of finding an affordable home. Analysis of council allocations and waiting lists in rural Scotland (Shucksmith, 1990) has identified those most favoured by the application of needs-based allocation criteria (families with children) and those most likely to be excluded (young, single people; young couples; and to a lesser extent older people because of the shortage of small houses owned by rural councils). Of course, these must be considered in conjunction with the allocation processes of the housing associations (see below).

This was also the perception of respondents in Shucksmith, Chapman and Clark's (1996) study, who felt that allocation systems in the social rented sector, together with the operation of the private market limited the options for local people wishing to stay in a rural area and especially affected newly-formed households. Young families and single person households were frequently seen as being groups with the most restricted housing choice in rural areas. This is important not only for social justice but also has consequences for the social balance and sustainability of rural communities, as discussed further below.

Housing associations

One of the reasons why local context is important to the operation of processes of inclusion and exclusion is because:

> *…the vulnerability of an individual or household to social exclusion depends in part on the local community resources on which that individual or household can draw. Deprivation is caused not only by a lack of personal resources but also by insufficient or unsatisfactory community facilities…No less important are local traditions of mutual aid, self-help organisations and other elements of development potential* (Room, 1995).

Reimer (1998) suggests that the voluntary system is the one system that compensates in rural areas for exclusion from state and from family support networks. Participation in voluntary associations is often thought to be higher in small towns and rural areas than it is in larger urban centres. However, as rural communities have become increasingly influenced by urban society and, importantly, as female participation rates in the paid labour market have increased over recent years in rural areas, fewer volunteers are available. Prevailing political ideology now encourages public-private partnerships for the provision of welfare systems. The voluntary, or third, sector is viewed as having an important role to play in this new way of delivering services. Thus the responsibilities directed towards the voluntary sector have increased.

A clear instance of the transfer of state responsibilities to the third sector is the growth of housing associations to replace local authorities as the primary provider of social housing in rural areas. In many cases, voluntary organisations who assume such responsibilities become increasingly dependent upon the state for funding, and they may become more closely regulated by the central state agencies as a condition of funding. One result of this is that they become more and more like state agencies themselves, adopting the discourse of business plans, efficiency gains, and the like (Bennett, Beynon and Hudson, 2000). This has certainly happened to housing associations in rural areas of Scotland (Shucksmith and Watkins, 1990) such that their central aim of meeting housing needs (especially special needs) has sat uneasily at times beside the priorities of their funding agencies (Scottish Homes and then Communities Scotland), particularly over the level of rents to be charged (leverage of private finance) and the balance between the affordable rented programme and building for low-cost home ownership. These changes have perhaps been greatest for those associations which have grown the most rapidly to become major businesses on a national or regional scale.

Housing associations are but one example of this process. In many respects, such voluntary organisations have become incorporated into the state, or even into the European Commission (for example, some rural development groups), and this may alter substantially the logic of their activities and of their allocation of resources and opportunities. The adoption of single housing waiting lists for both the local authority and the housing association is a case in point. This may reduce the degree to which the 'third sector' can compensate for market and state processes of exclusion.

Reciprocal systems – family and friends

Friendship and kinship supports have long been acknowledged as important anchors for individuals during times when personal circumstances are strained. Both financial and social/psychological support are involved, and such systems rely upon reciprocity. Reimer (1998) suggests that in rural areas mobility restrictions, distances, and a falling birth rate make it difficult to maintain the

communication and the reciprocity upon which family and friendship systems are based. In some parts of rural Europe it is common for young people to provide their own house on land gifted from another family member, perhaps also receiving financial support and other practical assistance, but this is rare in rural Scotland except for those eligible for crofting status in the crofting counties.

On the other hand, the operation of housing markets may erode the family and friends' networks of those in rural communities. In many rural areas a large number of incomers arrived in the mid to late 1970s, often couples who had taken early retirement and were moving to their rural idyll. These incomers are now within the older age group of their new communities, and frequently they do not have a large network of family and friends in the vicinity to draw upon in times of difficulty. Their own families may live quite some distance away. Problems, particularly social isolation, are often evident if one partner dies leaving the surviving partner alone in a community within which they are only loosely integrated. At the same time, young people tend to move away from their family networks to live in towns and cities, partly because of the difficulties they experience in finding affordable housing. This not only leaves their parents without their support as they age; it also leaves these young people without the support of their parents and family as they form new households and try to manage the work-family balance. Family based activities such as grandparents baby-sitting or offering informal childcare while parents work can no longer be taken for granted. Thus age-specific migration can have a number of implications to the experience of social exclusion in terms of the family and friends' network system, both for those who leave, those who stay and those who move in.

Although there are frequent accusations made against incomers to rural communities that they take over local affairs and crowd local people out of social networks, evidence has also been found to the contrary (Shucksmith, Chapman and Clark, 1996) that a considerable number of incomers to rural communities do not want to be seen as interfering and, as a result, limit their involvement in local activities. Social isolation can therefore be a problem for incomers, regardless of their age.

Pavis *et al*. (2000), echoing the other studies in the Joseph Rowntree Foundation's recent programme 'Action in Rural Areas', found that the young people they studied 'were neither wealthy enough to buy, nor were they poor enough to qualify for the limited public sector provision'. One result of these difficulties is delayed household formation, with by far the majority of young people in rural areas, in contrast to elsewhere in the UK, remaining in the parental home. Although most were initially happy living with their parents, close to friends and family, problems became apparent later as they sought to assert their independence or when they found partners. At this stage their local housing opportunities were so limited that they had to leave, and Rugg and Jones (1999) found that 'almost all ended up living in urban areas'. For the great majority, the only solution to their housing and employment problems was to leave the

countryside. The operation of market and state systems thus combines in this case to rupture kinship and friendship networks.

The Bevan *et al.* (2001) study of social housing in rural areas of England spells out the human consequences of these very limited opportunities for affordable rural housing. For a fortunate few, social housing enabled them to stay within a particular village where they had lived for some time or had kinship ties. There were instances where new housing association developments had played a key role in enabling extended family networks to survive in a particular village. Respondents emphasised the importance of social networks in providing an opportunity to go to work while friends or relatives took on childcare responsibilities. For other respondents, social housing in the village offered them the chance of a fresh start in life, perhaps after a marital breakdown which meant they needed to find alternative accommodation but also to stay near to family and friends for support. This illustrates how state and voluntary systems can work together with friends and family networks to redress the effects of market processes, so ameliorating exclusion.

Housing and sustainable rural communities

In pressured rural housing market areas, it is clear from this discussion that affordable housing is essential to enabling social inclusion and socially balanced communities. Under the Housing (Scotland) Act 2001, local authorities are able to apply for 'pressured area' status, so suspending the right to buy for certain new tenants, for five years initially, and this will help to stem the loss of social housing in such areas. Meanwhile, Highland Council are piloting new approaches to meeting the demand for affordable housing in pressured rural areas through a 'rural partnership for change'. Quotas of a percentage of social housing in private developments, as envisaged under NPPG3 (Scottish Executive, 2002k), may also help ensure that affordable housing contributes to social inclusion and balanced communities, and consideration might be given to the 'exception sites' which have become widespread in rural England, whereby land is released for social housing development at a price nearer to agricultural value.

In areas of decline, where there is an excess of supply rather than of demand, housing can also play an important role in regeneration. A stock of redundant dwellings is a resource which can be used to attract in-migrants, or can be converted to tourist accommodation or small business-starter workshops. Similarly, any housing development in such an area will provide employment and work for local building contractors, as well as having broader multiplier effects (Shucksmith, Chapman and Conway, 1996). A number of studies have also suggested that it is vital to economic development, in so far as a lack of affordable housing has deterred potential employers from locating in rural areas, particularly remote areas. Moreover, new housing might contribute to sustainable regeneration through sustaining the shop, the school, or other community facilities. It was also

apparent that the availability of affordable housing is often crucial to the retention of young people in rural communities, and this was widely interpreted as the key to the sustainability of rural communities. However, those surveyed by Shucksmith, Chapman and Conway (1996) felt there was little evidence of Scottish Homes' (1998a) commitment to this principle in practice. Such considerations beyond narrower measures of housing need did not appear to be taken into account in the allocation of resources to small rural communities. The development of appropriate performance indicators which can reflect such considerations will be a challenge for Communities Scotland, especially in the light of the rural policy review's finding that Scottish Homes' staff had no shared or common understanding of the term 'sustainable regeneration'.

There is another important sense in which affordable housing provision can contribute towards sustainable rural communities, and this is through community-based housing organisations' potential role in capacity-building. In both Scotland and Europe, policy statements have recently placed greater emphasis on enabling and empowering rural people to take greater control over their own destinies through 'bottom-up integrated rural development' approaches that owe much to earlier traditions of community development. Thus:

> *…development is not simply a question of undertaking projects, nor of achieving objectives specified in narrow economic terms. Development is also a process, by which is meant the creation of social products such as upgraded local leadership, a culture of enterprise and innovative action, or the enhanced capacity of people to act in concert, purposefully and effectively so as to cope with the threats or opportunities they face. As a process that permeates across sectors, it may take off from any number of starting points (e.g. successful cultural activities may create a momentum of action that could be instrumental to the initiation of economic actions)* (Kearney, Boyle and Walsh, 1994: 22).

One starting point is potentially a community-based housing organisation, of course, and this role might be expected to be central to the rebirth of Scottish Homes as Communities Scotland.

Indeed, the review of Scottish Homes' Rural Policy (Shucksmith, Chapman and Conway, 1996) suggested that their objective of resident participation should be renamed 'supporting community development' as this was a better representation of what Scottish Homes were trying to achieve, and that this should be pursued in partnership with other agencies. The report noted that one way in which this had been addressed in practice was through the establishment and support of local housing associations and local housing agencies. These two types of body had enabled a greater level of community involvement, although some respondents felt there was still considerable scope for more local housing associations. It was felt that local housing associations were not only more rooted in their communities but also participated in joint working at the local level and engaged in local partnership activity. The membership structure and management committee of local housing

associations offered an opportunity for broad community involvement and capacity-building. Large housing associations were seen as less able to achieve local involvement, but it was suggested that these associations could act as umbrella bodies for smaller associations, supporting them through a 'constellation model' (Shucksmith and Watkins, 1990).

Shucksmith and Watkins had recommended the testing of a 'constellation model' whereby primary small-scale associations, without staff but rooted in their communities, would buy services from a servicing secondary, or parent, association. This would not only build capacity amongst these communities but would also foster local control and make use of local knowledge. This idea was put into practice in the Western Isles, where Tighean Innse Gall fulfilled the role of parent agency, supplying a constellation of locally-based housing associations throughout the islands with development and management services. With the support of Scottish Homes and Comhairle Nan Eilean Siar, five new housing associations were established – initially Barra & Vatersay Housing Association, Buidheanan Tigheadais Na Meadhanan (South Uist), Berneray Housing Association, and Tighean Ceanna Tuath Na Hearadh (North Harris), and subsequently Broadbay Housing Association. The extent to which these have contributed to capacity-building in these communities has not been formally assessed, although the financial viability of this model has been repeatedly scrutinised. Too often evaluations of such initiatives fail to consider such outcomes which may be harder to measure, even though they may be of much greater long term significance.

Conclusion

This chapter has reviewed the lack of availability of affordable housing in many parts of rural Scotland, and the implications of this, first for social inclusion, and second for the sustainability of rural communities. In rural areas of Scotland there are significant unmet needs and unsatisfied demands for rural housing, a limited housing choice for many rural households, high costs accompanied by low ability to pay, and especially a lack of social rented accommodation. The difficulties many face in finding affordable housing, whether through market or state, have been exacerbated by the ascendancy of market processes, and the waning of state systems, as a result of increasing deregulation, privatisation, reductions in public expenditure and globalisation. The voluntary sector has been placed under increasing pressure as a result, while also becoming steadily incorporated into state systems though reliance on state funding and new forms of regulation. These intersecting spheres of social exclusion in turn have consequences for kinship networks and social support, as young people have to move away in search of affordable housing, higher education and better-paid employment. In these ways different dimensions of social exclusion interact to reinforce inequalities within rural areas, and between rural and urban areas.

Nevertheless, there is much that policies to promote affordable rural housing might contribute towards the government's objective of sustainable rural communities, and not only at the practical level of affordable homes, and the spin-off bolstering of jobs, incomes and key services such as schools and shops. For it is also apparent that if the provision of social housing in rural areas is promoted through community-based structures, then this can contribute to the empowerment of local communities and the fundamental capacity-building which in time can enable them to become 'the subjects rather than the objects of development' (Scottish Office, 1998c). It is to be hoped that the breadth of remit given now to Communities Scotland will encourage them to see rural housing in this broader relation to the overarching goals of sustainable rural development.

Some further reading

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Scottish Homes (1998), *Tackling rural housing: policy statement 1998*, Edinburgh: Scottish Homes.

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Shucksmith, M., Chapman, P. and Clark, G. (1996), *Rural Scotland today: the best of both worlds?*, Aldershot: Avebury.

CHAPTER 8:
The funding and affordability of social housing

Mary Taylor and Steve Wilcox

Introduction

This chapter sets out to discuss the concept and application of affordability in social housing in Scotland. The chapter focuses on a population of almost half a million households, 20-25 per cent of the total, who live in socially owned housing. In doing so, the chapter leaves aside the fact that very high capital costs of housing in some parts of Scotland challenge the affordability of owner-occupation (Wilcox, 2003). To assert that the costs of owner-occupation are not susceptible to policy intervention under the devolution settlement is not particularly contentious, even though housing policy is formally a devolved matter. More controversially, given formal devolution of housing policy, this chapter argues that the affordability of social sector rents is largely, even increasingly, governed by policy set outside Scotland.

Aspirations to affordability were first articulated by the Conservatives in the mid-1980s and remain at the heart of new Labour policy over 20 years later. Over the last 20 years, producer-targeted subsidies have been pruned and rents have risen (Malpass, 1999). Although the stated aim was to make rents affordable to households in work without housing benefit, the outcome has left more and more tenants relying on housing benefit to pay rent. Meanwhile there is pressure to reform housing benefit, within a social security system left reserved to Westminster under the 1998 devolution settlement. This chapter contends that resource pressures post-devolution compound the challenge to affordability by incentivising landlords to charge higher rents, increasingly funded by a social security system controlled from London.

Although some two-thirds of all social housing tenants use housing benefit to pay the rent, official information about the uses and costs of housing benefit in Scotland is rather weak, allowing only limited analysis of trends and impacts, mainly in the council sector. Affordability of social housing rents is barely monitored and only by voluntary sector landlords, through analysing the impact of rents on their new tenants' incomes.

While the fundamental problem of helping people on low incomes to pay high housing costs remains constant, policy parameters shift perpetually. The pace of

change has increased recently with more reforms in the pipeline. This chapter looks at a range of factors affecting policy – stances, regimes, mechanisms. It discusses responsibility in 2003 for different aspects of the system affecting affordability. It moves on to review recent trends and impacts of policy. The final section of the chapter examines more recent developments and possible changes affecting the future of housing benefit and the definition of public finance, before concluding on the impact of devolution on affordability of rents in Scotland.

Policy on affordability

Although there is a broad consensual commitment to the notion that social housing rents should be affordable, there is no stated government policy on affordable rents for social housing in Scotland post-devolution and no precise definition against which aspirations for affordability can be evaluated. The devolved administration's implied rent policy, operates within the housing subsidy system for local authorities, and is embedded within the grants system for new housing association development, for which arrangements are considered shortly.

The clearest articulation of policy intent is a statement issued jointly by Communities Scotland, the Convention of Scottish Local Authorities (CoSLA) and the Scottish Federation of Housing Associations (SFHA). Communities Scotland (2001) quotes their simple, shared aspirations, as follows:

> *We set rents that take account of affordability, the costs of managing and maintaining our houses, comparability with other social landlords in the area, and that enable us to service existing loans and fulfil contractual obligations. We have a fair system for apportioning rents between individual properties.*

SFHA policy pre-1999

In this vacuum, the main attempts to develop formal policy on affordability have come from the SFHA.[1] Their policy pre-1998 was that a rent would only be affordable if:

a) *no working household was obliged to pay more than 25 per cent of net income (including housing benefit) on rent,*
    and
b) *no working household was left with less than 140 per cent of the appropriate income support amount* (SFHA, 1993).

Their two-fisted policy was based on a combination of two alternative perspectives on the issue of affordability. The first element of the policy set a maximum ratio of rent to income. This might be termed the 'traditional' approach

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1   The Scottish Federation of Housing Associations is a voluntary body representing the interests of its members, housing associations or registered social landlords.

to defining affordability, and rent policies couched in those terms have been adopted in many countries around the world, and many earlier rent policy statements in the UK (Freeman *et al.*, 1997). The classic limitation of this measure is that it is far easier for better-off households to devote a given percentage of their incomes to housing costs than is the case for households with lower incomes.

The second element of the policy took account of the absolute amount of residual income of a household after payment of rent, based on a rationale clearly set out in an analysis of affordability (Hancock, 1991). The second approach set a minimum threshold for 'residual income' intended to be available to a household after payment of housing costs. The SFHA operationalised the residual income approach by setting target income at the level of 140 per cent of the income support allowance set by the government for that household type.

Policy constraints and social security

In practice, anomalies in the structure of the income support scheme, and other means-tested benefits, meant that – regardless of the rent level set by the landlord – the target could not be achieved for all household types. Proposals for a different approach were set out in a report commissioned by Scottish Homes (Wilcox, 1999a). This argued that any policy on affordability had to take account of the structure of the UK-wide income support and housing benefit schemes. Two critical features of the housing benefit scheme are its treatment of housing costs, and the rate at which benefit is reduced when household incomes exceed income support allowances (Zebedee and Ward, 1999). Because the level of housing benefit payable in the social housing sector is generally based on actual housing costs, rental variations impact more on levels of housing benefit entitlement than they do on household disposable incomes (Wilcox, 1999b). This in turn has an impact on the public cost of subsidy.

It is only when households do not qualify for housing benefit that changes to rent levels actually impact on disposable residual incomes. For tenants in receipt of housing benefit a higher rent simply means a correspondingly higher level of housing benefit entitlement. However, higher rents also raise the income level at which households cease to qualify for housing benefit. For working households with incomes above basic income support levels, housing benefit eligibility imposes a sharp 'poverty trap'. In other words, increases in earned income are largely eroded by tax deductions and reduced benefit entitlement, leaving the household with only a marginal increase in their disposable income. This is illustrated in Table 8.1 showing the net impact of an increase of £1 in income.

Thus it is only when working households *cease* to qualify for housing benefit that any increase in gross earned income begins to have a significant impact on their disposable incomes after housing costs are paid. Recognition of this point leads to the proposition that policy designed to make and maintain affordable rents should

Table 8.1: The housing benefit poverty trap (2002/03 tax and benefit rates)

		Family	Single person or couple
	Extra gross earnings per	**£1.00**	**£1.00**
–	Income tax @ 22%	22p	22p
–	National insurance @ 10%	10p	10p
=	**Net earnings**	**68p**	**68p**
–	Working families tax credit @ 55%	37p	–
=	**Income net of working families tax credit**	**31p**	**68p**
–	Housing benefit @ 65%	20p	44p
–	Council tax benefit @ 20%	6p	14p
=	**Net disposable income**	**5p**	**10p**

seek to minimise housing benefit dependency, as that is the effective trigger towards increasing the disposable incomes of working households. This ought to create downward pressure on rents, whereas, as we shall see shortly, other pressures drive rents up.

SFHA policy post-1999

In 2002, the SFHA adopted a revised policy recognising the importance of minimising benefit dependency stating:

> *For a rent to be affordable, households with one person (head of household or partner) working 16 hours or more should only* **exceptionally** *be dependent on housing benefit.* (SFHA, 2002).

However laudable as this approach might be in principle, in practice housing associations cannot comply fully with this policy for low earning households, as it implies an impractically low level of rents. For example, a childless couple with one person working 16 hours on minimum wages[2] would still have earnings below the level of their housing benefit income allowance, and would therefore qualify for the maximum housing benefit, regardless of rent level. Similarly, (even taking into account tax credits introduced in April 2003), a couple with one child and one person working for 16 hours at the minimum wage would only cease to qualify for housing benefit if the rent was below £20 per week. This could not cover most landlords' costs of provision. Nonetheless, a lone parent

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2   The minimum wage in 2003 was £4.20 per hour.

working 25 hours on the minimum wage could pay a rent of £50 per week without qualifying for housing benefit. Similarly, a couple with children could pay a rent of £50 per week working 36 hours at the level of the minimum wage (Wilcox, 2003). This can be compared with the average RSL weekly rent in 2002/3 of £43.55, (ranging between £33.61 for a 2 apartment and £57.11 for over 5 apartment accommodation).

Even though it is impractical for RSLs to comply fully with the policy, there is scope to use the SFHA framework as a basis for monitoring policy. RSLs themselves monitor affordability of new tenancies through a continuous recording system.[3] The 2001/2 report shows that rents were affordable for 80 per cent of new RSL tenants in work, and nearly 70 per cent of all households qualifying for full or partial benefits. This confirms that whatever the policy intentions, housing benefit is the rule rather than the exception.

The only similar exercise for local authorities was a one-off research project which showed that 27 per cent of new tenants in Scottish local authorities were unemployed and 18 per cent were 'permanently sick' (Hardin, 1997). Figures varied considerably from area to area: only 17 per cent of new council tenants in Glasgow were in work compared with over 40 per cent in Fife and in Highland. In early 2003, a new recording system was piloted with some councils: it is comparable with SCORE and may permit better data in future.

Impact of housing subsidy on affordability

Government policy on subsidies and grants affects affordability of rents of tenants of councils and RSLs, whether intentionally or not. Communities Scotland, like its predecessor Scottish Homes, places a fairly strong emphasis on the need for RSLs to have affordable rent policies. Through its regulatory regime, which increasingly affects local authorities,[4] it brings some pressure to bear on RSLs to set rents broadly in line with the rest of the sector locally. Communities Scotland does not, however, have an explicit rent policy either as regulator or development funder. Communities Scotland expects landlords to take affordability into account, but along with management and maintenance costs, comparability, loan servicing and other contractual obligations. According to Scottish Homes, affordability could be measured by the percentage of tenants in low paid employment and not on housing benefit: for Communities Scotland the extent of affordability can be indicated by whether tenants think the rents charged are affordable and represent value for money.[5]

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3   The Scottish Continuous Recording system (SCORE) records full-time work as over 16 hours. Annual reports can be viewed on http://www.scoreonline.org.uk/

4   As Chapter 14 shows, both types of social landlord are now united under a single regulatory regime.

5   http://www.communitiesscotland.gov.uk/communities/upload/perform_stands.pdf. See section AS1.6

Though 'delivering good quality, sustainable, affordable housing' is a key policy objective, no formulae exist to define the levels and rates of grant available for new developments. Instead, grant approval for new schemes is based on the prevailing rent policies of each association, subject to standard cost maxima and other criteria set at the centre. In any event affordability decisions in development only affect the very small proportion of stock newly developed in any given year and does not impact – directly anyway – on the vast majority of tenancies which already exist.

Although there is no explicit policy on affordable rents for council housing in Scotland, policy works implicitly through the notional uniform assumptions about rent levels for the purpose of central government calculations about council eligibility for revenue subsidy (Housing Support Grant). Since 1995/6, barely a handful of councils have qualified for Housing Support Grant and now only two are eligible.[6] In practice too, most councils in Scotland operate with rents at much lower levels than the uniform level set at £44.77 per week in 2002/3. The average local authority rent charged in Scotland in 2002/3 was £41.02, though five councils charged in excess of £44.77.[7] For the most part, rents are deemed sufficient to cover council operating costs including debt charges, as well as supporting a significant level of investment in major repairs and improvements.

There has been no capital subsidy to Scottish councils for many years. However capital programmes have depended on using 'allocations' of borrowing consent issued annually by the Scottish Executive. As these have become constrained over the years and made dependent on capital receipts, councils have increasingly turned to revenue streams – i.e. rents – to fund capital works.

In due course this chapter considers trends in council rents, alongside their impact on the incidence of housing benefit on which most tenants rely. The argument proposed in the introduction was that devolution has exacerbated affordability problems across the sector. To pursue this argument further we must first examine the devolution arrangements affecting housing policy and social security.

Who is responsible for what?

According to the devolution settlement, housing policy is a matter for the Scottish Parliament while social security and fiscal policy and systems remain reserved (Himsworth and Munro, 1999; Hassan and Warhurst, 2000; Lynch, 2001). This permits Scottish ministers to express aspirations for affordability while arguably the levers to achieve meaningful policy change, through the housing benefit system, rest in London, while using councils for local administration.

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6   In 2002/3 these were Comhairle nan Eilean Siar (Western Isles) and Shetland Islands.
7   Those included HSG recipient Shetland, along with Glasgow, Edinburgh, Inverclyde and Highland.

Local authorities

Councils are the primary source of advice and assistance for housing benefit and are primarily responsible for its administration. Councils throughout Great Britain have been major social landlords and even though some are transferring stock to other, registered social landlords, they retain responsibility for administration of housing benefit and council tax benefit schemes, according to systems determined by central government (Department of Work and Pensions, or DWP). Councils administer both 'rebates' (for council tenants) and 'allowances' (for private tenants including tenants of RSLs), in addition to setting their own rents where they own and manage stock.

Such benefit administration is usually undertaken by local authority revenues and/or Finance departments, rather than housing departments.[8] The local authority makes statistical returns to the government department responsible for funding, namely the DWP, reporting quarterly on numbers of cases and value of rebates and allowances.[9] Some 95 per cent of the costs of benefits in Scotland is funded by the DWP, with each local authority funding around five per cent of local costs.

Relevant reserved responsibilities and liaison arrangements

The DWP is in Whitehall and accountable to Westminster. It is responsible for funding housing benefit, developing policy and the terms of the scheme as well as other forms of benefit. It guides and directs the administration of all such benefits devolved to local authorities, undertaking research and statistical analysis (for example, DSS, 1999). It issues procedural changes, the frequency of which has been strongly criticised (Audit Commission, 2002).

The DWP reimburses councils' expenditure and administration costs, previously planned in conjunction with HM Treasury. The DWP has concordats with devolved departments in Scotland and Wales, first put in place in 1999 by the Department of Social Security.[10] Financial arrangements are contained in HM Treasury's Statement on Funding for the Scottish Parliament, (as well as the National Assembly for Wales and Northern Ireland Assembly). These allow the Treasury to make balancing payments into the Scottish Consolidated Fund on an annual basis, although such payments are essentially retrospective.

The UK Parliament at Westminster reviews and scrutinises policy on taxation, public accounting, employment, overall funding to devolved Parliaments and the broad direction of public policy. The Social Security Select Committee handles

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8   Some English councils use private sector contractors to administer benefits. However no benefits administration in Scotland is contracted out to the private sector.

9   The DWP aggregates these data into reports, based on a one per cent sample of cases in Scotland, without further differentiation to local authority level.

10   Concordat between Department of Social Security and the Scottish Executive (1999). http://www.scotland.gov.uk/concordats/dss-01.asp#f2 This confirms the liaison arrangements between the departments without clarifying financial responsibility. The case of Northern Ireland is slightly different (Wilcox, 2002).

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social security and welfare reform (Great Britain, 2000), while the Environment Select Committee examines housing policy for England. A Scottish Affairs Committee[11] scrutinises matters handled by the Scotland Office: for example it takes expert evidence on reserved matters such as benefits (Webster, 2000). DWP staff in a 'Policy Focal Point' in Edinburgh liaise with the devolved offices and politicians across a wide spectrum of social security matters.

Devolved responsibilities: Scotland Office, Scottish Executive and Scottish Parliament

Since the Scottish Office ceased to exist in 1999, those elements of UK government applying to/in Scotland, which are thus 'reserved', fall under the Scotland Office. It is under the control of a Westminster MP and member of the cabinet. The Scotland Office deals with reserved matters including liaison with UK departments such as the Department of Work and Pensions.

Devolved matters fall to the Scottish Parliament and the Scottish Executive, both based in Edinburgh. The Executive comprises civil servants and ministers (MSPs). The Parliament is constituted from MSPs, most recently elected in May 2003. Both the first and second Scottish cabinets were constituted from Labour in coalition with the Liberal Democrats. The roles of the Parliament and Executive should not be confused though they are often referred to interchangeably and many people refer to the Parliament when they mean the government or Executive.

The Executive is responsible for decisions about policy, implementation and resources for housing, advised by staff of the Development Division and the government's agency, Communities Scotland. In addition, staff in the Equality and Voluntary Sector Issues Unit of the Secretariat liaise with the Scotland Office and different Whitehall departments, on matters such as housing benefit. Unlike their counterparts in England, Scottish ministers have few levers to control or influence rent setting by councils. The Executive approves annual borrowing consents and resources for new initiatives, and allocates capital subsidy[12] to Communities Scotland for distribution among social landlords for development funding. It also administers the vestiges of revenue subsidy[13] to councils which own and manage housing for rent.

The Parliament holds the Executive accountable, debates issues, and makes legislation. Rather than making policy, it scrutinises policy and its consequences, through various committees. Amidst the well-advertised personnel changes in Scotland since 1999,[14] there have been less well advertised structure changes, in the course of which 'housing' concerns could be said to have vanished (Taylor, 2002).

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11   The Scottish Affairs committee comprises MPs elected to Westminster from Scottish constituencies.

12   The subsidy is called Housing Association Grant or HAG.

13   The subsidy is called Housing Support Grant or HSG

14   Partly as a consequence of changes at the top, ministerial turnover has been high with six 'housing' ministers in four years (see Chapter One).

The ministerial position started off as 'Communities' and is now called 'Social Justice'. Similarly, the relevant committee – now 'Communities', succeeded the 'Social Justice' committee, previously under the banner of 'Social Inclusion, Housing and the Voluntary Sector'. While 'housing' appeared along with health and education as key areas in 2000, in 2002 health and education survived while crime, jobs and transport had replaced 'housing' in the First Minister's top five priorities.

Although housing is less prominent among political priorities, nevertheless, major legislative change in housing was achieved during the first term of the Parliament. The Executive also developed former Scottish Office policy and resources on New Housing Partnerships, distributing additional resources targeted to local authorities arising from enhanced spending from the Comprehensive Spending Review (see chapter 9). These attended to increased capital investment rather than affordability concerns as such, and though much trumpeted were a fraction of the value of annual housing benefit payments.

In the first session of the Scottish Parliament, affordability of rents was a key issue during an investigation into Housing Stock Transfer (Scottish Parliament, 2000). Adopting the Committee's Report in September 2000, Parliament accepted the recommendation that housing benefit should be reviewed jointly with Westminster, recognising effective dependence on that subsidy to achieve policy goals for social inclusion and economic participation. The matter was later referred by the committee convener to ministers in the Scottish Executive for the most appropriate form of liaison. Since that time, liaison has been conducted by the Development Division, essentially in private.[15] As such, it appears unaccountable and moreover liaison may be reactive rather than proactive, responding to a policy agenda set in London.

During the first session of the Scottish Parliament, affordability concerns were otherwise raised as much in relation to organic agricultural produce, PPP for secondary education, the fire-fighters strike and health policy as in relation to housing costs. However, recent debates on poverty and opportunity during the second session (September 2003) have brought benefit issues to the fore, not least in response to a critical report to the Finance Committee on child poverty which refers to the salience of social security spending (including housing benefit) undermining the Executive's policy ambitions (Scottish Parliament, 2003a). These debates must surely challenge resistance of Labour MSPs to examining 'wicked issues' on the boundary of the devolution settlement.

Who controls housing benefit spending?

Initially, the proposed devolution settlement referred control over the housing benefit budget to the Executive (Taylor, 1998a); in the end responsibility was not clear and control must be virtually impossible whether from London or

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15 Ministers maintain that effective liaison takes place in private: personal communication, February 2003.

Edinburgh.[16] Arrangements for controlling rent rebate expenditure were originally designed to:

> …*discourage authorities from seeking to unfairly generate increased subsidy income by either disproportionately increasing the rents, or targeting housing improvement schemes, on those tenants in receipt of housing benefit.* (Scottish Office White Paper cited in Taylor, 1998a)

Similar controls already applied in England and Wales, where rent rebate expenditure (concerning council tenants' rents only) could be capped if authorities increased council rents above the guideline rent set by government.[17]

Eighteen months into the devolution settlement, it was not clear to the Scottish Parliament which body or department was responsible for elements of housing benefit spending, beyond the DSS and the Scottish Executive needing to 'act in accordance with Treasury Statements of Funding Policy', according to the concordat. Section 54 of the March 1999 Statement included:

> …*provision to adjust the level of the Scottish Parliament's Departmental Expenditure Limits, should rent rebate expenditure in Scotland increase disproportionate in relation to that in England.*

Forecasts for 2000/1 and 2001/2 assumed that Scottish, English and Welsh local authority rents would rise at 2 per cent above inflation,[18] and that private tenants' rents would rise at 1 per cent above the Retail Prices Index. As mentioned above, the Scottish Executive has no control over council rent setting in Scotland, other than through the Housing Support Grant calculations,[19] and in practice there is huge variation between councils, both in average rents and rents for comparable property sizes (More *et al.*, 2003). Moreover, the Scottish Executive has no effective control over the rents set by other landlords, which also display wide variation.

In the summer of 2002, ministers confirmed that the Executive benefited directly from additional funding in 2000/1 because 'the rate of increase in council tax in Scotland [was] slower than the rate of increase in council tax in England and Wales'.[20] The value of the addition was £8 million: this can be compared with total housing spending that year running in excess of £550 million and housing benefit spending of £1,164 million and council tax benefit of £337 million.[21]

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16   See Special Adviser's evidence to Social Inclusion Housing and Voluntary Sector Committee, Scottish Parliament, 2000 vol 2.

17   The DETR (Department for Environment, Transport and the Regions) first set these guideline rents for English councils, later DTLR and now the Office of the Deputy Prime Minister (ODPM). Guideline rents only apply in England.

18   Inflation was defined by the GDP deflator in terms of council rents and RPI in terms of RSL rents.

19   In 2003 there were only two authorities left in receipt of HSG – Comhairle nan Eilan Siar and Shetland Islands.

20   Written answer to PQ S1W – 25676, PQ S1W 21796.

21   http://www.dwp.gov.uk/asd/asd4/'General Notes'!A1

In July 2002, in response to further parliamentary questions from the SNP Opposition, the Finance Minister acknowledged that balancing figures for 2001/2 would not be known until early 2003, indicating a considerable time lag in establishing the implications of different spending patterns after the event.[22] The balance was due as much to decision-making elsewhere in the UK as in Scotland which supports the argument that the Executive is reacting to circumstances. Moreover, we do not know how the additional funds were applied even on this small scale but in any event the figures were not available as planned budgets to be used positively for policy change.

Trends in spending and impacts

This section examines available data on spending and recipients of housing benefit since 1991/2 and the shifting movement between rebates and allowances. These figures use totals for rebates and allowances published by the DWP, (estimating the relative value of allowances on tenants of RSLs and private landlords for the period before 1994/5, when figures were recorded separately). It draws out the differences between the profile for Scotland and Great Britain as a whole since marked local differences may be significant both in driving policy change and subsequent consequences of reform.

Figure 8.1 shows the growth in housing benefit spending stabilising at around £12,000 million for Great Britain (and £1,200 million for Scotland) annually in recent years. Plans for the GB budget limit further growth to £12.6 billion by 2005/6. This produces a 45 per cent increase in the budget overall since 1991/2 with a peak in the mid 1990s.[23]

Rent allowances are shared among tenants of registered social landlords and the private sector. Over the last decade or more, their relative position across Great Britain as a whole has been reversed, with spending on housing benefit for RSL tenants increasingly consuming the greater proportion of rent allowance spending. This means that spending on rent allowances is now greater than on rebates in Great Britain, partly reflecting changes in the ownership of social housing over the period, but especially in England.

The cost of housing benefit in Scotland stood at only £870 million in 1991/2 rising to £1,230 million.[24] Thus where housing benefit spending in Great Britain grew by 45 per cent overall, comparable figures for Scotland show a slower increase of around one-third, climbing but steadily through the 1990s. Scotland's share of housing benefit spending remains fairly constant at around 10 per cent of the Great Britain total, slightly less than its share of recipients. Arguably this is because average rents are lower than most regions of England, to which the discussion returns later.

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22   Reference numbers 23093 – 6; 25676; 27196 asked by Fiona Hyslop and answered by Andy Kerr, Finance Minister.

23   This peak may be explained by huge growth in benefit spending resulting from rent increases arising from whole stock transfer in England, curtailed following policy change in 1995/6.

24   All values are shown at 2001/2 prices.

Figure 8.1: DWP Spending on housing benefit (GB): 1991/2 (outturn) to 2005/6 (planned) £ million
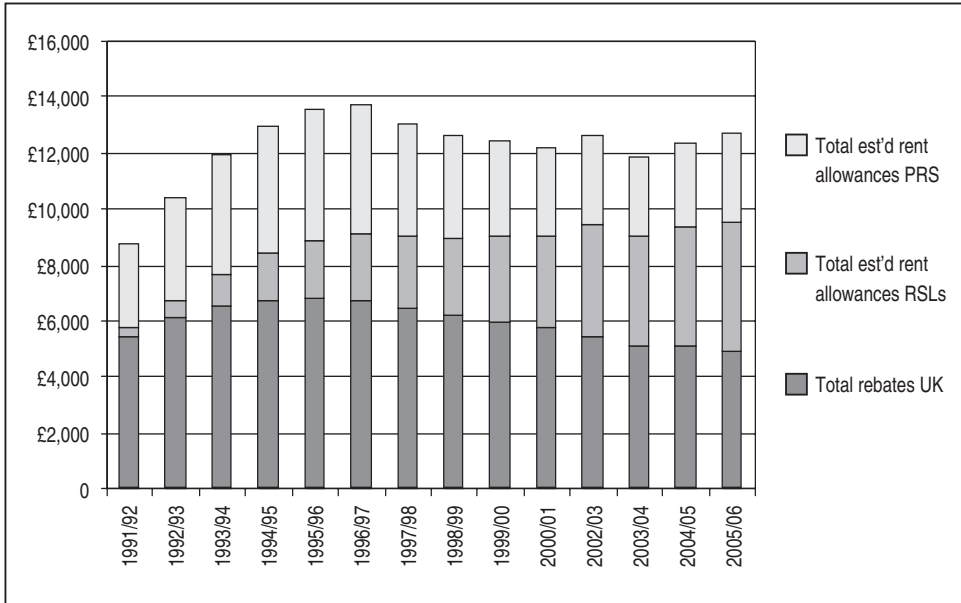
Source: adapted from DWP statistics: http://www.dwp.gov.uk/asd/asd4/'Table 8'!A1[25]

Figure 8.2: Spending in Scotland on housing benefit (£ million)

Source: adapted from DWP statistics: http://www.dwp.gov.uk/asd/asd4/'Table 8'!A1

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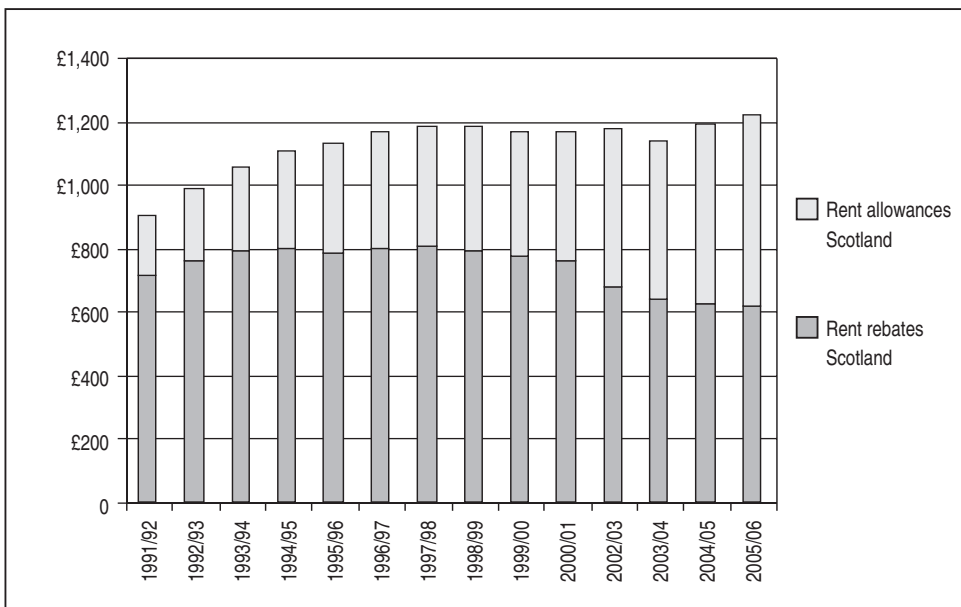
25   Note: figures shown to 2001/2 are outturn whereas from 2002/3 are planned.

Between 1994/5 and 2001/2, rent allowances' share of housing benefit spending in Scotland grew from 21 per cent to 49 per cent. Although the RSL share of the social rented sector grew during this period, increases in the number of tenancies are not commensurate with growth in spending, which suggests much higher rents in the RSL and private sectors, and/or greater dependence on benefits among private tenants. DWP statistics for 2001/2 show weekly housing benefit payments to tenants in Scotland at £45.20 compared with the Great Britain average of £55.70. The national average masks wide variation between regions and tenures. For example, behind the Scottish average, the figure for council tenants is £40.70 and £55.20 for tenants receiving a rent allowance: in other words private rents are around 22 per cent higher than in the council sector.[26] Further differences can be revealed between average private tenants' housing benefit payment of £63.20 per week and £50.90 for tenants of RSLs.

In 2000/1 spending on Scottish council tenancies (i.e. rebates) ran at £652 million overall and £244 million for RSL tenants. Private tenants consumed a further £158 million in income subsidy, bringing total rent allowance spending for 2000/1 to £402 million. The mere fact of the Glasgow transfer (and very higher benefit dependence among former council tenants in that city) will change the balance of these figures dramatically in future.

Recipients and beneficiaries

In 2002/3 there were 3.8 million housing benefit recipients in Great Britain, with the total number falling year on year, and by 14 per cent overall since 1998. Tenants in Scotland constitute 12 per cent of the total (compared with less than 10 per cent of the spending, reflecting lower rent levels[27]). A higher proportion of recipients in Scotland were council tenants than across Great Britain as a whole. In Scotland, council tenants outnumbered all private and RSL tenants, by 2.2 to 1.[28]

Scotland's housing benefit caseload (448,000) is the third highest in Great Britain, topped only by London and the north west of England. The DWP treats Scotland (and Wales) as Government Offices of the Regions (GOR) along with the nine regions of England. The profile of these various regions is quite different in terms of balance of council, RSL and private tenancies, their respective rent profiles and thus their susceptibility to control by central government. Rent levels are lower across the board in Scotland than in England (80 per cent of the Great Britain average rent) but as low as some regions of England. Interestingly, both north east England and Scotland have quite low rent levels yet both display an elevated incidence of housing benefit. Over 20 per cent of all Scottish households use housing benefit, compared with 10 per cent in south east England. The Scottish

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26   http://www.dwp.gov.uk/asd/

27   http://www.dwp.gov.uk/asd/asd4/'General Notes'!A1

28   Of the 448,000 tenants in Scotland receiving housing benefit in 2001/2, some 308,000 were local authority tenants, with two-thirds of the remaining 140,000 being tenants of RSLs. DWP statistics at August 2002.

housing benefit profile overall is more strongly council-based than in England, as whole stock transfer has had a more significant impact in certain regions of England, not least on rents. Such differences have major implications for the emphasis of policy reform.

Rental variation amongst Scottish councils significantly affects the incidence of housing benefit: indeed More *et al.* (2003) argue that the current regime has a major impact in blunting the effect of rent-based incentives for tenants to adjust their housing consumption. Using figures published by the Scottish Executive and the DWP, we can see correlations between rent levels and the number of tenants on housing benefit.

Scottish Executive figures at August 2002 showed 19 per cent of all households in receipt of housing benefit across Scotland, with local variation from 9 to 34 per cent.[29] In absolute terms this means 449,420 tenants, in a ratio (public to private) of just over 2 to 1.[30] Extrapolated against the total number of council tenancies, this means that almost two-thirds (61 per cent) of all council tenants across Scotland use housing benefit to support rent payment. Indeed, in six councils, between two-thirds and three-quarters of tenants are on housing benefit.[31] Only 8 out of 32 councils have less than 50 per cent of tenants on housing benefit.

Analysis of the available data permits some speculation about possible explanatory factors for high housing benefit incidence. Council rent levels (ranging from £35 to £48 per week) can be examined beside the proportion of all council tenants on housing benefit, using all housing benefit recipients as a percentage of all households, as a proxy for local deprivation.[32] Figure 8.3 presents this information, organising the data in order of the proportion of all households using housing benefit. Generally speaking, the proportion of tenants on housing benefit increases in line with rent increases and low rent areas are similarly most commonly those where housing benefit incidence is lowest. A combination of deprivation and high rents thus appear significant in explaining high incidence of housing benefit with correspondingly greater costs of public subsidy consumed in those areas, Glasgow being a case in point. Shetland emerges somewhat paradoxically as an area where barely half of all tenants receive assistance with rent, while rents are amongst the highest in Scotland. This degree of variation suggests that, although high rents contribute to high incidence of benefits, it is not the only factor.

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29   HSG, 2002/32, Housing Trends in Scotland: Quarter Ending 30 September 2002: Table 3.

30   According to the DWP , the total Scottish caseload was 448,183, with 307,855 council tenants. The remaining 140,328 were private tenants. National Statistics (2002) Housing Benefit and Council Tax Benefit: Quarterly Summary Statistics. Information and Analysis Directorate, Information Centre; London. It is important to note that the gross figures for similar points in time contain significant margins of difference.

31   The six are all predominantly urban authorities, namely: Dundee, Renfrewshire, South Lanarkshire, Inverclyde, Edinburgh, and Glasgow.

32   A government report on measuring deprivation (http://www.scotland.gov.uk/library5/social/mdis-01.asp) acknowledges the weakness of current measures.

Figure 8.3: The relationship between housing benefit incidence among Scottish council tenants and Scottish council rent levels at August 2002

The latest report on RSL performance in Scotland (Communities Scotland, 2002b) shows 59 per cent of all RSL tenants in receipt of housing benefit (slightly less than the proportion of new tenants).

Moreover, Scottish RSLs with high rents and working in multiple council areas display high levels of technical arrears. As far as housing benefit administration performance is concerned, DWP figures for 2002/03 show Scottish council accuracy in processing, but with room for improvement in processing time. Although two-thirds of rent allowances were processed on time, one-third were not, which clearly has cash flow implications for RSLs and other private sector landlords. Delayed payments increase others' administration costs with implications for rent levels, affordability, arrears and, ultimately, evictions (Audit Scotland, 2000).

Although further work could be conducted on the available statistics, it can safely be concluded at this stage that housing benefit contributes significantly to supporting tenants of social housing in paying rents. The volume of spending in this area has grown markedly in recent years even though it seems to be stable at present. Although the number of recipients is falling throughout Great Britain and as fast in Scotland as anywhere, the fact remains that one in five households – surely the poorest households in the country – rely on housing benefit to pay rent. In Scotland in particular, the majority of social tenants receive government assistance with rent payment, the value of which is greater than all other housing subsidies combined.

Higher incidence of housing benefit features in areas of greatest poverty (Bramley *et al.*, 2000) and the lack of well-paid job opportunities (McGregor and Maclennan 1998; Stafford *et al.*, 1998; Gregg *et al.*, 1999). This points to aspects of social exclusion: the question is, under whose control are the solutions? Judging by a report to the Scottish Parliamentary Finance Committee (Scottish Parliament, 2003a) on related matters, measures – including housing-related instruments – to reduce child poverty are not under the control of the Scottish Parliament and monitoring of policy effects borders on the impossible.

There are discrepancies between the figures reported by the Scottish Executive and the DWP using presumably the same database. This can produce differences with a margin of error of 19 per cent.[33] If policy reform is evidence-based, this raises questions about the accuracy and reliability of information on which reform may be based.

Future prospects

Future prospects for the funding and affordability of social housing in Scotland are still strongly conditioned by the terms of the devolution settlement, and the issues that continue to be reserved to the Westminster Parliament. The key powers reserved to Westminster are control over the ways in which public expenditures are defined, for all expenditures in the UK, including those met from the budget devolved to the Edinburgh Parliament, and control over the housing benefit scheme, and other related benefits. These issues are now considered in turn.

Re-defining public spending

Through the terms of the devolution settlement and the continued operation of the Barnett formula, the UK Treasury not only determines the level of total public sector funding made available to the Scottish Parliament, it also defines which expenditures fall to be counted within those budgetary provisions. Thus, council borrowing for housing investment is defined as public spending falling within the overall budget of the Scottish Parliament.

However, UK national accounting conventions have been recently revised, and council housing is now defined under resource accounting as part of the 'public corporate' sector rather than the 'local government' sector. This is predicated on the logic that council housing is a trading activity for which an economically significant charge is levied, rather than a government service provided without any significant charge. It follows from this that council borrowing which is 'self-financed' from rental streams falls under the heading of 'Annually Managed Expenditure' rather than 'Departmental Expenditure Limits'.

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33   In absolute terms this represents 80,000 recipients out of a relevant population of 425,000.

At the same time, as part of the move to resource accounting conventions across all government departments, direct controls over local government capital spending are about to be abolished. Instead, levels of borrowing will be subject to prudential rules on the levels of borrowing an authority can make based on its capacity to service loan payments.[34]

In England and Wales, the implications for levels of borrowing under this new regime are effectively constrained by a tight subsidy system, and the clear indication in England that borrowing will not be permitted against the new major repairs allowances. In their case the new system will, effectively, regulate investment levels through subsidy controls, whereas the current system uses direct capital controls to determine levels of subsidy provision. The new system may be less burdensome for authorities, but it is essentially reform rather than abolition of central government control over council borrowing. Levels of council borrowing will still count against key government public spending measures.

Housing benefit reform

Housing benefit has been long overdue for reform (Hills, 1991; Kemp, 1998; Aldridge, 2000). In 2002 the DWP finally introduced proposals for change (DWP, 2002). These changes include ten pathfinder areas where, from Autumn 2003, flat rate housing allowances would be paid to (most) private sector tenants. The flat rate allowances in those areas would be based on the prevailing levels of local reference rents (or single room rents for young single people). Benefits would no longer be based on actual rents, nor would they be subject to the complex set of rent limits applying under the previous housing benefit system.

One of the pathfinder areas is Edinburgh, while another is in Wales, signalling the clear intention, following the pilot evaluation, that the flat rate allowance approach for the private rented sector should be rolled out throughout Great Britain.[35] The DWP has also clearly indicated its intention to extend the flat rate allowance approach to the social rented sector (DWP, 2002).

In 2002, following the 2000 English Green Paper on housing policy, the ODPM introduced rent restructuring for English local authorities and housing associations, to bring rents into a common framework based on local levels of house prices and earnings. This new rent policy introduced for England was seen as an interim measure to bring some order into the currently chaotic profile of rents, ahead of the eventual introduction of flat rate housing allowances some years hence. In broad terms it is expected that most English social housing sector rents will be compliant with the rent restructuring policy by 2011.

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34   See www.cipfa.org.uk/pt/prudential_framework.html
35   Although the DWP is part of the UK government, DWP policy extends across Great Britain and is adopted in Northern Ireland on a voluntary basis.

The intention to move eventually towards flat rate allowances for the social housing sector was firmly restated in the 2003 budget. If introduced for the social housing sector, flat rate housing allowances determined for each area would become the *de facto* UK government policy on affordable rents. This proposal does not sit at all well with the current devolution settlement, where social sector rent policy is nominally devolved, albeit subject to the financial provisions about the relative movements of council rents in England and Scotland.

So far, neither the Scottish Parliament nor the Executive have used devolved powers to embark on any rent restructuring geared to smooth the path for future introduction of flat rate housing allowances some time in the future. While the Executive has published commissioned research on the operation of social housing rent policies in Scotland (More *et al.*, 2003), this has not led to any changes in policy to date.

While proposed housing benefit reform may all be a long way off, it is difficult to see how it can be implemented in Scotland without some modification to the constitutional framework for devolution. Possible options range from the devolution of housing benefit policy to the Scottish Parliament, through to the introduction of new forms of power sharing between the Westminster and Edinburgh Parliaments to cover areas where there is a complex interface between devolved and non-devolved functions.

Renewing Scottish political interest in affordability?

The implications of the resource accounting approach to local government capital expenditure are very different in Scotland. The financial regime for council housing in Scotland is radically different to the regime that operates in both England and Wales. The 1989 Act that is the legal basis for the tight regime in England and Wales does not apply in Scotland: in part this reflects the traditional separate legal system for Scotland, as well as the pre-devolution opportunities this gave Scotland for a measure of administrative autonomy.

The key difference is that there has never been a direct link in Scotland between housing subsidy and housing benefit subsidy arrangements for council housing, and that in any case very few Scottish councils receive revenue subsidy (HSG). By contrast, authorities in England and Wales with low debt servicing costs are currently required to contribute towards the local costs of housing benefit (Malpass, 1999). Under the new regime the link to housing benefit subsidy will be broken, but instead low debt authorities will be required to contribute towards the financial assistance given to high debt authorities. Consequently most of them remain within the tight grip of the rent guidelines built into a redistributive subsidy system. In contrast, central control on local rent-setting in Scotland is weak.

Meanwhile, Scottish councils currently raise over £100 million per annum from rental streams to supplement the limited resources otherwise available for their

investment programmes. In recent years those revenue contributions have accounted for about a third of the total level of investment in council housing in Scotland (Wilcox, 2002).[36] After some initial hesitation, it was proposed that the prudential borrowing regime should be introduced for the council housing sector in Scotland with effect from April 2004 (Scottish Executive, 2003). Crucially, central government permission for a council to undertake prudential borrowing relies on rents not being raised to unrealistic levels.

> *The Prudential Regime will not offer easy choices for local authorities. Extra borrowing will need to be paid for ...out of rents. Authorities ...must ensure that [debt] remains at manageable and affordable levels and does not place an unsustainable burden on current or future tenants. Ministers will take powers to step in should it appear that local authorities, either in total or individually, are raising borrowing to levels that might be unsustainable* (Scottish Executive, 2003: Section Three).

This implies the need for judgements about affordability and sustainability, though without making the relevant criteria explicit. Ironically, such a regime actually increases the incentives for Scottish councils to raise rents to support increased investment, while avoiding potentially uncomfortable discussions about stock transfer.

Prudential borrowing to bring forward investment must still be met from within budget limits agreed with the UK Treasury, the critical budget being that for public corporations' own-financed capital expenditure, not the Departmental Expenditure Limit for Scotland. As councils contemplate prudential borrowing seriously, concerns about affordability may lead the Scottish Parliament to curb local authorities' present freedom to determine rent levels and policies. Equally, these concerns may stimulate politicians in the Scottish Parliament to take a more active interest in proposals for housing benefit reform.

Conclusion

Recent years have seen many changes in the policy framework surrounding the affordability of social sector rents. The future seems to indicate more change to come. Substantial elements of the policy framework are controlled from London with some Scottish input and it is far from evident that connections are intended, made or understood between policy mechanisms affecting rents and affordability.

The disparity in rents charged by social landlords is wide, largely as accidents of history. Different rent levels have very different impacts on the relationship to work incentives and tenants' disposable incomes and with no clear link to quality of product or service. Heavy dependence on housing benefit arguably suppresses and militates against the development of such linkages.

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36   This stream is known as Capital Funded From Revenue (CFCR).

Current council tenants' rents commonly fund future investment maintenance without regard to the wider consequences, affecting affordability. Landlords are now tied into charging ever higher rents as capital subsidies become less significant, leaving housing benefit as the main effective source of subsidy into housing. In effect, central government acquiesces in landlords charging higher rents and indeed government in Scotland benefits if landlords charge higher rents to cover investment as it reduces pressure on Scottish Executive resources.

Although housing is said to be devolved, policy on a key resource input to the current systems – namely housing benefit – and its effects on rent charging policies are not under the effective control of the devolved government in Scotland as long as social security remains a reserved matter. Perversely and arguably contrary to intentions, devolution may have exacerbated the problem of policy-making in London.

Some further reading

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CHAPTER 9:
Policy emergence: learning lessons from stock transfer

Mary Taylor

Introduction

It has often been presumed in the UK housing literature that transfers have not happened in Scotland (Malpass, 2001) or that they are yet to come (Perry, 2001). This view is predicated on a narrow concept of transfer and prevails in spite of research reports on transfer activity north of the border (Clapham *et al*., 1991; Graham *et al*., 1997; Taylor, 2000). Moreover, there is a perception that transfer in Scotland has increased since 1997 and while there has certainly been more debate about local authority transfers since the election of New Labour, few whole stock transactions were actually completed until Spring 2003.

Part of the perceived lack of transfer stems from the presumption that transfer refers to *whole* stock transfer by local authorities, whereas Scotland's experience has been characterised more by partial disposals of diverse types of stock to different landlords. This prompts appraisal of the definition of transfer, into whole and partial categories, avoiding the term LSVT.[1] Whole transfer presumes that the entire stock of a landlord is sold in one process. Partial transfer involves multiple and serial transactions over years, leaving the landlord with stock to rent.

This chapter explores various dimensions of transfer both before and after 1997. It examines policy statements and policy outcomes since 1997 and following the establishment of the Scottish Parliament. It explores the prospects for transfer in future and finally discusses the perverse nature of policy making pre-1997 under the Conservatives and post-1997 under Labour. The period before 1997 warrants attention due to the lessons that might be learned about policy-making in Scotland and the legacy of transfer history in structuring perceptions of transfer and investment in Scottish social housing. While transfer has potential to deliver investment and other improvements this chapter argues that it is not a foregone conclusion and managing the political dimension is as important as solving the technical problems.

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1   LSVT refers to large scale voluntary transfer of rented housing. The term emerged in England in the early 1990s and came to denote any transfer. Latterly it has become important to distinguish Large Scale Voluntary Transfer and Estates Renewal Challenge Fund (ERCF) transfers in England. For a fuller appraisal of definitions and terms see Taylor (2003).

Before 1997

Transfer can arguably be defined as a disposal of the tenanted assets of a public landlord to a private landlord.[2] Using this definition, it is clear that, before 1997, public landlords in Scotland conducted many transactions (Taylor, 1996). Unfortunately data on transfer were not collected officially at that time for monitoring purposes.[3] However recent data (in Table 9.1) show that partial transfer activity built up from the mid-1980s until a peak in 1996, when the volume of transfers overall started to decline, for reasons which are both familiar and less well known. Factors include ideological controversy about the principle of transfer, discomfort with the pace of promotion, the increasing failure rate in Scottish Homes transfers and, last but not least, administrative and financial chaos in the aftermath of local government reorganisation. Changes in resource flows into housing, due to decisions made by new political personnel in the Scottish Office, also precipitated part of the decline and new research reveals the connections between these strands (Taylor, 2003).

Table 9.1: Summary of transfers in Scotland – 1986 to 1997

	Transactions	**Volume of stock affected to 1997**	**Bought by**	**Funding**
Scottish Homes (partial)	51 (multiple ballots)	23,579	Mixture of housing associations, new and existing	Financed from borrowing – mainly private sector – 'debt-funded'
New towns (whole)	5 (multiple ballots)	29,000	Mostly councils – two housing associations, some trickle and empty transfer and one disposal to Scottish Homes	Financed from borrowing, with increased consent to councils
Councils (partial)	119	18,411	Mostly new housing associations	Mixed funding including generous subsidy via Scottish Homes
Councils (whole transactions)	1	2,054	New housing association	Privately financed

Source: Taylor (2003).

2   The word private is highly contentious. The new landlords were mainly voluntary and without profit objectives. Nevertheless in constitutional terms they were private bodies rather than public bodies.

3   The Scottish Executive commissioned two studies in 2001 to record and disseminate information about stock transfer. This chapter draws on hitherto unpublished information from the database collated by the Housing Policy and Practice Unit at the University of Stirling. All financial information has been converted to constant prices set at 2001.

This section about the period before 1997 first considers the Scottish Homes' transfers, then the new town stream and lastly those by councils, bearing in mind the fall-out of transfer from the other two sources.

Scottish Homes

Scottish Homes inherited the stock of rented housing built/owned by the SSHA.[4] The Conservative government's original plans in 1987 were to require compulsory disposal – or 'a transitional landlord role' (SDD, 1987a). However, this controversial aspect of the proposals was abandoned in what became the Housing (Scotland) Act 1988, leaving Scottish Homes as a statutory landlord (Himsworth, 1994). Mandatory transfer was thus taken off the agenda, whereas policy initiatives inside the new body soon gave prominence to an active disposal programme (Taylor, 1998). The first transfer (to Waverley) was approved in 1991/2 and by 1994 there was a strategy for every area of Scottish Homes' stock.

By March 1997, 51 transactions (see Table 9.2 below) had been completed affecting over 23,000 houses across the country, bringing in receipts of £194 million. Scottish Homes' transfers continued beyond 1997, as Table 9.4 later in this chapter shows. Unit receipts were high until 1997, reflecting critical pressure on transfer to produce capital receipts to support development. Analysis of differences between valuations and receipts suggest that receipts were consistently less than the value placed on the stock by independent valuers,[5] especially pre-1997. This indicates high levels of bargaining to achieve sales.

Table 9.2: Scottish Homes transfers to 1997

Year of Transfer	Transactions	Number of houses	Value (at April 2001) (£)	Receipt (at April 2001) (£)	Average receipt per house (£)
1991/92	1	1,191		6,506,531	5,463
1992/93	3	440	2,301,849	1,696,081	3,855
1993/94	8	2,415	17,341,015	24,803,982	10,271
1994/95	6	4,542	29,249,338	27,680,984	6,094
1995/96	17	6,215	59,209,494	51,618,652	8,305
1996/97	16	8,776	101,338,933	82,601,214	9,412
Total to 1997	**51**	**23,579**	**209,440,629**	**188,400,913**	**7,233**

Source: Research database at 2001 using data supplied by Communities Scotland.

4   SSHA was the Scottish Special Housing Association first established in 1937. By the later 1980s it had a stock of over 100,000 houses spread throughout Scotland (Begg 1996). It was thus the second largest public landlord in Scotland.

5   See note 11: the only year in which the independent valuation was met by the receipt was 1993/4 when the receipt per house hit a record level of £10,271, which is similar to English stock prices at that time.

The average size of transaction was rather small, though ranging between 50 and 2,000 houses. The profile of acquiring landlords varied significantly over time and between areas. Larger transactions were to new associations comprised of staff groups, controlled by committees comprising tenants and the local community. Smaller disposals were made to existing local organisations expanding their holdings in areas where they were already active. The average size of Scottish RSLs increased steadily after 1993/4, arguably as a direct result of Scottish Homes' transfers (Communities Scotland, 2003).

Scottish Homes' partial transfers were often rather controversial (in contrast to partial transfers by Scottish local authorities at the same time – see below). They triggered set-piece ideological debates about whether the stock should be sold at all, or to the 'private' sector rather than to local councils (Taylor, 1999). This resonated with contemporary debates about the future of housing in the Scottish new towns. In practice, most ballots produced positive results, while stimulating a vocal opposition campaign among tenants. The ballot failure rate was higher in the run-up to the 1997 elections, leaving a Labour government post-1997 with the delicate problem of whether to allow councils to bid for the remaining Scottish Homes' stock.[6]

Figure 9.1: Scottish Homes' capital receipts from right to buy and stock transfer
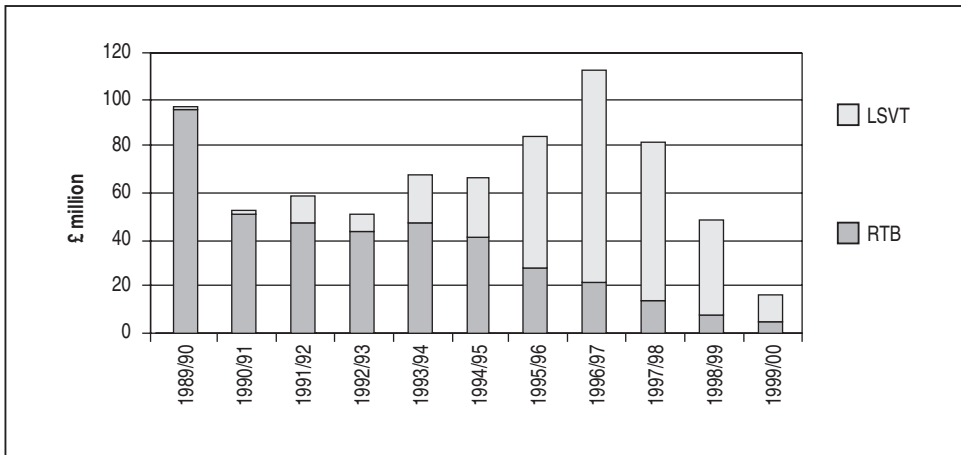
Source: Research database at 2001 using data supplied by Communities Scotland: Taylor (2003).

Scottish Homes' transfer strategy was of critical importance to the Approved Development Programme (ADP) (Robertson, 2001; Taylor, 2003). The practice of using capital receipts to enhance development funding allowed debt build-up, for the third time in 10 years. Part of the given rationale for creating Scottish Homes

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6   In the end, councils were not permitted to do so on the grounds that they would require to undertake additional borrowing at a time when debt reduction was government priority (Scottish Homes, 1997).

in the first place was that its predecessor had used capital receipts for investment rather than debt redemption (Robertson, 1992a). As a result, debt servicing costs had risen inexorably as a proportion of rental income. Debt was written off to solve the problem (SDD, 1985), but the same practice persisted under Scottish Homes, requiring further debt write-off by central government in 1992 (SODD, 1996a: 41). Then, as right to buy sales fell away, transfer was the obvious replacement for capital receipts to support development. Gross annual receipts from transfer amounted to over £80 million in 1996/7 alone (see Table 9.2). By 1996, a year after the Prior Options study of Scottish Homes (SOEnD, 1995b), the complementary review of the agency's financial management showed that:

> *Consideration would need to be given to the long term funding of the development programme before Scottish Homes meets its strategic objectives of disposing of the remainder of its stock. The position regarding capital debt also needs to be considered given that capital receipts are not currently used to pay outstanding debt on housing which is sold* (SODD, 1996a: 20).

While acknowledging that within 18 months its agency could be 'technically insolvent' (SODD, 1996a: 40), the Scottish Office merely noted that options would be kept 'under constant review'. One option involved repayment of outstanding debt from receipts. This seldom-cited report provides important clues to the opaque internal pressures between the agency and its paymaster about resource flows. At the highest level from at least October 1995, the government was aware of impending financial pressure on housing. Newly appointed, hard-line ministers[7] agreed in April 1996 to one more year (1996/7) of using receipts to fund development rather than redeem debt (Taylor, 2003). That same year, ministers also cut Grant-In-Aid to Scottish Homes (mainly affecting the ADP and social housing investment overall), and issued draft stock transfer guidance to the newly established unitary councils (SODD, 1996b). Lastly, they permitted additional borrowing by councils within the PSBR to fund new town transfers. But 1995/6 was critical, not just because of ministerial personnel changes. By 1996, the term 'stock transfer' started to convey more ideological than pragmatic connotations to the advocates of council housing as controversy spilled over from new town transfers, making 'stock transfer' in general highly contentious (Freedom of Choice campaign, 1995).

New towns

The five Scottish New Town Development Corporations ceased to exist in 1996. Attempts from the late 1980s to wind up the housing side of their operations were also known in Scotland as 'stock transfer', with longer term financial and political repercussions. The fact of mandatory rather than voluntary disposal of all assets within a centrally determined timetable should have made clear certain critical differences from other kinds of transfer. However, common terminology served to

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7   Michael Forsyth and Raymond Robertson came to office in July 1995 as Secretary of State and Minister of Housing respectively.

confuse understanding on the ground of the meaning of 'transfer'. While councils were being encouraged, even helped to sell housing stock to associations, Scottish Homes was also selling housing to associations, not councils (Taylor, 1999).

The New Town Development Corporations were always intended to be temporary, so wind-up was inevitable even if the terms and timing affecting housing were not. Government intended housing associations to be the key alternative landlords for rented housing, using voluntary mechanisms, with statutory deadlines for wind-up.[8] In 1990, there was no commitment to balloting tenant opinion and while transfer to councils was discouraged, it was never ruled out (Muirhead, 1997). A wide range of government opponents ran a vociferous campaign with Labour councils and politicians to the fore, to allow tenants to be consulted and to allow councils to bid for new town housing as tenants preferred councils as landlords (Goodlad and Scott, 1996). Transfer was popularly perceived as 'privatisation.'

It took two years to issue guidance on tenant consultation arrangements during disposal, and a further year for details of the financial arrangements to emerge. By 1993, the timetable for statutory wind-up of the new towns had become entangled with impending local government reorganisation. Few voluntary disposals had been achieved (Taylor, 1996) and it looked like failure to satisfy tenants' preferences over rented housing would delay wind-up in general (Muirhead, 1997). Under pressure, the minister agreed in February 1994 to permit local authorities to bid for rented housing in the Scottish New Towns, provided they reached a minimum/reserve price.[9] Final decisions would be subject to tenant ballots (Goodlad and Scott, 1996). Then in May 1994, the timetable for winding up the new towns was brought forward, to 1996, in the end spanning transition to the new unitary arrangements. Ballots were thus held in a climate of controversy, expensive consultation, instability, competition and abortive business planning. In all five towns, the majority of tenants voted in favour of their local authority.[10] As a result, in two years new towns transferred more houses to five local authorities than all other local authorities generally had transferred to housing associations from 1985 (see below). Although government had considerable

8   Wind-up affected a range of functions including the ownership and management of 30,000 homes left after extensive house sales. The responsible department (Industry Department for Scotland – IDS) issued a White Paper in 1988 – 'The Way Ahead', followed by the Enterprise and New Towns (Scotland) Act 1990.

9   Allan Stewart was the minister responsible for Local Government, Industry, Enterprise and the New Towns. In this capacity, he was thus also responsible for local government reorganisation. Cumbernauld (North Lanarkshire); Kirkcaldy (Fife); West Lothian; Cunninghame (North Ayrshire); East Kilbride (South Lanarkshire). Names of unitary councils are shown in brackets. The total number of houses affected was approaching 30,000 though late RTB sales reduced the stock actually transferred. In some cases associations bought newly built housing prior to occupation, and others experimented with trickle transfers. In one ballot area in Cumbernauld, the council did not offer enough and the stock defaulted to Scottish Homes before finally being sold on to the Cumbernauld Partnership in 2001.

10 Two housing associations won ballots for part of the stock: Almond in Livingston and Irvine in Irvine.

control over the Development Corporations, policy aims were not achieved. The catalogue of implementation deficit included poor use of resources, lack of agreement about objectives, poor process, over-extended communication chains and networks, with too many intervening, uncontrolled variables (Muirhead, 1997).

New town fall-out was very significant politically and financially. Permitting councils to acquire rented housing from the New Town Development Corporations required enhanced borrowing consent for the relevant authorities in that year. The following year, borrowing consent and Scottish Homes Grant in Aid budgets were cut dramatically and have barely recovered (Taylor, 2002; Wilcox, 2002). Certain actors within government claimed that selling new town stock to local authorities was one of the worst things to happen to Scottish housing as the opportunity for a positive PSBR effect was lost (Taylor, 2003). The fall-out also reinforced demands among Scottish Homes' tenants to be able to 'transfer' to their local authority, which fundamentally affected the wider political climate surrounding transfer.

Council transfer

Local authorities in Scotland started transferring housing in 1986 (Glasgow), with over 18,000 houses transferred in Scotland by March 1997 in 119 transactions (Taylor, 2003). In contrast to England, Scottish transfer started with partial, subsidised disposals by urban authorities (Duncan, 1991), only later (1992/3) moving on to consideration of whole stock disposals. Where partial transfer was evident in several councils, whole transfer was marked by absence of completed transactions (other than Berwickshire), though a number of other councils had explored transfer possibilities. Both phenomena offer interesting perspectives on policy making in Scottish housing.

Table 9.3: Partial and whole transfer by Scottish local authorities pre-1997

Dimensions	Partial	Whole
Transactions	118	1
Authorities	13	1
No. of houses	16,357	2,054
Gross price/receipt	£63m	£11.2m
Gross loan facilities	£54m	£15m
Ratio of loan:price	0.9	1.4
Value of grant gross	£351m	£0
Average price per unit	£3,603	£5,700
Average loan per unit	£3,049	£7,500
Average grant per unit	£17,999	0
Average size of transaction	142	N/a

Source: Taylor (2003).[11]

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11   A database was collated on behalf of government in 2001 for the purposes of recording consistent information about different streams of transfer and with a view to monitoring ongoing transfers. All financial data on the database has been converted to constant values at April 2001.

The vast bulk of Scottish council transactions pre-1997 was partial and while parts of the stock were transferred it still left public landlords owning and managing a substantial body of housing stock for rent. This stream of transfer was active from 1986 until 1996, in marked contrast to its English counterpart.[12] It was mainly urban, Labour councils which quietly transferred estates or neighbourhoods to alternative landlords, with generous subsidy to tackle stock condition problems, funded by central government via Scottish Homes' Development Programme. Most disposals were very small at fewer than 150 units with the result that the overall annual volume of stock transferred by all Scottish councils rarely exceeded 3,500 units, in multiple small disposals.

Resources for partial transfer came through various categories of expenditure in the Scottish Homes' Development Programme. These proved difficult to monitor until recently. Investment in former council housing appears to have been relatively protected in terms of volume and rate of spending (Taylor, 2003). Available resources were cut in 1995/6, partly in consequence of new, hard-line ministers redirecting resources to other priorities not including housing; partly in response to historic debt build-up and alternative use of receipts. Moreover the basis of valuation changed in the mid-1990s to discounted cash flow; transfer finance assumptions also changed, excluding subsidy,[13] later reintroduced post-1997 on different terms.

Figure 9.2: Partial transfers by Scottish Local Authorities 1985-1997
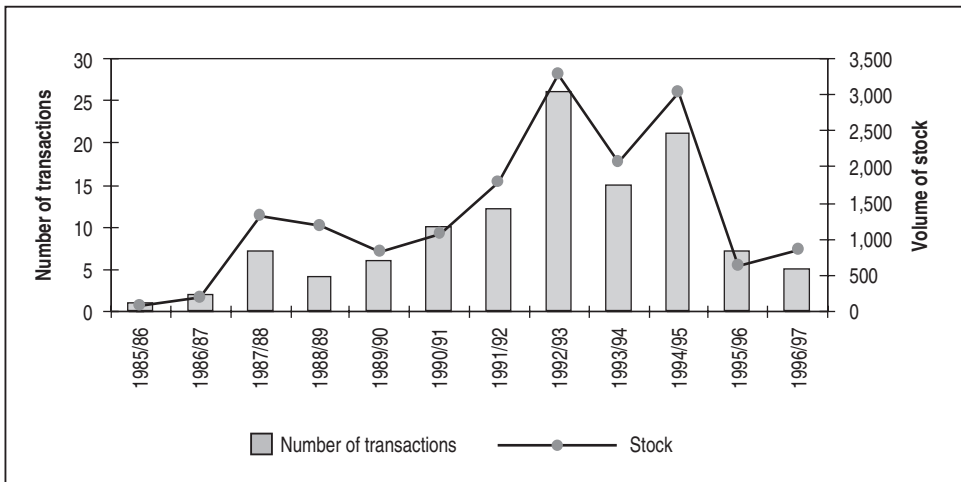
Source: Research database at 2001 using data supplied by Communities Scotland: Taylor and Tulloch (2001).

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12 Estates Renewal Challenge Funding (Nevin, 1999) whereby the DoE/DETR allowed councils to bid competitively for a fixed amount of subsidy to be allocated for a short period of time. The programme ran between 1997/8 and 2000/1, by which time partial subsidised transfer was dead in Scotland.
13 This system of valuation had been in operation in Scottish Homes and new town transfers since 1992.

Another explanation for transfer drying up in 1995/6 is mounting resistance by the government's regulatory agency – Scottish Homes – to register more small housing associations (Scottish Homes, 1995). Initially, most of the buyers were new, 'private' landlords in small-scale, co-operative ownership and management though later existing housing associations joined in acquiring stock (Scottish Parliament, 1999). Some co-operatives subsequently merged with others or with larger associations. Transaction size increased after 1994, arguably due to effective, non-legislative changes in the regulatory framework (Scottish Homes, 1995; Taylor, 2003) and as larger, existing buyers came to the fore. While small co-operatives had been the primary vehicle for partial transfer, they were increasingly perceived as consuming disproportionate resources. The resulting inability to promote partial transfer to co-operatives as a vehicle for local (neighbourhood) control over estates may also have undermined effective tenant demand for transfer. Further explanations include the impact of local government reorganisation, suppressing or delaying staff activity to develop proposals on any scale. Added to this, the General Election loomed and policy actors may have anticipated further pressure to transfer easing under an incoming Labour government.

It remains largely a matter of conjecture as to whether overall resources were cut before partial transfer demand dried up; or whether falling demand affected by local government reorganisation undermined the case for resource allocation: the two could be purely coincidental. The fact remains that partial transfers virtually dried up in 1995/6. Glasgow was the only council which continued to transfer estates to housing associations, with subsidy. North Lanarkshire, Dumfries and Galloway, and Dundee pursued partial transfer post-1997, though not necessarily subsidised.

Explaining the absence of whole stock transfer

Whole stock transfer by councils was more conspicuous by its absence in pre-1997 Scotland as there was only one whole stock transfer, in Berwickshire – a coastal/rural authority in the Borders. Curiously the Borders has been a hotbed of transfer activity over the years.[14] Other attempts elsewhere failed, one (Wigtown) spectacularly with 75 per cent opposition in a ballot in 1995. Elsewhere, in rural rather than urban areas (such as Fife and southern Scotland), councils toyed with transfer but without reaching the ballot stage. Then reorganisation catapulted councils into a more far-reaching restructuring of local government structures and services generally.[15]

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14   The first such transfer was Waverley investigated by the Committee of Public Accounts and the National Audit Office (NAO, 1994), later Berwickshire and more recently the first Scottish whole transfer post-1997, by Scottish Borders Council.

15   In 1994 the Local Government etc. (Scotland) Act provided for comprehensive reorganisation of Scottish local government affecting every mainland authority. Elections to the shadow councils were held in April 1995 and by April 1996 the new councils were in place though with extensive disruption.

It is far from clear that whole stock transfer was actually government policy in Scotland under the Conservatives, though much depends on the perspective of the beholder as to what constitutes policy. As far as documented policy is concerned, incomplete guidance was first published in draft in May 1996, one month after reorganisation, although circulation of drafts had previously been limited to those who needed to know. The centre was often not clear about its intentions or the framework for transfer at the local scale though in England a framework had been elaborated and was verging on prescriptive (Thirkettle, 1996; Khan, 1996; Taylor, 2003). Ministers and civil servants commonly failed to respond to requests for assistance with problem-solving at critical junctures in policy development before reorganisation, and after. In Berwickshire, delays almost frustrated the process post-ballot, as it took 10 months to achieve ministerial approval (Tulloch, 1997).

The *absence* of whole stock transfer in Scotland under the Conservatives is interesting from a political perspective. The atmosphere of relations between central and local government in the run-up to the 1997 election was hostile though, on the whole, resources were less constrained for Scottish councils than for their English counterparts (Gibb, Munro and Satsangi, 1999). This suppressed demand from managers for transfer as a solution to investment shortfalls. By the time councils' capital resources were squeezed in 1996 by means of redirecting capital receipts, there was insufficient time to reap the effects of tighter resources.

Taking any transfer to completion required a lack of opposition and a captain or internal champion to pilot the initiative through stormy waters:[16] this applied especially to whole transfer. Such champions were in short supply in Scottish local government in the mid-1990s for two reasons: first, reorganisation (1995/6) brought wide-ranging personnel changes at senior levels, which served to suppress radical or rash moves. Secondly, the political climate in local government was critically affected by the government's climbdown over councils' place on new town disposal ballot papers. This made council managers reluctant to raise the profile of solutions unpopular with politicians and tenants, especially close to local elections.

Even if there had been time to explore whole transfer locally without elections looming, certain key technical problems had not been addressed at the centre. In 1995/6 there was talk of commuting the debt of the island authorities with Treasury assistance but no action was taken.[17] In the late 1990s, some civil servants in the Scottish Office still believed that Glasgow had been the only council with a real debt problem, though no solution was identified. Later, the size of the value: debt gap for all councils was quantified (at roughly £2 billion), but only published after the 1997 elections (Anderson, 1997; CoSLA/Scottish Homes, 1998).[18] Even if that

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16 See reports in Taylor (2003), drawing on qualitative interviews using an analytical framework borrowed from Kingdon (1995).

17 These island councils were the sole remaining recipients of revenue subsidy in the form of Housing Support Grant.

18 Glasgow was one of four authorities still pursuing partial transfers where receipts did not meet historic debt and relied on extensive subsidy.

problem had been grasped sooner, it had no solution as resources had already been redeployed away from housing. While absence of transfer is generally blamed on lack of political appetite at the local level in Scotland, it also reflects failure of technical policy analysis at the centre. Both explanations persist beyond 1997.

Thus, although there was *consideration* of whole stock disposal under the Conservatives, the policy framework was weak and the Scottish Office was preoccupied with other matters. Though public reforms, policies and other disposal programmes cut across deliberation about large-scale disposals, housing was transferred in Scotland before 1997. Local authority sales were mainly levered by generous subsidy, marginally enhanced by private borrowing as grant rates fell. In the case of Scottish Homes, the new towns and the single whole transfer, transfer was not subsidised but financed entirely from borrowing, usually directly from private institutions.

Transfer post-May 1997

After the 1997 Election, having publicly opposed transfer while in opposition, new Labour ministers were faced with the challenge of how to respond to declining public budgets for housing inherited from Conservative spending plans (CoSLA, 1998). In Scotland, the immediate challenges took the form of increasing resources for councils to borrow and for Scottish Homes to invest in its own remaining stock. They permitted Scottish Homes to continue to sell, completing almost as many transactions and volume as completed in the previous six years.[19]

Table 9.4: Scottish Homes transfers to March 2001

Year of Transfer	Transactions	Number of houses	Value (at April 2001) (£)	Receipt (at April 2001) (£)	Average receipt per house (£)
1997/98	14	9,040	71,556,860	68,271,323	7,552
1998/99	14	5,431	45,418,490	42,534,736	7,832
1999/00	3	1,041	8,652,904	6,340,328	6,091
2000/01	9	5,085	24,007,271	24,945,052	4,906
Subtotal 1997-2001	*40*	*20,597*	*149,635,525*	*142,091,439*	*6,595*
Subtotal to 1997	*51*	*23,579*	*209,440,629*	*188,400,913*	*7,233*
All 1997-2001	**91**	**44,176**	**359,076,155**	**336,998,883**	**6,978**

Source: research database at 2001 using data supplied by Communities Scotland.

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19 By March 2001, there were 91 transactions affecting over 44,000 houses bringing in receipts of £336 million. The average price was almost £7,000 and in general, greater volumes of sales were achieved at lower unit values. More recent disposals at lower prices reflect the problematic condition of stock requiring additional investment and repeated attempts to achieve a transaction. Low unit values post-1997 reflect the changing political context for transfer as political pressure diminished.

New Housing Partnerships (NHP)

Labour's new idea was New Housing Partnerships, though still somewhat embryonic when the first Housing Minister (Malcolm Chisholm) took office (Scottish Office, 1998a). By 1998, before the Scottish Parliament was established, NHPs expanded under the then Housing Minister, Calum MacDonald (Scottish Office, 1999b), accompanied by resources arising from 'windfall receipts' from England. It was not immediately evident how these should be distributed and in the end, the first batch was distributed evenly between councils, small comfort compared with falling sale receipts required to redeem debt. Within a year further funds were allocated from the Chancellor's Comprehensive Spending Review. NHP thus matured into a programme to address modernisation of Scotland's council housing. Spending fell into one of three categories:

- new money for housing developments in growth areas;
- funds for regeneration and development (including partial transfer);
- feasibility and option appraisal (to assist the relatively new unitary councils to establish future stock condition and investment profiles). (Scottish Parliament, 2000: vol. 2).

This chapter returns to the use of these resources shortly but first it considers the role of the new Parliament in examining housing stock transfer.

Parliamentary Inquiry

Members of the Scottish Parliament (MSPs), elected in April 1999, were settling into their new committees in Autumn 1999.[20] In defining its future work agenda, the Social Inclusion, Housing and Voluntary Sector committee (SIHVS)[21] rather stumbled across the stock transfer issue, then being driven hard by the Scottish Executive (under Communities Minister, Wendy Alexander), through the NHP programme. Meetings to take evidence from interested parties grew into a lengthy inquiry between November 1999 and March 2000, though the exercise was never officially acclaimed as an 'Inquiry', as such. The Committee reported in July 2000 amid controversy, unusually with a minority report submitted by the SNP members (Lynch, 2001). The minority report argued that stock transfer should not

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20 The Scottish Parliamentary committees are standing committees which have a role both in screening legislative proposals and as select committees. The committee structure came into operation in September 1999, supported by a system of clerks and staff from the Parliament's Research and Information team. In Autumn 1999, this committee opted to appoint two advisers for parallel inquiries into drugs and – on stock transfer. The author was the adviser for the latter. Evidence was taken from councils, housing associations, consultants and advisers, tenants, anti-transfer campaigners, trade unionists, the professional body, and the minister.

21 The committee was chaired by Margaret Curran, a Business Manager in the Labour whip office. She was to become Deputy Minister in the Scottish Executive in the autumn of 2000 after Donald Dewar's death. The committee structure and terminology was revised in October 2000, and its successor is known as the Social Justice committee.

be the only way out of the acknowledged resource crisis facing housing and expressed doubts about the capacity of large scale transfer to increase tenant power and influence (Scottish Parliament, 2000).

The main report recognised the potential of whole transfer to bring much-needed private resources into social housing (Scottish Parliament, 2000). Containing 62 recommendations for improvement, it was hardly a ringing endorsement of policy and practice in the field.[22] It highlighted the absence of a framework of guidance from the Scottish Executive and accordingly interim guidance was published (Scottish Executive, 2000i), but this still left many issues unresolved, even in 2003. These were not insignificant: perhaps the most important was what constituted Plan B: i.e. alternative means of investment in council housing if transfers were not proposed by councils or supported by tenants. The Committee report also expressed concern about the scale of transfer, tenants' rights at ballot and after transfer, with the latter featuring in government legislative proposals in January 2001. Lastly, there was the issue of debt repayment or servicing, which centred on low valuations in relation to debt, notably in but not limited to Glasgow (CoSLA/Scottish Homes, 1998). Scottish Executive offers to councils to assist with servicing debt were not seen as sustainable beyond one period of administration. This issue was only resolved in September 2001 when the Chancellor undertook to support council residual debt servicing costs long-term, (an arrangement already established in England earlier that year). It is understood that such funding lies outwith the Scottish Consolidated Fund and is not readily monitored other than through answers to Parliamentary Questions.[23]

NHP programme and outputs

Government figures in evidence submitted to the Scottish Parliament showed £277 million allocated for option appraisal and regeneration/renewal, to be spent between 1999 and 2002 (Scottish Parliament, 2000: vol. 2). After subtracting £125 million for future residual debt on whole stock transfer and £6 million set aside for later feasibility and option appraisal work, government planned to spend £247 million between 1998-2002 via NHP. Resources were initially earmarked as borrowing consent, then from 1998/9 the funds were available as grant, some eventually channelled via Scottish Homes. Resources were allocated to councils on the basis of competitive bidding and an advisory group of stakeholders from the sector assisted the government in appraising bids.

In total, 31 councils were funded in at least one category. In the Development and Regeneration category, funds were distributed between 15 authorities, many of which had multiple, parallel projects, some involving partial transfer. Almost

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22   One such recommendation was that a Joint Inquiry should be set up with the Social Security Committee at Westminster to examine the future management and reform of the reserved matter of Housing Benefit.

23   The question which elicited relevant information was No. PQ 135075, October 2003.

every authority bid for Option Appraisal funds with the sole exception of SNP-held Angus council. Option appraisal/feasibility funds were distributed between 24 authorities (Table 9.5).

Debt assistance refers to support to a small number of councils (e.g. Dundee, Renfrewshire, Edinburgh) pursuing partial transfer at values lower than outstanding debt and therefore eligible to receive time limited revenue support from the Scottish Executive. Further statements in September 2001 dealt with revised arrangements whereby the Treasury undertook to fund any residual debt arising from whole stock transfer with the first call of any receipt from sale paying off breakage costs. At April 2003, councils in all three completed whole transfers had received Treasury commitments to debt servicing.[24]

Table 9.5: NHP earmarked resources (£ million)

Total budget requirement	Project funding	Debt assistance	Total earmarked 1998-2002
Feasibility/option appraisal 1998-99	£3.6	£0.3	£3.9
Regeneration and Development 1998-99	£64.1	£4.4	£68.5
Total 1998-99	£67.7	£4.8	£72.5
Regeneration and Development 1999-02	£135.5	£5.5	£141.0
Feasibility/option appraisal 1999-02	£52.1		£52.2
Total 1999-02	£187.6	£5.5	£193.0
Total 1998-02	**£255.3**	**£10.3**	**£265.6**

Source: internal records Scottish Executive Development Department (2002).

Figure 9.3: NHP earmarked spend by agency[25]
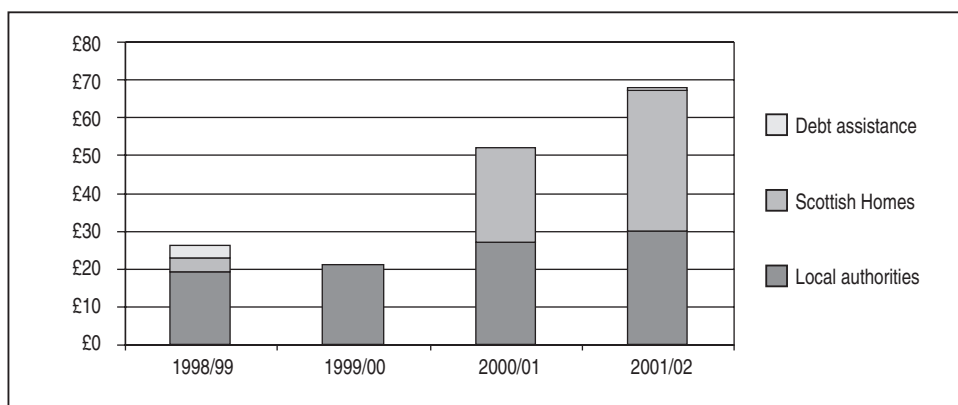
Source: analysis of internal Scottish Executive Development Department records (2002).

24   The three councils are Glasgow, Dumfries and Galloway and Scottish Borders.
25   These figures only include outturn, not consents and/or carry forwards.

The only public record of actual NHP spending (rather than allocated funds) can be derived from answers to a Parliamentary Question.[26] This showed spend of £181 million, just over 73 per cent of budget, revealing underspend or 'slippage' (against programme) of £105 million Spending the money seems to have been difficult, with considerable slippage in the first couple of years. Apparent overspends in the third year only make up for part of the earlier slippage. There were no target levels of subsidy or private funding leverage in NHP. Although funds are potentially lost through 'slippage' (or underspent budgets), funds may be accessed beyond the year in which they were designated for spend, subject to negotiation within wider Executive budget discussions.

Outturn spend included revised allocations to various authorities, different from the original breakdown. Analysis of the breakdown by local authority area, showed two-thirds of total spend being achieved by four councils – the cities of Glasgow, Edinburgh and Dundee, along with predominantly urban North Lanarkshire. Underspend was particularly marked in some authorities, notably: Orkney, Edinburgh and Fife. The variation between planned and actual expenditure meant that some councils received much more money than originally allocated. Dundee was a particular beneficiary having spent a larger proportion of its allocation than most other councils. A further 20 per cent was spent by another six councils in suburban/semi-urban authorities. The remaining 15 per cent was spread between 21 councils under the control of Labour and rainbow coalitions.

Some of the most generously funded councils failed to spend as much as half of their allocation. Only a handful spent to their limit. Current monitoring does not reveal the level of leverage achieved in terms of private funding nor do these figures include Treasury funding secured for residual debt.

Figure 9.4: NHP out-turn data by type of project
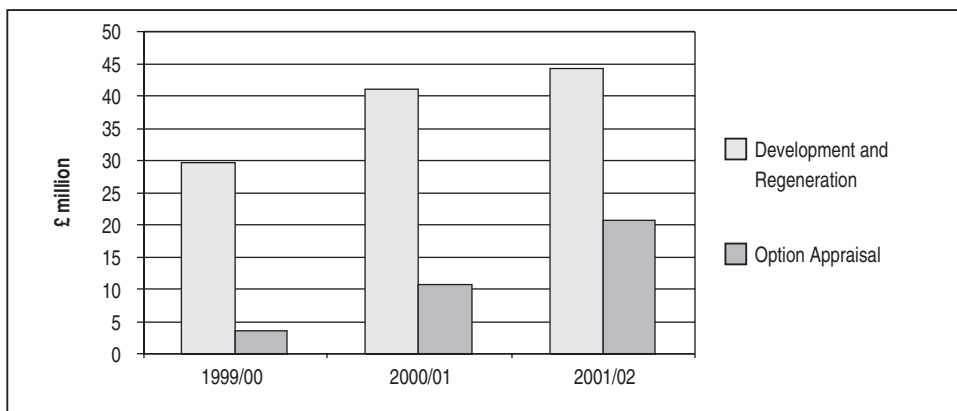
Source: written answers to PQ S1W-32778.

26   Scottish Parliament PQ from Linda Fabiani January 2003 and answered in March 2003 by
     minister Margaret Curran: ref no. S1W-32778 24/3/03.

Resources may not have been lost as internal bidding within the Executive about End Year Flexibility may allow the Development Department to retain control of these funds.

In 2001, a Scottish Executive secondee reported four councils progressing towards transfers, eleven actively considering it, nine considering partial transfer and eight having effectively rejected transfer even though the status quo was not sustainable (Orr, 2001). A further four were not undertaking Option Appraisal. Orr identified blockages of time constraints on NHP funding, local authority resentment of the consultants benefiting from NHP funding, and lastly uncertainty about residual debt treatment – later partly resolved.

A year later, 29 appraisals were reported as complete or almost complete. Only five had opted in favour of transfer, twelve councils had rejected transfer prior to the extension of the prudential borrowing regime to housing in Scotland. Seven of these were considering what some consultants called 'retention plus' (Carr and Whiteside, 2002). The issues reported as stumbling blocks were around the process, valuation, rent levels, scepticism and opposition. Regardless of decision-making about transfer, these councils are now much better informed about their stock condition and thus better able to plan service improvements and future investment however that may be funded (Orr, 2001).

Transfer has taken a long time in Scotland. In 1999, the minister had predicted seven (whole) transfers by March 2002: Glasgow, Aberdeen, Dumfries and Galloway, Scottish Borders, Shetland, Orkney and Western Isles.[27] By March 2002, no whole transfers were actually complete though tenants in the Borders and Glasgow had voted in favour: Dumfries and Galloway tenants were to be balloted later that year. Aberdeen tenants were consulted rather than balloted in 2002, with the outcome favouring retention of council tenure. Other candidates had fallen by the wayside and new councils (such as Argyll and Bute) had come into the frame (Boissiere, 2003).

Meanwhile one or two councils were quietly making progress with partial transfer to existing associations, with and without NHP support. By 2001, some councils, notably North Lanarkshire, Dumfries and Galloway, and Dundee had completed partial transfer, though not necessarily with subsidy or NHP assistance. Edinburgh had explored some estate transfers in detail and Angus had transferred an estate to a local housing association, following demolition of council housing. In all cases the housing came to be owned by alternative landlords, usually RSLs. Regeneration funds assisted partial transfer in a handful of areas, though often resources were insufficient to the task and the impact of partial transfer on debt redemption remains disputed.

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27   By March 2002, Dewar's Communities Minister Wendy Alexander had moved on to new ministerial pastures (later out to grass on the back benches), replaced in turn by Jackie Baillie, and then Margaret Curran.

Local rationales for whole transfer

The rationale for transfer at the local scale has been very different. In Shetland, very high debt servicing costs (albeit supported by government subsidy) provided the imperative for transfer. Though there has been political will to examine transfer, after seven years of policy making there is still no financial solution.[28]

In Borders, the effective promotion of Tenant's Choice by Waverley (on top of right to buy sales) caused concern about council stock haemorrhage, with adverse impact on services and public sector jobs.[29] In Dumfries, concern focused on protecting and extending housing supply in the rural areas. Moreover across the south of Scotland, dominant councillors did not necessarily see the provision of housing by the council as important. They were more commonly former regional councillors, and – working in coalition – tended to be politically mixed. The Borders transfer received widespread support throughout the community although as in Dumfries, delays in agreeing a final price delayed momentum and undermined local confidence for a time.

In Glasgow, the case for transfer centred on investment in existing estates, in a context of depopulation and concern about demand melting. Rents were high with 50p in the £ paying for debt servicing costs and most tenants on housing benefit. The city complained that rents merely paid off old debts without assisting new investment. Central government – officials and ministers – took an active interest in Glasgow from the outset, though pursuing different approaches. Where MacDonald seemed content to permit council services (Housing and DLO) to be reconfigured as one quasi-private body, Alexander pressed hard for a different framework, promoting a single transfer, but with a series of local management arrangements, and second stage transfers to Local Housing Organisations (LHOs). The Framework document, agreed by the council and the Executive, promised Tenant Control of the new arrangements (GCC, 2000).

The embryonic Glasgow Housing Association (GHA) was staffed by personnel mainly from Scottish Homes and the voluntary sector (rather than from the council), and was charged with drafting a business plan. By the ballot in March 2002, 78 areas had a designated LHO under tenant control but with no specific management plan in place. Two months later, after a yes vote,[30] proposals were

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28 Shetland Islands Council per house debt was the highest at over £21,000 with correspondingly high servicing costs funded via Housing Support Grant. An obstacle to solving Shetland's problems was that the stock valuation fell far short of debt and the debts were not with the Public Works Loan Board. Treasury agreement to servicing costs only applied to borrowing from public bodies, excluding Shetland by definition.

29 Tenant's Choice in Scotland was an individual right allowing the tenant to change the ownership of their rented home to another approved landlord. Waverley was one of the few such landlords. For a discussion of the arrangements in England and Scotland, see Tulloch (2000).

30 The ballot was held in March 2002 with a result of 29,000 tenants in favour and 20,000 against. The results announced on April 5, 2002 showed turnout of 64%, of which (29,126) 58% were in favour of transfer to the GHA while 20,836 (42%) voted against (http://www.gha.org.uk/gha/html/news05-04-2002.htm).

haunted by every kind of problem. Emerging plans for management contracts with LHOs called into question the stated aspiration of Tenant Control; vocal opponents used every opportunity to stymie proposals, referring deals to the EU or the Office of Fair Trading, publicising tenant disenchantment with LHOs; some called for a second ballot arguing that the first mandate had expired. The most serious problem denting GHA's financial credibility was the delayed issue of the funding prospectus. These issues kept the Glasgow transfer in the public eye and caused even loyal supporters to voice doubts, adding to the pile. Throughout Winter 2002/3, Scottish newspapers were reporting what many on the inside had long known; namely that implementation of transfer post-ballot required circles to be squared and took a lot longer than had been anticipated. Glasgow could not achieve the ambitious target of transfer by late November 2002. Agreement was finally reached and the transaction completed in March 2003, just prior to local and parliamentary elections. Borders and Dumfries followed by completing their legal transactions some 15 months after ballot, due to re-valuation delays affecting business planning.

The manner of pursuing transfer in these areas was very different, in the process used for developing and consulting on proposals, in the partnering arrangements and in creating new organisational structures. Local action was always key to achieving progress in stock transfer. There needed to be a champion within the senior housing staff group, with a commitment to solving problems, backed by political leadership. Local government elections in 1999 served as a brake on political commitments to transfer at that stage, and the power of champions could dissolve in the face of opposition, not all of which took the form of public campaigning. Regular reports within local government circles at meetings of CoSLA about stock transfer revealed officials, service managers and politicians outwith Housing Departments, undermining and obstructing proposals.

Capacity and appetite

The capacity of the system was challenged. The consultancy industry came under strain due to a small handful of advisers conducting so many Option Appraisals in parallel. Anecdotal reports suggested serious technical mistakes in the construction of complex computer models of valuation and business planning. Projects could not necessarily be delivered, partly due to poor information, or because the policy framework was not clear or adequate, partly due to poor understanding among clients, consultants and government of the issues, methods and solutions. The rush for transfer and to spend NHP resources from 1998 was partly responsible for these mistakes.

Moreover, tenants were consulted on issues about which landlords themselves had misgivings, thus giving mixed messages. The many changes to housing practice required by the Housing (Scotland) Act 2001 distracted management attention

from transfer and then local and parliamentary elections served as a brake on further discussion. Lastly, the announcement extending the Prudential Borrowing regime to housing in Scotland (Scottish Executive, 2003b) potentially undermines the residual appetite for transfer without any clarity about whether the proposals really represent any prospect of change.

In adopting the traditional stance of the Scottish Office, the Executive ignored much English experience of whole stock transfer, drawing instead on the experience of Scottish Homes, without taking due cognisance of the different context of dealing with a political environment of local government. A Community Ownership Review Group was set up in April, replacing the now defunct NHP Advisory Group. It comprised providers, regulators and lenders, without including tenants. It met frequently during the first few months but operates very privately, reinforcing an illusion of policy control from the centre when in fact any transfer depends more on local will, leadership, capacity and communication.

The most recent government consultation paper on transfer (Scottish Executive, 2003b) was at pains to stress the benefits of 'Community Ownership', drawing on pre-1997 transfer experience of different forms of transfer. No evaluation of NHP or transfer has been commissioned, in spite of such research being proposed by government several years in succession.[31] It is understood that Audit Scotland plans to investigate stock transfer by the end of 2003. Although the process of transfer may have been reviewed internally, any conclusions have not been widely shared with the policy community. Public policy indications continue to point strongly in favour of whole transfer.

Conclusions

Before 1997, the Scottish Office presided over an array of partial transfer activity. Scottish Homes voluntarily sold its rented housing to alternative landlords thereby creating a wedge to encourage other public landlords to do likewise. Government support for partial council transfer was substantial and effective before 1996, without being strategic or vociferous. Reorganisation, ADP resource cuts and a tighter system of regulation combined to kill the small-scale transfer programme while controversy about new town transfers inhibited political and managerial championship of whole transfer.

Some of the resource cuts in 1995/6 might have happened anyway due to shifting political priorities but could be argued to be the result of Scottish Homes' transfers. The effects of this steep decline in resources reverberate in the early years of the 21st century.

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31 Meanwhile, research evaluating stock transfer in England was carried out at regular intervals (Mullins *et al.*, 1995; DTZ, 2000).

Government promotion of whole transfer started in 1996 but without an explicit policy framework for whole transfer until August 2000 (Scottish Parliament, 2000; Scottish Executive, 2000i). The traditional *modus operandi* of the Scottish Office did not serve it well given the technical (financial) and political complexity of the issues in transfer. Officials were unable to solve many of the problems because they did not control the relevant levers: in some cases, local government could only achieve action and co-operation was absent. In other cases, only the Treasury could act, leaving the Scottish Office and Scottish Executive relatively powerless. Indeed, Treasury intervention in September 2001 was critical in unblocking financial obstacles to some transfers, not all. It remains to be seen whether the Scottish Executive has learned lessons from the past.

Central government sees some form of transfer remaining the most attractive option for local authorities, the majority of which have high debts and who require significant investment in council housing. The new coalition has set a transfer target of 70,000 homes in the next four years without recognising its lack of control. It did not inspire or structure local action until the arrival of minister Alexander, whose strategic, evangelical enthusiasm was both boundless and counter-productive. Appointing an advisory group was initially welcomed by the housing policy community in giving access to the corridors of power. In the end, this group (unlike other housing advisory groups) may have served to legitimise government action and silence critics, as much as to draw in real problem-solving expertise. Neither the old nor the new group involved tenants and it may be a problem with the culture of government in Scotland that on issues of strategic importance – such as investment in housing – there is failure to engage with potential opponents.

Prospects

Some observers argue that transfer of British council housing is inevitable – a foregone conclusion. Experience of the last 15 years of policy does not bear this out and certainly not in Scotland. As ballot failure affects councils in England and more councils decide against transfer, more attention is being given to alternatives to transfer – Plan B. In particular, recent announcements extending prudential borrowing, for which insider pressure groups have campaigned (CIHS, 2002), opens scope for alternative means of investment (Scottish Executive, 2003). The Prudential Regime is to be introduced from April 2004, removing artificial constraints on local authority borrowing. At the moment, local authorities can only borrow in line with borrowing consents from the Scottish Executive. The new regime will base borrowing capacity on a long-term view of what can be financed through future rental income, implying the possibility of higher rents. Local authorities will be audited to ensure compliance with prudent standards yet to be published, and there are intervention powers in UK legislation should rents show signs of becoming unaffordable, though without a clear definition of affordability.

The new regime may help local authorities with low debt and modest investment needs, and could generate an extra £200 million of borrowing in the first 2-3 years.[32] This can be compared with the current annual value of capital borrowing consent of £160 million. No firm estimates exist in the public domain, though in one authority, HRA prudential borrowing is estimated to produce an increase of 68% from a low base.[33] The calculations depend on individual councils' assessment of prudence (Scottish Executive, 2003) and without robust figures being available, much faith is placed in prudential borrowing as a solution to problems of under-investment.

The local political climate in Scotland has not been conducive to transfer. The political dimension of transfer is about ideology around the state's role in council housing, about protection of institutional stakeholder interests in housing and about process and timing. Failure to grasp and address technical problems creates a political vacuum in which resistance to transfer thrives. The timing of local government reorganisation in 1995 and subsequent general and local elections complicated the potential for political leadership about transfer. The window of opportunity between the Scottish Parliament and local elections, in 1999 and 2003, could have allowed several transfers to go through unlocking investment potential. In the event, technical and financial delays took many transfers to the wire of the 2003 elections. The window between 2003 and 2007 provides a four year period in which to test and establish prudential borrowing (or other alternatives) or to pursue transfer as a means of investment. Delay in the former risks further compromising conditions in Scotland's council housing and should drive politicians and managers in central and local government alike to attend urgently to generate real investment.

Some further reading

Glasgow City Council (2000) *New, Better, Different*, Glasgow: Glasgow City Council/Scottish Executive, http://www.gha.org.uk/gha/html/framework.htm

Graham, T. *et al*. (1997), *Transfer of local authority and Scottish Homes housing*, Edinburgh: Scottish Office Central Research Unit.

Scottish Executive (2000i), *Transfer of local authority housing stock in Scotland: Guidance*, Edinburgh: Scottish Executive.

Scottish Parliament (1999), *Housing stock transfer: the research evidence*, Edinburgh: SPICE.

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32 This estimate was given by a government representative at a conference organised by Holyrood Events, (Boissiere, 2003). The figure of £200 million can be compared with gross local authority borrowing consent of £180 million per annum.

33 This is based on figures given in a presentation by Argyll and Bute Council at a conference organised by Holyrood Events, June 2003.

Scottish Parliament (2000), *Housing stock transfer: a report by the Social Inclusion, Housing and Voluntary Sector Committee*, July 2000, Edinburgh. Volumes 1 & 2.

Taylor, M. (1998), 'Ten years of stock transfer' in Wilcox, S. (ed), *Scottish housing review*, Edinburgh: Scottish Homes.

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Taylor, M. (2000), *Stock transfer: past and present*, Edinburgh: Scottish Homes.

Taylor, M. (2002) 'The place of housing after devolution' in Wilcox, S. (ed), *Housing Finance Review 2001/2*, York: Joseph Rowntree Foundation/Council of Mortgage Lenders/Chartered Institute of Housing.

CHAPTER 10:
New housebuilding, land and planning

Glen Bramley and James Morgan

Introduction

This chapter focuses on the supply of new housing in Scotland and the key factors which are shaping this. It starts by looking at trends in new housebuilding activity, which inevitably draws attention to the growing dominance of private sector speculative housebuilding in new additions to the housing stock. Consideration is given to some of the demand side factors which underlie this shift, including demography, preferences, incomes and subsidies. We then turn to the housebuilding industry, and examine its structure, mode of operation and defining characteristics. This leads on to some consideration of the nature of the new housing product, raising issues about standards, quality and design, as well as debates about technology and innovation in a market-dominated system.

Land is a key resource in the provision of new housing, and housing is the most important urban land use. This puts the land-use planning system in the front line of public policy intervention affecting new housebuilding. We review recent debates and evidence about the performance of the planning system in ensuring an adequate supply of land for housing, and examine some of the key planning issues around location, sustainability and urban regeneration. Particular issues around the re-use of brownfield land and the provision of infrastructure arise here, and we consider possible reforms to the planning system. One development of particular importance is the use of planning powers to secure the provision of affordable housing, and we examine the scope for greater use of this approach in Scotland.

The chapter's conclusions draw out some of the particular challenges which arise from these changes. Are we building enough new housing, or indeed are we building too much in some areas? Is new housing good enough and will it be sustainable, environmentally and socially? Can both private housebuilders and social sector developers rise to the new challenges posed by brownfield land and mixed communities? And is the public policy system adequate to achieve the right kind of new housing in a market-dominated system?

New housebuilding activity

We can start by looking at trends in new housebuilding activity in Scotland, summarised in Figure 10.1. Looking over the longer term, a major transition took place in the 1970s, with public sector output declining steeply from around 35,000 units per year down to less than 3,000 in the mid-1980s, and then tailing off to negligible proportions by the mid-1990s. Although since the 1980s, housing association new build gradually increased finally to replace the public sector as the main provider of social housing, this sector has never built much above 5,000 units per year. Private sector output grew substantially in the 1980s, running at around 15,000 in the late 1980s and climbing to its current level of around 18,000 units. The pattern now established is one where private housebuilding accounts for four-fifths of new additions to the housing stock. This transformation has wide-ranging implications for housing policy and the ways in which this can be effected, a point developed further as this chapter progresses.

Figure 10.1: Housing completions by tenure, Scotland, 1970-2002
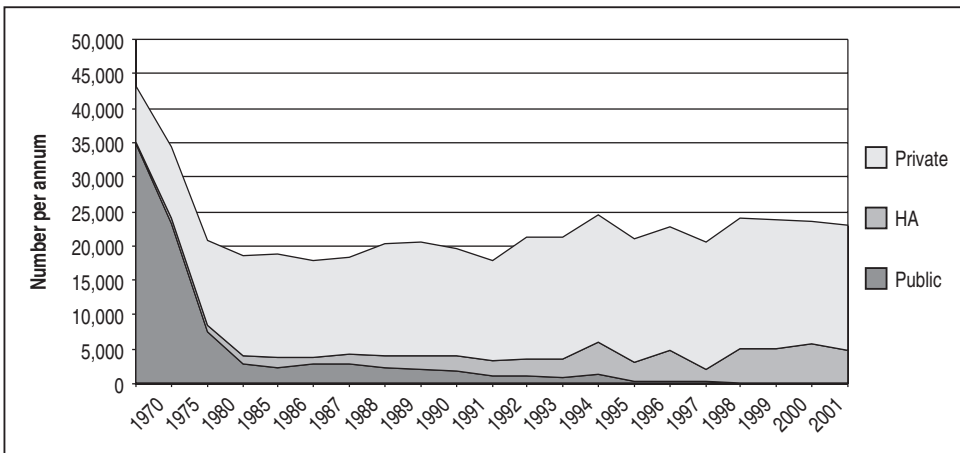
These trends in Scotland broadly parallel those seen across the UK (Figure 10.2). If Scotland is different, it is perhaps in the sense that this public-private shift was even more dramatic, given the history of housing provision in Scotland and the previous dominance of public housing. The right to buy has also been having a greater sustained impact in Scotland in recent years, and these two phenomena together have effected the major change in the tenure balance of the housing stock seen over the last two decades.

Two other differences between Scotland and England can be discerned. Firstly, private output in Scotland was less affected by the boom and slump of the late 1980s and early 1990s, and has in general displayed considerable stability. Secondly, Scotland has not shown the same tendency for output to fall in the last few years, a trend which is giving rise to great concern, particularly in the south of

England. This suggests that possibly there are fewer critical constraints in terms of planning and land supply in Scotland as a whole, but also that the level of demand for new owner-occupier dwellings is buoyant, especially in view of the not particularly strong performance of the Scottish economy and its modest demographic growth (see below).

Figure 10.2: New housing completions, UK 1949-2002
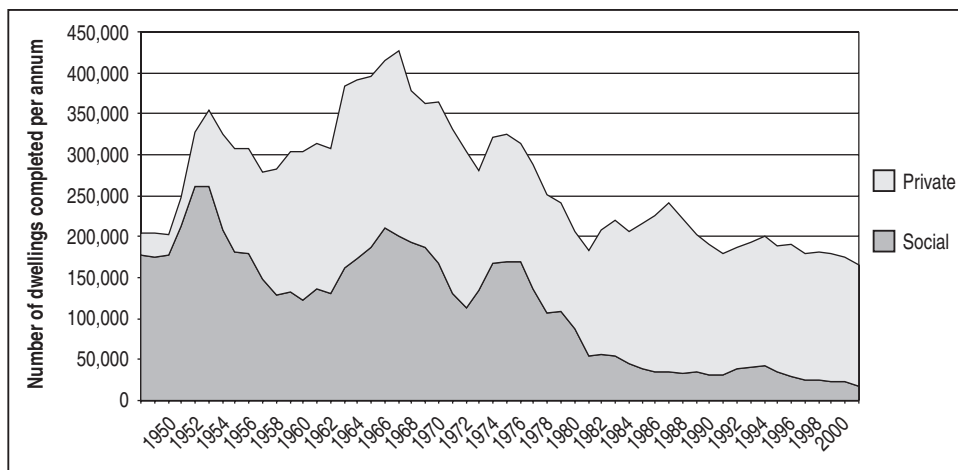
The geography of new development in Scotland shows certain distinct patterns. In the late 1990s, the two leading cities of Edinburgh and Glasgow accounted for 20 per cent of all private completions, indicating a strong market in both cases. Three central belt authorities, North and South Lanarkshire and West Lothian, accounted for a further 18 per cent. In these cases, new build represented between one quarter and one third of all sales transactions, indicating the key role of new building in the housing market in these areas. Aberdeen City and Aberdeenshire, generally a strong market over recent decades, accounted for a further 10 per cent. So a mere seven local authority areas accounted for nearly half of all private sector completions.

Some generally rural areas saw a great deal of housebuilding, including Highland, Stirling, Aberdeenshire, East Lothian, and Perth and Kinross, although this was not necessarily located in the most rural parts of these authorities. In general it is the more accessible and affluent rural areas which are attracting a lot of growth. Other rural areas saw relatively low rates of development, including some of the more remote areas. Equally striking, arguably, is the fact that a number of districts with an industrial or mining history have actually seen large-scale new private housebuilding – examples include North Lanarkshire, West Lothian, Midlothian, Renfrewshire and West Dunbartonshire. This indicates that such an industrial and 'working class' heritage has been no barrier to the expansion of new build owner-occupation. Indeed, it may be the case that part of the buoyancy of such areas has

been due to preference shifts from traditional public housing estates towards the kind of house and neighbourhood offered by new private housing.

Examination of the type mix of new private housing shows that developers have been offering a lot of larger detached houses (43 per cent in 1999), but they have also been building a surprisingly large number of flats (28 per cent). What seems to be being squeezed out in the process are the semi-detached and terraced house types. There is almost a polarisation apparent in new output – high density flats in cities like Edinburgh and Glasgow, and larger detached houses in more suburban and semi-rural locations.

The demand side

The trends just described seem to indicate a consistent picture of buoyant demand for new owner-occupier housing in Scotland. What factors lie behind this? Demography and the tax/subsidy position play some part, as does affordability, but it is difficult to resist the conclusion that preferences are a strong underlying factor.

Scotland is experiencing household growth, like the rest of the UK, but the rate of increase in households is more modest than in parts of England and indeed, as has been well-publicised recently, Scotland's overall population is falling. Official household projections suggest an annual growth rate of 0.9 per cent, or 18,500 units, per year. The fact that total new housebuilding exceeds this level by about 4-5,000 units indicates that either we are building for a surplus or, more realistically, that part of this new building is in effect replacement for stock which is being or will be demolished.

The net growth in household numbers is strongly skewed towards small, particularly single person households, with traditional couple families diminishing in number (Figure 10.3).

Figure 10.3: Change in household numbers by household type and broad age, Scotland 1998-2012
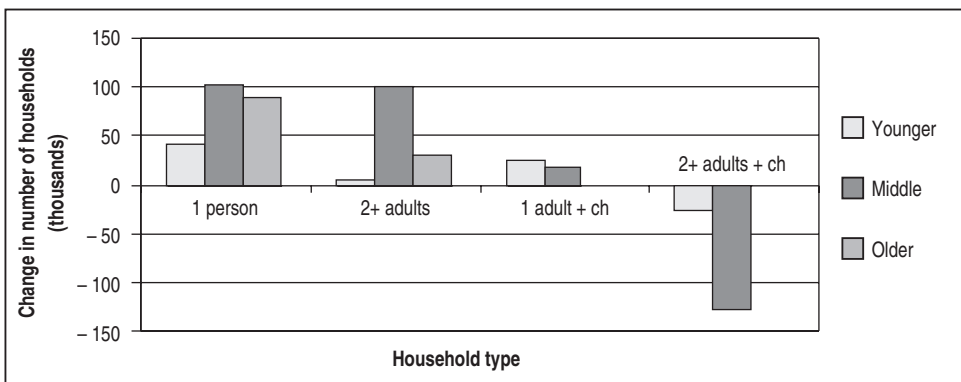
Because the types of household which are growing in number are characterised by lower shares of owner-occupation and lower incomes, other things being equal, the projected change in household composition would tend to have a negative impact on the effective demand for and numerical scale of owner-occupation. A crude calculation using broad age and household type categories suggests that the household type composition change between 1998 and 2012 would reduce owner-occupation share by between 1.8 and 2.5 percentage points (Bramley *et al*., 2001). However, this particular demographic effect is likely to be more than offset by another, which is the 'cohort effect' of higher established rates of owner-occupation carrying over into the older age groups (where fewer households entered owner-occupation in earlier periods). Allowing judgmentally for this, the owner-occupation rate would still rise by about 2.3 percentage points. However, this increase would be wholly concentrated in the age groups above 45; owner-occupation would still fall in the younger age groups.

Some commentators interpret this shift to smaller households as supporting a greater emphasis on urban brownfield development and on a greater diversity of house types, with a greater share of flats and smaller units (DETR, 1999a). While part of the strong demand for flats in cities can be accounted for in this way, some caution is needed in assuming such a strong relationship with the effective demand for new building. Many of these extra single person households will be established, working households in their middle years, and able to exercise choices which may involve houses with gardens in suburban settings (Hooper *et al*., 1998).

Overt subsidies to home ownership, in the form of mortgage interest tax relief, have been phased out during the 1990s. For this reason, it is harder to argue that the growth of owner-occupation is clearly fuelled by tax subsidy, compared with the situation in the 1970s and 1980s, although of course growth through the right to buy is subsidised through substantial discounts. It is also true that new housebuilding remains relatively favoured by being exempted from VAT, and that home ownership remains exempt from Capital Gains Tax or any taxation of imputed rental income. Some new building in less desirable urban areas has been subsidised through the GRO Grant scheme, which acts to bridge the gap between development costs and selling prices, and this has been particularly important in Glasgow over the 1990s.

Who is buying this new housing? Clearly, much of the demand for new housing comes from relatively affluent households trading up in terms of space, quality and neighbourhood amenity. However, it can also be shown that new housing plays a significant role in providing housing opportunities for inward migrant workers. As Bramley and Morgan (2003) show, this can be particularly significant in the new flat market in cities. They also produce evidence to suggest that part of the particular appeal of new housing is the relatively easy and predictable house purchase process. When asked 'why did you choose a new property?', the most common reasons given by new house buyers in central Scotland in 2001 were:

fewer repairs (56 per cent); ease/speed of purchase (56 per cent); no bidding required (51 per cent); like new design (42 per cent); cheaper to heat/more energy efficient (29 per cent); value for money (28 per cent). Much less commonly mentioned were: new white goods/furnishings (11 per cent); and type of neighbours (8 per cent). This suggests that the current unreformed purchase process in Scotland may act indirectly to bolster the demand for new building.

Lower priced new build in some areas, particularly former industrial areas, also caters significantly for a market of former council tenants, who are clearly exercising a preference to join what is now the 'mainstream' tenure and to take advantage of the perceived better neighbourhood quality which it offers. For example, the former industrial districts of Clydebank, Monklands and Midlothian increased their share of private housebuilding in central Scotland from 3.5 per cent in 1980-89 to 11.2 per cent in 1990-7 (LA HLA data analysis in Bramley and Morgan, 2001).

This spread of the market into lower income areas previously dominated by public housing in part reflects stated tenure preferences, In the 1996 Scottish House Condition Survey, 77 per cent of all households in Scotland stated a preference for owner-occupation (Bramley *et al.*, 2001). Even among the lowest income quintile, 55 per cent would prefer to be owner-occupiers in Scotland, higher than the 41 per cent recorded in England. In contrast, 38 per cent of this low income group would prefer to be social tenants in Scotland, compared with 50 per cent in England. Nearly all households in the highest income band aspire to be home owners in both Scotland and England.

Demand is also reinforced by house type preferences. Two-thirds of all Scottish households wished to live in either a detached house or a bungalow (Scottish Homes, 1997b: 285). A further 10 per cent would choose a semi-detached property and 5 per cent a terraced house, and only 10 per cent would choose a flat. However, almost two-fifths thought it unlikely that they would be able to achieve their preferred type of dwelling, mainly on financial grounds. At this time, only 17 per cent actually lived in a detached house while 39 per cent lived in a flat (Scottish Homes, 1997b: 44). Preferences, of course, vary by household type and stage in the life cycle but, as noted above, caution is needed in making assumptions about the preferences of groups such as single person households (Hooper *et al.*, 1998).

Both general home ownership growth and new building have been facilitated by the relatively affordable house price levels in most of Scotland over most of the recent period. Figure 10.4 shows overall house price trends for Scotland in comparison with the regional extremes of the English market, London and the north. It also shows prices in one particular Scottish 'hotspot', Edinburgh, over part of this period. In general, prices in Scotland have remained at a relatively moderate level compared with parts of England, especially London and the south, and have displayed less extreme cyclical variation. However, the Edinburgh area

has experienced a boom recently and appears to be behaving in a somewhat similar fashion to the south east of England.

Local data confirm a picture of relatively affordable access to owner-occupation for households in work. In 1998-9, average prices in Greater Glasgow were £60,600 for all purchases and £72,600 for new homes, and 31 per cent of all sales were for under £40,000 (Bramley and Morgan, 2001). For Greater Edinburgh the averages were £72,600 and £90,600 (new), with 15 per cent under £40,000. At a time when average household incomes in Scotland were just under £20,000 (based on Scottish Household Survey data), these figures indicate that home ownership was relatively affordable for working households, but that new build was somewhat less affordable than secondhand housing, and that Edinburgh was significantly less affordable than Glasgow. This difference will have been accentuated since 1999. The fact that new house prices are generally higher than secondhand led Edinburgh College of Art School of Planning and Housing (2001) to suggest that new private building makes only a limited contribution to affordable supply, particularly in the most affluent areas where prices generally are high.

Figure 10.4: Real house prices by selected region, 1969-2002
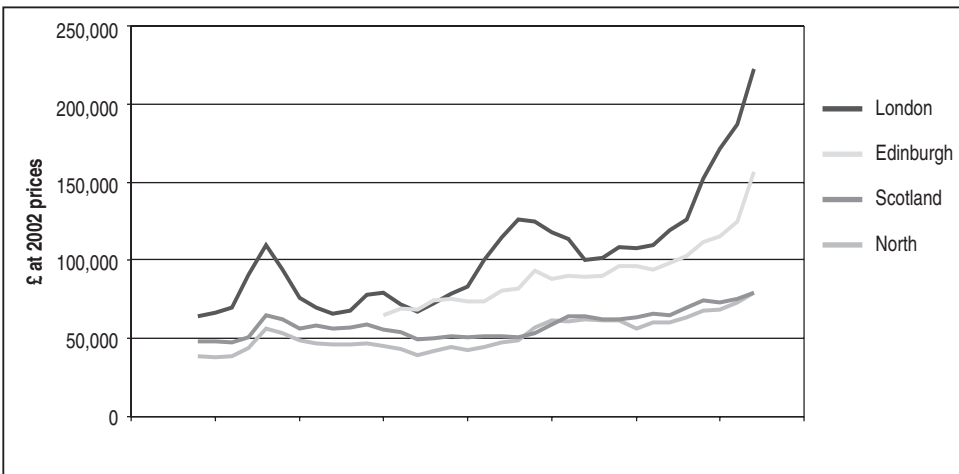
Can housing for sale sometimes be 'too cheap'? Recent concerns about 'low demand', including the private sector, has mainly focused on northern England, but there are some signs of problems emerging in Scotland (DETR, 1999b; Bramley and Pawson, 2002). In 1998-9, 5-6 per cent of market value sales in central and inner Glasgow (and in landward areas of Greater Glasgow) were priced at under £20,000, compared with about 0.5 per cent in Greater Edinburgh. The proportion of such sales rose slightly in Greater Glasgow over the 1990s and rose more sharply in the poorest areas and in the central and inner city. The location of these 'low spots' suggests many are in formerly public sector

dominated neighbourhoods, and hence it may be inferred that much of this low value private stock is probably ex-right to buy. Nevertheless, the existence of such pockets suggests that some care may be needed in promoting affordable new supply for sale in such areas, as it may exacerbate such problems and induce displacement effects which may harm wider regeneration goals.

At the other end of the scale, there has been a rapid escalation of interest in trying to secure more 'affordable housing', particularly through active use of the planning system in more pressured market areas (Lothian Housing Forum, 2003). In the Edinburgh School of Art School of Planning and Housing (2001) study, an attempt was made to apply a model of affordability based on earlier Scottish Homes' research to estimate the net need for additional affordable provision at district level, allowing for the existing supply of social rented relets. About half the districts in Scotland were shown as having shortfalls. These areas tended to have high house prices and a limited supply of existing social housing: examples include Edinburgh, East Lothian, Midlothian, East Dunbartonshire, Perth and Kinross, Highland, and Aberdeenshire. At the other extreme was the City of Glasgow, with an annual surplus of c.2,500 units even allowing for demolitions. These findings are broadly consistent with local housing need or demand studies which have been carried out.

Because the existing programmes of investment in new social housing supported by Scottish Homes/Communities Scotland have been increasingly geared to supporting regeneration priorities, they do not correlate very closely with this pattern. Whether or not the geographical investment priorities are reviewed, it is clear why there is a strong interest in greater use of the planning system because, where property values are high, this offers the hope of getting a form of subsidy from the land values to complement limited public sector grant.

Housebuilding industry

The housebuilding industry is a significant element within a significant overall economic sector. It will have accounted for around 20 per cent of the £11.3 billion turnover of the Scottish construction industry in 2000 (Scottish Construction Database), with repair, maintenance and improvement of housing adding a similar share (Gibb *et al.*, 1995).

Most new private housing in Britain is built speculatively, meaning a specialist housebuilding development company undertakes all of the processes involved. Clearly, speculative housebuilding is different from the procurement methods by which social housing has been produced, offering different (and generally more limited) scope for policy influence. Interestingly, this speculative process is different from that found in some other countries (e.g. France, Australia), which make much more use of the model whereby individuals buy a plot of land and then separately procure a house to place upon it (Barlow and King, 1992;

Bramley, 1997). This may be a bespoke design or a 'kit' or 'catalogue' house from a specialist supplier. This approach is particularly prevalent in more rural regions, and can be found on a significant scale in the Scottish Highlands and Islands. It is generally agreed that the tightness of land-use planning controls in lowland Britain has contributed to the dominance of the speculative housebuilding model in the UK.

The British housebuilding industry is also increasingly concentrated, with a limited number of dominant large companies, although historically, the industry was quite fragmented. A marked process of concentration was noted in the 1970s by Ball (1983), while a further recent phase of consolidation is noted by Adams and Watkins (2002). Firms building more than 500 units per year accounted for 39 per cent of output in 1980, 41 per cent in 1987-90, 44 per cent in 1992, but no less than 71 per cent in 2000 (Bramley *et al*., 1995: 89; Nicol and Hooper, 1999; Wellings, 2001). In 2000 there were 14 companies building 2000 units or more per year, compared with only four in 1980 (Adams and Watkins, 2002).

Greater concentration can be explained by a number of factors, including better access to capital finance (Ball, 1983), gaining market share and regional land banks through takeovers (Adams and Watkins, 2002), and diversifying geographically and sectorally to counter risk. The recent period has seen a move away from 'conglomerate' ownership (e.g. by large civil engineering contractors) towards a pattern of larger specialist housebuilders. A further by-product of this emerging structure is the significance of regionalisation, with most of the larger companies having regionally-based operating divisions. This, and the relative buoyancy of the Scottish market, have led to the greater presence of what are seen as 'English' companies in Scotland.

Despite the concentration trend just discussed, housebuilding remains a relatively competitive sector of business, compared with many other sectors (Gibb *et al*., 1995). The costs of entry to the sector by new companies are not necessarily prohibitive, and it has been common for new firms to enter the market, particularly in periods of market boom when the returns appear to be high (Lambert, 1990).

The overall business environment of housebuilding is characterised by competition, pervasive risk or uncertainty, and dependence upon a very cyclical economic market (Bramley *et al*., 1995; Gibb *et al*., 1995; Leishman *et al*., 2000; Nicol and Hooper, 1999). Housebuilders have adopted a number of strategies to cope with this difficult market environment, and these probably apply in Scotland despite its somewhat more stable market. Concentration plus regional diversification is one kind of response, while another key approach is to seek flexibility in the construction process and supply chain through subcontracting. This has been alleged to exacerbate much-criticised weaknesses of the industry, including a lack of support for apprenticeship training and a technical conservatism. Traditional building techniques are more amenable to a flexible,

start-stop approach to assembly on site than approaches making more use of factory building techniques (Ball, 1993; 1996).

The policy, planning and social environment of housebuilding is changing. Adams and Watkins (2002) argue that the shift to brownfield urban provision poses a multiple challenge to traditional housebuilders. They argue that firms may need to add value directly from housing products rather than relying so much on land value appreciation, that standardised solutions may no longer suffice in a diversified urban market, and that developments will have to be acceptable to and integrated with existing urban communities. Partnership with the public sector will be a frequent feature of such urban developments. They go on to suggest that some firms look better adapted to this change than others, and highlight a number of firms who have demonstrated that a specialism in urban redevelopment can be combined with good profits. Heneberry *et al*., (2003 forthcoming) similarly highlight the significant pathfinder role played by new-style niche developers like Urban Splash in Manchester and other northern cities.

With affordable housing coming onto the planning agenda, and with a wider Scottish 'Social Justice' agenda suggesting that continued socio-economic segregation of housing estates will be less acceptable, it is clear that housebuilders do face a wide-ranging challenge to traditional modes of operation.

New housing product

Although it was always one of the traditional concerns of planning, there has been a strong recent revival of interest in housing density. This is associated with the arguments for more sustainable, 'compact' urban forms, including an emphasis on city living and higher densities oriented to public transport nodes and service centres across the urban hierarchy (see Jenks *et al*., 1996; DETR 2000c). English planning policy currently places strong emphasis on both the re-use of former urban ('brownfield') sites and the sustainability arguments for higher densities, and seeks to monitor performance against these indicators (DETR 2000c and d; Adams and Watkins, 2002). Despite this new build in England seems to stay obstinately around the 26 dwellings per hectare mark.

At least in its more urban regions, Scotland seems to be doing better than this at achieving high urban densities. Edinburgh College of Art School of Planning and Housing (2001) showed that much of the development in Edinburgh was at truly remarkable densities, while in other important areas typical averages of 50-55 dwellings per hectare were being achieved (e.g. Glasgow, Renfrewshire, and Lanarkshire). Even the relatively lower density suburban areas of East Dunbartonshire and West Lothian were building at a little over 30 dwellings per hectare. Data are less readily available on the range of rural densities but one suspects that some new rural development in Scotland is at significantly lower densities.

Space standards represent an area in which the volume builders have been accused of providing poor quality compared to the social sector in the UK and in comparison with other countries. Space standards have not been mandatory in social housing since 1981, although Scottish Housing Handbook Metric Standards Bulletin 1 (SDD, 1968), which incorporated the principal recommendations of the Parker Morris Report, formed the benchmark against which housing association developments in Scotland were appraised until the introduction of *Housing for Varying Needs* in 1999 (Pickles, 1998). There is evidence from England that, under the impetus of competition for grants, housing association properties fell below Parker Morris Standards in the late 1980s and early 1990s. Karn and Sheridan (1994) found one-third of association schemes sampled in parts of England were 10-20 per cent below these standards in 1991/92. In the private sector, space standards varied greatly between dwelling types, with 35 per cent of new flats, 48 per cent of semi-detached houses, and 68 per cent of terraced houses more than 10 per cent below these standards. In mitigation, of course, it should be mentioned that private dwellings are less likely to be 'fully occupied' than social rented housing, and that the shift to detached dwellings represents a move towards more space. The general story, then, is of Scottish social sector new housing trying to maintain space standards, more than in England, whilst the private sector has presumably followed a similar tendency to offer limited space within some of its house types.

New housing is a major long term investment that utilises a lot of materials and production processes which themselves embody a great deal of energy and have other environmental impacts (for example, quarrying). There are considerable opportunities through design and technical specifications to reduce considerably the use of embodied energy and to increase the use of recycled materials in construction. Nevertheless, there has been relatively little research or mainstream product development in this respect. Stevenson and Williams (2000) provide a useful introduction to issues of sustainable design for housing providers, highlighting, for example, the importance of transportation of materials in calculating embodied energy with imported softwood typically representing around 70 times the embodied energy of locally sourced softwood (Stevenson and Williams, 2000: 58). Rather more common have been attempts to look at the energy consumption of different kinds of housing in everyday use. Of particular interest here has been the issue of housing type and urban form, since it is often argued that flats and terraced or semi-detached houses are more energy-efficient than detached houses or bungalows, because of having fewer external walls and surfaces. This may need to be set against the possibly more complex construction techniques or services (such as lifts) required for flats, and the greater possibilities for environmentally-friendly features (such as solar panels and conservatories) on detached houses. Construction and ongoing costs may be traded off in 'lifetime costing' exercises (Newton, 2000).

New house buyers may be given some more information about the technical performance of their home, for example its energy rating (SAP rating), but how interested they are in these details is unclear. However, they appear to be somewhat

more likely to take account of energy efficiency than other aspects of dwelling sustainability (Edinburgh College of Art School of Planning and Housing 2001; Evans *et al.*, 1998). Underlying consumer attitudes is the knowledge, based on experience over recent decades, that the most important influence on the costs and benefits of owner-occupation for them will be the future capital appreciation in the value of their house. They know that this will be little influenced by technical aspects of the house.

Current market mechanisms for private housing and the funding frameworks for new social housing do not foster the systems based approach to planning and construction of housing which Morgan and Talbot (2000) see as the key to creating ecologically and socially sustainable housing. Nevertheless, there are some limited signs of progress in the private and social sectors. Since April 2002, Communities Scotland has required that all registered social landlords receiving grant must have a sustainability policy and has sponsored web-based guidance for organisations wishing to develop a sustainability policy and action plan. There have been recent positive amendments to Part J of the Technical Standards dealing with the conservation of fuel and power and The Building (Scotland) Act passed in February 2003 includes provision that ministers may make regulations for the purpose of 'furthering sustainable development' (Scottish Parliament, 2003b, PART 1, (1) (c)). The issue of design quality involves a good deal of subjective preference and there is some lack of a common language or metric. Among the criticisms of recent private sector housing design are charges of repetitiveness or sameness, the use of standard house types and materials in a way which is insensitive to local styles, a general nostalgia for older styles and forms, the use of fake external features to give an appearance of age and distinction (such as 'mock-Tudor'), and the failure to utilise good modern designs. Governments are giving more attention to improving standards of design, through the work of the Commission on Architecture and the Built Environment (CABE) and the Scottish Executive (1999d, 2001g) Policy on Architecture, Urban Design Policy (Scottish Executive, 2001h) and this is further reflected in planning policy guidance (Scottish Executive, 2001i).

The criticism of insensitivity to local and regional styles has had a particular resonance in Scotland, where the 'anglicisation' of design and the importation of standard house types from the south of England have attracted particular criticism (Gibb *et al.*, 1995; Scottish Executive, 1999d). However, it is difficult to pin down a simple definition of what constitutes 'Scottishness' in design (Beaton, 1997).

Focus groups in recent research indicated a welcoming of variety of house types and appearance within estates (Edinburgh College of Art School of Planning and Housing, 2001). However, housebuilders argue that house buyers themselves are conservative, and are notably resistant to overtly modern design (which is argued to affect resale value adversely). Others have argued that broadly the speculative housebuilders have consistently produced suburban style housing which was what buyers wanted, despite continuing criticism from elite architectural opinion (Sim, 1993).

There has long been dissatisfaction with the performance of the construction industry, in housing and in other sectors, in terms of its ability to deliver buildings of adequate quality, embracing the best technology, on time and at a reasonable, predictable cost (Ball, 1996; Harvey and Ashworth, 1997). Much of this criticism has focused on the procurement process, particularly traditional contractual relationships, which have been seen as confrontational and stifling, as well as the structure of the industry. The Latham (1994) report and the subsequent Egan report (DETR, 1998b) identified the sources of problems in the industry. These included the fragmentation partly associated with subcontracting, the lack of co-ordination between design and construction under traditional contracting, low profitability and lack of investment in research and development, a general crisis in training within the industry, and too narrow a focus on cost by clients. Egan sought a new structure and approach, emphasing leadership, customer focus, integrated processes and teams, a quality-driven agenda, and a greater commitment to people whether expressed through on-site supervision, safety, pay, conditions or training. A central idea emerging from Latham and Egan is that contractual relationships should move from a confrontational one towards one based on 'partnering'.

There is some evidence from case studies and demonstration projects that partnering can achieve significant benefits in terms of cost, delivery time, quality of work, working relationships and innovation (Barlow *et al*., 1997; Housing Forum, 2003), although there may be some costs in terms of communication time, blurring of responsibilities, and weakening of competition.

Some features of the Latham/Egan agenda are not new, for example 'system building' and 'Design and Build' contracts. The basic argument for Design and Build is that builders have a much better awareness of 'buildability' – what can be done practically and efficiently on a site – than architects do; and that architects who work in integrated teams with construction managers and engineers will gain a much better awareness of these issues. Design and Build has a more mixed record and reputation in housing. It has sometimes been seen as a route to more standardised, lower cost housing which the client RSLs have less control over.

Both Latham and Egan saw government as having significant leverage over construction through its role as the (indirect) client for social housing, placing social housing in the front line in this battle to achieve change in the industry. There is a drive for 'Egan compliance' by 2004 in the English RSL sector. While understandable, this emphasis may be questioned, from a number of viewpoints, particularly in a Scottish context. Smaller RSLs may not be able to engage in these processes, further undermining their role as developers or their general independence. RSL development will continue to account for only a small minority of total housing output – the major issue of private sector housing is not directly addressed. The Egan focus on prefabrication methods inevitably raises nagging doubts based on the experience with 1960s system building, although in Scotland there has been much more acceptance of timber frame methods in housing. And some aspects and assumptions of the Egan-driven agenda do not necessarily fit

with the changing pattern of procurement, particularly the role of private developers linking with RSLs on mixed planning agreement sites (discussed below).

To what extent is the Latham-Egan agenda applicable to private sector housebuilding? Some of the negative criticism of the organisation of the industry – fragmentation, subcontracting, lack of training, lack of innovation – clearly fits this sector of the industry. Issues of cost-effectiveness are rather obscured by the massive role played by land values in the economics of private housing. However, it can be argued that in some respects the industry is closer to the Egan model than other sectors – in particular, the integration of design within the overall development and construction team is consistent with the Egan philosophy.

Planning and land supply

Land-use (or 'town and country') planning is very important for housing. Indeed, there is little question that it is the most important way now in which public policy affects new housing provision. This is partly because most new housing (about four-fifths) is built for private sector use, and also because housing is the most important urban land use, typically accounting for half of all urban land and half of all new urban development. Some of the biggest public debates, nationally and locally, are about where new housing should, or should not, be built (DOE, 1996; Breheny and Hall, 1996; Bate, 1999). Planning controls affect the price and affordability of housing,

The way planning works in Britain is different from many other countries. Since 1947 land-use rights have been 'nationalised' and there is no automatic presumption in favour of development. Any significant development requires permission from the local planning authority, who have considerable discretion in decision-making (Grant, 1992). Local authorities must have regard to a range of material considerations, including any operative local plans and national policy guidance, and are subject to an appeal process. One of the interesting developments of the 1990s has been an attempt to make the British system more plan-led, although it remains true that the British system is strongly characterised by discretion (and the consequent scope for detailed negotiation between developers and planners) (Tewdwr-Jones, 1996). Dissatisfaction with the actual performance of this system has, very recently, led to proposals for significant reform of the planning system, the outcomes of which are unclear but may involve increased divergence between Scotland and England (DTLR, 2001; Scottish Executive 2001: and 2003a).

Formally, the British system entails a hierarchical system of plans, ranging from national policy guidance, structure plans (for sub-regional areas), and site-specific local plans. The system as it operates in practice falls somewhat short of an ideal comprehensive, rational process, which may be unattainable in a political

environment characterised by conflicting policy priorities and inadequate information. Typical shortcomings include the tendency for plans to be slow to be completed or updated, so that the currently available plans may not reflect current information or policies (Edinburgh College of Art School of Planning and Housing, 2001), and hence there remains considerable scope for discretion. Delays in plan preparation often reflect staff resource shortages in local authorities as well as the complex requirements for public participation and the rights or objectors to public hearings. Most of the delays which characterise development control decisions, particularly on larger developments, result from the negotiations which discretion and lack of clear policy allows. These negotiations are often concerned with infrastructure provision, which increasingly developers are expected to pay for. The planning system is widely perceived as negative and controlling, rather than positive or visionary, and it has been criticised as giving too strong a platform to local interests who wish to block development (so-called NIMBYism, the 'not-in-my-backyard' syndrome) (Industrial Systems Research, 1999).

Dissatisfaction with the performance of the planning system, both in responding to the demands of the modern economy and in promoting high quality, sustainable development, have led to proposals for wide-ranging reform. In England, the DTLR (2001) proposed streamlining forward planning, with a single policy-based 'local development framework' instead of structure and local plans. In Scotland, a new system of strategic plans for city-regions has been proposed (Scottish Executive, 2001i). Planning policy guidance for housing (SPP3 – Scottish Executive, 2003a) has been revised, with new emphases on design quality, on appropriate sustainable locations, on effective delivery of land and on affordable housing (see below).

At different stages in recent history, the preoccupations of government and planners have varied considerably. In the 1950s and 1960s there was an emphasis on catering for both backlogs of unmet need and population growth through a process of planned dispersal alongside the establishment of urban containment to prevent the kind of sprawl which characterised the 1930s (Hall *et al.*, 1973). The two key instruments were new towns, and the establishment of green belts around major cities. The 1970s were a period of transition, with new concerns about the decline of the inner cities, the end of slum clearance and comprehensive redevelopment, as well as concern about booms and slumps in the private housing market. While the new towns programme was run down, new mechanisms were put in place to ensure an adequate supply of land for private development. In the1980s, there were some moves towards deregulation, and away from more strategic regional planning, but local opposition prevented a mooted relaxation of green belt policy.

Since the end of the 1980s, a new environmental sustainability agenda took root, and this has led to a renewed emphasis on urban containment and consolidation, to reduce car-based travel and emissions, together with a stronger emphasis on urban renaissance entailing a greater re-use of urban brownfield sites for housing rather

than greenfield development (Jenks *et al*., 1996). Another strand of thinking has focused on trying to improve the design and quality of the built environment (DETR, 1999a; Scottish Executive, 2001h). Finally, as already noted, recent dissatisfaction with the performance of the planning system has prompted further potential reforms, motivated partly by these concerns but also by an alleged links to economic competitiveness (DTLR, 2001; Begg, 2002). There is a link to housing given the inadequate supply for 'key workers' and escalating prices evident in the areas of greatest economic growth (Bramley and Lambert, 2002).

The economic critique of planning focuses on the impact of general policies of containment and restricted land supply on housing and land prices, although it also raises concern about delay and the unresponsiveness of supply to market demands (Evans, 1991). Attempts at measuring these impacts show some effect on house prices, although not necessarily as great as might be expected, but also draw attention to the impact on density and space consumption (Cheshire and Sheppard 1989 and 1997; Bramley *et al*., 1995; Bramley and Watkins, 1996; Bramley, 1999; Edinburgh College of Art School of Planning and Housing, 2001).

These concerns underline the importance of ensuring that the planning system is implemented effectively so that land supply is adequate to meet potential needs and demands. Using data from the Scottish local Housing Land Audits it was shown that supply was adequate in most parts of Scotland in the late 1990s, but that one high demand area in particular (Edinburgh and Lothian) showed a persistent shortfall (Edinburgh College of Art School of Planning and Housing, 2001). 'Windfall' land (often brownfield) made up for some of the shortfall in planned releases but, because demand grew more than expected, it is unsurprising that house prices have boomed more in Edinburgh than elsewhere in Scotland in the recent period. New policy guidance (SPP3) places more emphasis on planning further ahead to identify areas of settlement expansion and on really ensuring that there is at least a five-year supply of effective sites at all times.

The recent (2003) review of the Edinburgh and Lothian Structure Plan illustrates the implications of this approach in a high-growth region. There is a dramatic increase in the amount of new housing projected to be required, and a consequential requirement to identify significant new sites for development. In addition to major developments in the pipeline in the south east wedge of Edinburgh (now to be known as Shawfair) and on the north Edinburgh waterfront (10-12,000 units), there are proposals for a significant new settlement in East Lothian and a range of developments at the western edge of Edinburgh and in West Lothian. Although maximising the re-use of brownfield land remains a goal, it is inevitable that some of this extra land will be greenfield. Some have called for a more rigorous review of Green Belt policy in this context (RTPI, 2000), arguing that corridors of development closer to the economic powerhouse of the capital city may be more sustainable (e.g. in terms of commuting) than allowing more development towards the periphery of the region and beyond (e.g. in Fife, Borders and the Forth Valley).

Large new development proposals of this kind bring into sharper focus the unresolved issue of how the infrastructure – transport, schools, water and sewerage – is to be paid for when public capital resources are scarce. Increasing use is made of planning agreements with developers to meet more of these costs, but this mechanism is haphazard and lacks a consistent framework to ensure that facilities required are properly funded at the right time.

In the context of both growth and urban regeneration, particular interest has focused on the desirability of promoting mixed and balanced communities rather than the traditional Scottish pattern of segregation by income and tenure. In the case of regeneration, there is particular interest in introducing more owner-occupation, including housing aimed at middle income groups, into areas previously dominated by social renting, and the term 'new neighbourhoods' has been coined for this approach in Glasgow particularly. This city has had considerable success in bringing owner-occupation into such areas, despite an often weak market, but this has often required subsidy (particularly the GRO grant scheme) and there are some concerns about the limits to this process in terms of possible displacement of demand from the existing stock (Bramley and Morgan, 2001). Despite the rhetoric of new neighbourhoods, much of what has been done so far represents incremental accretions of rather typical private sector estates rather than a genuinely masterplanned remodelling of whole areas. The success in getting large amounts of higher density flatted housing for sale built in central and inner city areas must be tempered by a recognition that this does not produce a balanced population in demographic terms, with few families choosing to buy such accommodation (Bramley and Morgan, 2003 forthcoming).

Planning and affordable housing

There are a number of reasons why planning policies and mechanisms to secure affordable housing have come to occupy centre stage in Britain by the early 2000s. Firstly, public sector investment and subsidies have been cut back radically from the levels of the decades up to the 1970s (Bramley and Lambert, 1998) and there is little sign of these earlier levels of public investment or subsidy being restored. Planning offers a possible way of levering significant subsidy from private sources into the provision of social or affordable housing. Secondly, the local planning process generates evidence of 'local needs' and provides a channel for their articulation, particularly in rural areas. A third factor has been the wish of governments, north and south of the border, to get local authorities to shift from a direct provision to an 'enabling' role (Bramley, 1993), most recently in Scotland under the auspices of 'Local Housing Strategies' (LHS). A local authority's land-use planning powers are among its few powerful tools to achieve desired forms of housing development through other agencies. A further factor has the drying up of traditional sources of public land supply for social housing developers. More broadly, the 1990s also saw an upsurge of concern about the social sustainability of the estates and neighbourhoods associated with new social housing (Page,

1993), leading to the new emphasis on mix and balance mentioned above. Lastly, there has been the problem of key worker housing, particularly affordable housing for public service workers in the south of England.

Some of these factors have been less pressing in Scotland, or have only come to prominence more recently. The state of the housing market is important in a number of ways. Housing booms push the issues of affordability, rural housing, land values, and key workers to the fore. Scotland largely avoided the 1980s boom and the late 1990s boom has only affected part of Scotland (notably Edinburgh) recently. Within England, planning and affordable housing policies have mainly been an issue in the south (Monk and Whitehead, 2000; Crook *et al*., 2002).

The general policy in England can be dated from DOE Circular 7/91, which essentially enabled a local authority to seek a proportion of affordable housing provision on all new developments over a certain minimum size threshold. Subsequent circulars and Planning Policy Guidance Notes (PPGs) have both clarified and, more recently strengthened the policy (DETR, 2000c). At certain stages there were some signs of government wavering about how strongly it wished to pursue this policy, but recently the policy has been given much stronger support from the top. These provisions related to England; Scotland had to wait until 1996 for reference to such policies in its national guidance, and this was less specific than English guidance, reflecting a general lack of interest in such policies in Scotland until around 2000. The new Scottish Planning Policy Guidance (SPP3, 2003) strengthens the framework and policy legitimacy underpinning these policies.

How the policy works

How do planning and affordable housing policies work? This is best explained by identifying, in a logical sequence, the essential elements which are required to give effect to such policies.

- *evidence of local needs* is essential to provide a basis for affordable housing requirements; this may entail periodic special surveys; such evidence will be treated by the planning system as a 'material consideration';
- the policy should be enshrined in a *local development plan*, which in turn requires it to be rationally based on evidence and subject to testing through local consultation and a public inquiry;
- the policy may indicate a *target level* of affordable provision ('affordable' should be defined), and the range of site sizes and categories to which this applies;
- the requirement for a particular site is subject to *negotiation*, based on the policy target but having regard to the particular local and site circumstances;

- the affordable housing requirement is normally enforced through a *planning agreement* which attaches to the planning permission and is binding on present and future landowners (known as 'Section 106' agreements in England, 'Section 75' in Scotland);
- delivery of affordable housing and its availability in perpetuity is normally ensured through the involvement of a *registered social landlord*;
- provision on site in a *mixed development* is generally preferred, but in some circumstances financial *'payments in lieu'* (PIL, also known as 'commuted payments') may be accepted and used to subsidise provision on other sites.

These mechanisms are helpful for securing land for the development of social or other low-cost housing, and for promoting mixed tenure developments. Recent research confirms that they are important for promoting intermediate tenure options, particularly low-cost home ownership (LCHO), which may in turn be particularly relevant to key workers (Bramley *et al*., 2002). However, the dominant logic driving these policies is an economic and financial one, of trying to secure not just affordable housing but also a *subsidy* towards the cost of providing it. Where does this subsidy come from? It would be careless and misleading to refer to this as subsidy from the developer; the idea is that the subsidy should come from the *land value*.

Although government policy has blown hot and cold over the years about the taxation of land values and development gains, there is general agreement among economists that land rent and land value is a special category of income/wealth. The value of a piece of land is determined mainly by its location relative to the location of other economic activities, infrastructure and environmental amenities. As such, this value is the product of the wider economy and community, including specific measures and services undertaken by the local public authorities. When a piece of land gets planning permission for housing, its value jumps from a few thousand pounds per hectare to a level of hundreds of thousands or even millions, without any significant effort or cost being incurred by the existing landowner. Because of this special character of land value, and particularly the gains in value associated with planning permission, there has long been interest in special measures of taxation to apply to these gains, particularly where these can be used to finance infrastructure, environmental compensation, or other local social requirements including affordable housing.

In Scotland a number of local authorities are now actively pursuing planning policies for affordable housing, spearheaded by Edinburgh where affordability and growth pressures are particularly acute. However, practical experience is still limited, particularly under the new SPP3 and LHS framework. Experience from England suggests that there are many aspects of implementation which need careful attention if the policies are to be really effective, and that there will be a period of transition before this approach becomes routine (Bramley *et al*., 2003 forthcoming; Crook *et al*., 2002; Lothian Housing Forum, 2003). Three areas in particular are worthy of comment in this context.

The need for robust current evidence of unmet need for affordable housing provision is emphasised in guidance and is reflected in the high level of activity in this area, now embedded in the LHS process. Experience in England suggests that local needs assessment is difficult to do well and that many local studies have exhibited weaknesses. For example, there can be an overemphasis on the needs of existing households, which can and will often be met *in situ* or by moves within the existing stock, at the expense of a realistic assessment of newly arising needs from newly forming households, consistent with demographic projections. There are often logical problems involving the mixing of stocks and flows and double-counting of needs. Local surveys may underestimate income levels and are not always cross-checked against other local and national data. Surveys have often not given adequate attention to the potential scope for LCHO and other intermediate tenures, which may be increasingly significant in pressured markets. Assessments should be disaggregated by area and size of household, but this can be difficult using sample surveys, particularly in rural areas.

The amount of any affordable housing requirement, and the implicit or explicit financial contribution from development values towards its cost, depends crucially upon the economics of each particular site in its local market context. It is counterproductive to make onerous affordable housing requirements on sites which are barely viable anyway. On the other hand, in strong market conditions residual land values may be high and the affordable housing contribution may not make much of a dent in them. There is thus a need for local authorities to make judgements about viability, a task which involves skills and tools which are not traditionally part of a planner's expertise or training. Viability depends in the first instance on housing market values, but it will also be influenced by other factors, including: (a) whether the site has exceptional cost factors, for example the remediation of brownfield land; (b) whether there are significant alternative use values, for example for industry or commerce; (c) what other planning obligations may be required, for example for infrastructure provision; (d) whether Social Housing Grant (SHG) is likely to be available, either at normal or reduced rates. Monk and Whitehead (2000) argue that in general brownfield sites raise more problems of this kind, and the current policy emphasis on such sites makes affordable housing more problematic.

Closely related to viability is the issue of how planning agreements relate to Social Housing Grant. In theory, planning agreements could enable many developments to provide a proportion of affordable housing without any subsidy, while in other cases the subsidy could be reduced. However, in practice as found by Crook *et al*. (2002) most of the schemes in England have still received SHG. This has meant that the effective contribution from developers has typically been quite low, and also that many of these schemes cannot be regarded as truly 'additional' to what would have happened without the planning powers. Clearer priorities in the use of SHG, focusing mainly on areas where public subsidy is really needed, are required to avoid this situation in the future.

There are many more detailed procedural issues which have to be worked out in implementing these policies. Examples would include model planning agreements, joint working arrangements between housing, planning and legal services, and arrangements for 'payments in lieu' when appropriate. There has been much concern about the future availability of affordable housing 'in perpetuity', particularly in rural areas, although arguably some of these concerns are misplaced so long as provision relies on appropriate tenure mechanisms like social renting or shared ownership. However, the potential extension of the right to buy to RSL stock in Scotland may create more problems in this area, unless mechanisms for replacement are put in place.

An indirect consequence of the evolution of planning and affordable housing mechanisms on a larger scale may be seen in the relative roles of private developers and RSLs in the development process. Taken in conjunction with the arguments for mixed tenure developments as the norm, and with ideas about 'partnering' stemming from Egan, the traditional model of the RSL independently procuring new housing using traditional procurement methods may not be the way of the future. RSLs may need to find new ways of working with private developers in this situation (Lothian Housing Forum, 2003). This may be a further pressure favouring the larger providers over the smaller ones, as well as raising difficult issues about standards.

Conclusions

The housebuilding industry and the housing lobby have become increasingly concerned about the low level of new housebuilding in the UK, relative to need and demand. However, this is more obviously an issue in the south of England than it is in Scotland, where levels of new building are quite buoyant and run significantly ahead of the rather modest rate of household growth expected. The underlying issue is more concerned with replacement of parts of the existing housing stock, although land supply is also an issue in some areas such as Greater Edinburgh.

Can we have too much new housing? Is there in fact a danger of overbuilding in some areas, where demand is static or growing only slowly? Opinions and evidence on this point are mixed. New housing is generally welcomed locally, and particularly in more deprived/depressed areas, as tangible evidence of regeneration and a contributor to the local economy. New private housing can change the image of previously blighted neighbourhoods and bring a more balanced, stable population (Bramley and Morgan, 2003), and there is some evidence that it can boost market values at the immediate neighbourhood level.

On the other hand, in the wider local market, the numerical forces of supply and demand have to work themselves out, and there is at least a danger of displacement effects elsewhere in the market. More new housing may contribute to declining demand for some existing housing, both the less popular social rented stock and the more marginal private sector stock, for example older tenemental property.

Local authorities with more fragile markets and neighbourhoods should monitor these carefully and relate their plans for new provision to what is happening in the existing stock and to any plans for demolition and replacement.

In areas of shortage and growing demand, there is a need to ensure adequate provision of land for new housing, both in the short term and, through a more strategic approach to forward planning, in the longer term. Not all of this land can be obtained from the recycling of brownfield sites, and some significant extensions to the existing settlements may be needed.

More use could be made of the planning system to ensure that a proportion of new housing in all significant new development is 'affordable'. This is particularly important in those areas subject to growth pressures and areas where house prices are high. It can contribute to mixed communities as well as enabling scarce public funding to be stretched further. Scotland has lagged significantly behind England in developing this policy approach. The implications of this approach for procurement also need to be addressed.

Some further reading

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CHAPTER 11:
The social justice agenda

Duncan Sim

Introduction

In terms of equality and social justice, Scotland sometimes appears as a land of contradictions. On the one hand, the country seems to embrace a collectivist welfare consensus, with its concepts of equality and egalitarianism, to a much greater extent than its southern neighbour (Midwinter, Keating and Mitchell, 1991). But great inequalities still remain within Scottish society and levels of poverty and exclusion are among the highest in the UK. Scotland seems to want to present itself as a welcoming and open society but there is considerable evidence of racism and, particularly, sectarianism (Devine, 2000). The establishment of the Scottish Parliament does, however, appear to have had some impact in addressing the question of inequalities in Scottish society.

Recent work by Paterson *et al*. (2001) has suggested that the policy demands in the area of social welfare, which might be made on the Scottish Parliament are likely to be significantly different from Westminster. Scottish voters appear to be generally more supportive of the welfare system and substantially more supportive of a redistribution of wealth, although both countries share a view that society is unequal and a belief that the state should use taxes to put things right. Scottish views tend to be slightly to the left of English views and Paterson *et al*. believe that this has led to some political shifts in Scotland, as voters increasingly express support for left of centre parties other than the ruling Labour/Liberal Democrat coalition.

Holyrood's powers in the area of social justice and equality are, however, circumscribed. The Scottish Parliament is able to work towards the removal of inequalities in health, housing, education and social services, as these are all devolved responsibilities. But with extremely limited powers over taxation and no powers at all over social security, the Parliament is limited in its ability to effect substantial societal change.

Taylor and Wilcox, in Chapter 8 of this book, explore the tensions arising from the division of responsibility between Holyrood and Westminster, in regard to housing policy and housing benefit. While acknowledging that this split creates difficulties for the Scottish Parliament, this chapter explores the social justice and equality agendas within Scotland, the work of the Parliament in this area, and the impact on housing policy. The issues are illustrated with reference to black and

minority ethnic people and disabled people, two groups which have experienced particular historical disadvantage.

Social inclusion and social justice

In Britain, debates on social policy from the 1990s onwards, have increasingly embraced the notion of social exclusion, as well as more traditional ideas of poverty and inequality. The changing debate on social exclusion is dealt with in Anderson (2000). Notably, the language of social exclusion was adopted by the New Labour government, following its election victory in 1997. The government used its own definition of social exclusion as:

>*…a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environment, bad health and family breakdown* (Social Exclusion Unit, 1998b).

In December 1997, the government established the Social Exclusion Unit with a focus to look at not just poverty but these broader issues. Problems were intended to be resolved across departments and in ways that made life easier for clients. Essentially the Unit recognised the interactions between policy areas and the need for 'joined-up solutions for joined-up problems' (Anderson, 2000).

Within Scotland, the Scottish Office launched a Social Exclusion Network in early 1998, initially confined to civil servants, and with a focus on area regeneration. Later the network was expanded to include other agencies and renamed the Social *Inclusion* Network. Subsequent debate has focused on inclusion rather than exclusion and in March 1999, the Scottish Office announced the allocation of £48 million to fund 23 multi-agency Social Inclusion Partnerships (SIPs) across Scotland, over a three year period. These SIPs developed from what were called Priority Partnership Areas by the previous Conservative administration, but they were much wider in their approach and were not all area-based. Shortly after this, elections were held for the new Scottish Parliament and from July, the social inclusion brief passed to the Scottish Executive.

During the autumn of 1999, the Executive launched a report entitled 'Social Justice...a Scotland where everyone matters' (Scottish Executive, 1999b), in which the then First Minister, Donald Dewar, set out his commitment for promoting social justice and equality of opportunity for everyone in Scotland. The Executive pledged to place social justice at the heart of its programme for government, with a principal aim of defeating child poverty in Scotland within a generation. The report was in five parts, focusing on the needs, respectively, of children, young people, families, older people, and communities. The report explicitly linked social justice with equal opportunities, pointing out that certain groups within society persistently suffered from injustice. These included women,

minority ethnic communities, people with disabilities, gay people and older people. The Executive promised to promote equal opportunities and challenge discriminatory attitudes and practices.

Interestingly, the report signalled a shift from previous, area-based approaches to tackling social exclusion:

> *Too often past strategies to tackle poverty and injustice in Scotland have been more about places than they have been about people. Both matter – and so to keep our focus on the **people** of Scotland we have chosen the lifecycle as the way to set targets. How we grow up. How we live. How we work. How we raise families. How we grow old. By targeting poverty and injustice in each phase of our lifecycle, we can stop deprivation becoming a way of life and being passed on through the generations* (Scottish Executive, 1999b: 7).

This approach reflects the changes introduced in the Social Inclusion Partnerships, in comparison to previous area-based initiatives. Although some SIPs are area-based, others are theme-based and focus on particular social issues, such as excluded young people (Dundee, Highland, and Borders), care leavers (Glasgow, and Perth and Kinross), routes out of prostitution (Glasgow), and minority ethnic groups (Glasgow, and Fife).

At the same time as launching its social justice report, the Executive established an Equality Unit and the then Deputy Minister for Communities (Jackie Baillie) was given responsibility for equality policy. The Scottish Parliament established an Equal Opportunities Committee as one of its mandatory committees, with a remit to report on equal opportunities – and their observance – to the Parliament. The difficulty for both the Parliament and the Executive, however, is that, while equal opportunities remains a matter reserved to Westminster, the Scotland Act 1998 devolves to the Scottish Parliament the *encouragement* of equal opportunities. The distinction is a fine one and there have already been cases where it is possibly unhelpful. For instance, there has been some debate in the Parliament about sectarianism and so the Parliament established in November 2001 a cross-party working group to look at the possibility of anti-sectarian legislation. At the time of writing, anti-sectarian measures may be included in the Criminal Justice (Scotland) Bill. Ideally, this might have been part of a raft of legislation covering discrimination and racism in Scotland but instead it will have to be considered independently of the existing (British) legislation on race equality.

The Scottish Executive's Equality Strategy

The Executive's Equality Strategy was debated in and accepted by Parliament in November 2000. While recognising that inequality was experienced differently by different groups, it identified five common threads running through those various experiences (Scottish Executive, 2000j). These were:

- restricted access to employment, goods and services;
- under-representation in senior positions in employment, in professions and in business;
- under-representation in both work and public life;
- the experience of a range of discrimination – direct, indirect and institutional; and
- the experience of abuse and, sometimes, violence.

The Strategy therefore adopted three strategic objectives as follows:

- making better policy and providing better services;
- promoting equal opportunities; and
- being a good employer.

The first phase of the strategy was to involve data collection, the establishment of monitoring systems and research into certain excluded groups in Scotland, such as minority ethnic groups. This was to be followed up by an equality audit in all departments within the Scottish Civil Service, mainstreaming of equality issues within departmental spending plans, and the development of public awareness programmes. From 2004 onwards, the strategy was to be one of review and consolidation.

'Mainstreaming' equality has been seen as being of particular importance. Essentially, this involves the integration of equal opportunities policies and practices into the everyday work of government and other public bodies. It involves rethinking mainstream provision of services to accommodate issues of gender, race, disability and other issues of discrimination and disadvantage. Scotland, like many other countries, is still at an early stage in developing mainstreaming but there is some evidence that the input of the Executive's Equality Unit is having an impact on legislation (Mackay, 2002).

Mackay points specifically to the Housing (Scotland) Act 2001, whose passage through Parliament included the involvement of the Equality Unit to 'equality-proof' the Bill. This involved detailed consultation with a range of organisations representing disadvantaged groups and a heightened awareness of equality issues. Specifically, Mackay states:

> *The new comprehensive duty placed on Ministers and local authorities (Section 106 (1)) and on registered social landlords (Section 106 (2)) to encourage equal opportunities constitutes the most visible outcome. It was seen to provide an important signal about the prominence of the equalities agenda as well as providing a base from which individuals can challenge shortfalls in practice. Specific issues highlighted in the Act include the introduction of broader definitions of family, for example the recognition of the tenancy succession rights of same-sex couples, a number of provisions relating to disability, and the strengthening of provisions to tackle racial harassment* (Mackay, 2002: 114).

This suggests that the Scottish Executive have had some successes in promoting its agenda of equal opportunities and social justice. Certainly, in comparison with the pre-devolution Scottish Office, there would seem to be some successes. Arshad (2000) lists, among the Parliament's achievements, the equality initiatives mentioned above and the mainstreaming of equality issues, and she also points out that those issues have been placed explicitly within a ministerial brief. She also notes that the Parliament itself has had a notable success in that 37 per cent of its members are women, a proportion only bettered by Sweden and Denmark. Interestingly, the proportion rose at the 2003 elections to 40 per cent. That said, however, no members of black and minority ethnic groups have so far been elected to the Parliament.

There are other achievements, which might be highlighted, as a number of groups have benefited from Scottish Parliamentary legislation. Students have benefited from the abolition of tuition fees, and the introduction of grants to encourage people from low-income families to enter higher education, although the grants will be repaid by what is in effect a graduate tax. Older people have gained access to free personal care, an area explored in Chapter 13 of this volume by Alison Petch. And Arshad (2000) refers to the Parliament's success in repealing Clause 2A of the Local Government Act 1986, the Scottish equivalent of Section 28, which banned the 'promotion' of homosexuality by local authorities. Scotland has moved ahead of England in this respect, although not without some acrimonious debate at the time.

There also appears to be a greater openness regarding appointments to government quangos, and this has been an important move towards equal opportunities. Vacancies are advertised and an independent assessor takes part in the interviews. Codes of Practice on openness, accountability and conduct have been developed and the codes of conduct were enshrined in the Ethical Standards in Public Life etc. (Scotland) Act 2000 (McFadden, 2000).

On the face of it, therefore, there is evidence that the Scottish Parliament has had an important impact on the social justice agenda. There appears to be a commitment to equality and equal opportunities, equality is being mainstreamed within Scottish public policy and draft legislation is 'equality proofed' as a matter of course. The Parliament has also shown itself willing to confront difficult issues such as sectarianism and the repeal of Clause 2A (Section 28). It is not clear, however, that advances in social justice are necessarily filtering down to those most in need and inequalities in Scottish society still persist.

The Social Justice Annual Report 2002 (Scottish Executive, 2002f) confirms this. On a large number of indicators or 'milestones', the Executive has made progress – for example in reducing the proportion of children in unemployed or low income households, in reducing unemployment overall, in reducing the numbers of older people on low incomes and in reducing rough sleeping. That said, poverty remains a significant problem and, as a result, the Executive announced in November 2002 an additional £31 million to develop initiatives 'to find routes out of poverty and to

promote the social economy and new investment in deprived areas'. This is in addition to resources allocated to social justice and welfare ends by various government reviews.

Problems of poverty and unemployment are, of course, linked to the performance of the Scottish economy overall and the Executive has limited powers in this area. Perhaps inevitably therefore, it has focused its attentions more specifically on disadvantaged areas and groups. Among the groups identified amongst the Executive 'milestones' are older people, young people, minority ethnic groups and people with disabilities. The latter two groups are now used to illustrate how the Executive's social justice agenda appears to be working in practice.

Black and minority ethnic groups

Prior to the late 1980s, little attention was paid to the needs of black and minority ethnic (BME) groups within Scotland, at least partly on the grounds that the numbers in such groups were small. The approach is well illustrated by the government housing agency, Scottish Homes, which published a consultation document on housing for minority ethnic groups in 1993 (Scottish Homes, 1993). The document explored the approach being taken by the Housing Corporation in England, in relation to the promotion of BME-led housing associations and the ring-fencing of funding for BME groups. Scottish Homes suggested that this strategy was inappropriate for Scotland, because the proportion of BME groups was relatively small. There is no doubt that Scottish BME groups were disappointed by the consultation paper, and accused Scottish Homes of playing a 'numbers game'; such an approach it was argued, took no account of historical disadvantage north of the border. Scottish Homes were also criticised for holding consultation meetings during a period, which included the Chinese New Year, Ramadan and Eid-ul-Fitr (Julienne, 1995).

Research carried out during the 1990s helped to illustrate the various ways in which BME groups were disadvantaged within the Scottish housing system, focusing primarily on the three main minority groups, namely those of Pakistani, Indian and Chinese heritage. In relation to tenure, the 1991 Census showed that 64 per cent of BME groups were owner-occupiers, a figure which rose to 76 per cent for the Pakistanis and 78 per cent in the case of the Indians. These figures suggest that there are perhaps two issues to be considered. On the one hand, where minorities have successfully obtained rented housing, is it of good quality and do they fare as well within the housing system as white applicants? On the other, if there are large minority groups such as the South Asians who are not living in social rented accommodation, then is this a matter of choice or is it a result of difficulties in accessing the system in the first place?

Minority ethnic households have often experienced difficulties in relation to the allocation system, either through intentional or unintended discrimination. The

exclusion of owner-occupiers, or of applicants without a long-standing local connection has militated against minority access to the system while allocators have sometimes operated in racist ways. Many minority applicants have not been housed on the basis of need but on the basis of 'suitability' as defined by housing staff themselves (Henderson and Karn, 1987).

Where minority groups do achieve access to social rented housing, there is research which has shown that they do not achieve access to the full range of property types. Some minorities appear to occupy flats, rather than houses, because of their predominantly inner city location. Semi-detached or terraced houses may be regarded as an ideal but their location on housing estates which, as well as being more peripherally located are perceived as being white dominated, may mean that minorities are unhappy at the prospect of living there. There is evidence that many minority ethnic households choose to accept overcrowded conditions in the inner city rather than a larger house elsewhere, simply in order to feel safe (Bowes, Dar and Sim, 1997).

A major issue for some minority ethnic groups is that of overcrowding, as many BME households are larger than white households. The average size of Pakistani households in Scotland in 1991, for example, was 4.8; in a number of cases, two households might be living within the same house, such 'extended' families resulting from the presence of two or more different generations. Within the social rented sector, it has proved extremely difficult to provide accommodation, which is appropriate for these diverse needs. Few council houses have more than three bedrooms and local authorities are affected by the right to buy which, by reducing available stock, has frustrated their attempts to match houses and households in many areas.

In addition to research, which has demonstrated inequalities within the housing system, there has also been pressure from BME communities themselves, particularly in relation to the establishment of a BME-led housing association in Scotland. For some time, Scottish Homes (now Communities Scotland) were unconvinced of the need for such an association but eventually the case was acknowledged. Access Apna Ghar Housing Association has applied for registration with Communities Scotland, although at the time of writing it still has no staff or stock.

A further pressure on the Scottish housing system has been the arrival of large numbers of asylum seekers into Glasgow, following the 1999 Asylum and Immigration Act. Glasgow now houses (in autumn 2002) more than 5,000 asylum seekers and three other local authorities – Edinburgh, Fife and West Dunbartonshire – have been in discussion with the National Asylum Support Service (NASS) with a view to agreeing contracts for the provision of accommodation.

The arrival of asylum seekers has had two effects. First, it has increased substantially the range of minority groups in Scotland and there are now, for

example, substantial Afghan and Somali communities, which did not previously exist. Second, the large proportion of asylum seekers receiving a positive decision to stay in Scotland, with refugee status, means that much greater attention is now being focused on 'move-on' strategies, including the provision of long term housing, education and social support.

Indeed, the presence of asylum seekers has tended to highlight an interesting difference in attitude between Westminster and the Scottish Executive. The political rhetoric in England has often been quite antagonistic towards asylum seekers and there have been concerns raised about the numbers seeking asylum, the legality of their arrival in the UK, and the possible need for identity cards as a means of tracking asylum seekers following dispersal. Within Scotland, on the other hand, there has generally been a more positive view, with the First Minister, Jack McConnell, arguing that migration of skilled asylum seekers to Scotland could do much to offset the problems of a declining and ageing population north of the border.

The Scottish Executive, as part of its social justice and equality agenda, has recognised the need for further work on minorities within Scotland. Following dialogue between the Executive, researchers and BME groups themselves, it commissioned both a scoping study to determine the detailed requirements for a new national survey of Scotland's BME communities (System Three, 2001), and an audit of existing research on BME issues (Netto *et al*., 2001). The Executive has also funded research into specific issues such as the need for improved translation and interpreting services across the public sector (McPake and Johnstone, 2002).

In summary then, it has taken some time for the needs of minority ethnic communities to be recognised in Scotland and, certainly in relation to BME-led housing organisations and positive action initiatives, Scotland has lagged behind England. The smaller minority population in Scotland apparently led to an assumption in some quarters that BME needs were not a particularly important issue. There are signs, however, that things are changing significantly. A Scottish BME housing association is being established, a Scottish PATH scheme has been established to encourage BME people into the housing profession and the arrival of asylum seekers and refugees into Scotland has encouraged the awareness that Scotland is increasingly a multicultural society.

Disabled people

Many people in society are disabled in some way, the term 'disability' referring to a loss or limitation of opportunity, owing to social, physical or attitudinal barriers (Conway, 2000). This section describes some of the issues currently being addressed in relation to both physical and learning disabilities. There is evidence, particularly in relation to learning disability, that the Scottish Parliament has moved forward the social justice agenda.

The Scottish Executive Health Department, based on its own data, estimated that, in 1999, there were 800,000 disabled adults in Scotland; of these 59 per cent were women, generally because of their longer life expectancy. As far as children were concerned, numbers were incomplete but it was estimated that three per cent of primary school children and four per cent of secondary school children had special educational needs of some sort (Riddell and Banks, 2001).

Physical disability can take many forms. It can include those with mobility problems, due either to an illness such as arthritis or to loss of a limb, and also those who are completely reliant on a wheelchair. It can also include those with sensory disabilities, such as deaf and blind people. The majority of disabled people are old, and more than one-third of those over 75 suffer some kind of impairment. There are, however, many younger people who are disabled in some way (OPCS, 1989). Additionally, there are many children who are disabled but living in families where other members of the household are 'able-bodied'.

There are a number of serious barriers faced by physically disabled people in accessing housing. As shown by OPCS (1989) and by Morris (1990), disabled people generally have to live on lower incomes, and this forces them to rely more than others on the social rented sector, particularly council housing. According to Morris, 45 per cent of disabled adults were tenants in the social rented sector and there is no reason to believe that this figure has changed significantly. However, central government spending cuts throughout the 1980s and 1990s curtailed building programmes and many potentially accessible houses were lost through the right to buy. As a result, it has been extremely difficult for councils to meet the demand for wheelchair-accessible housing. Nor has the shortfall been made up by the private sector. Developers appear rarely to have considered the needs of disabled people and this is an important criticism of the housebuilding industry (in addition to those criticisms levelled by Bramley and Morgan in Chapter 10).

Scotland's housing stock is therefore used inefficiently. Almost half of adapted homes are occupied by people who do not require such adaptations, while 60 per cent of wheelchair-accessible homes are occupied by people who are not wheelchair users (Riddell and Banks, 2001). There is a clear need for closer monitoring of the housing stock in both the social rented and private sectors, so that there is a better matching between individual needs and available local provision.

As a result of these problems in accessing appropriate housing, many disabled people are deterred from trying to live independently. Many may become 'hidden homeless' because they wish to move out of the family home but have nowhere else to go. The Ewing Report, which explored the provision of housing for people with a physically disability in Scotland (Disability Scotland, 1994) found that the numbers of disabled people applying to councils were few, because they believed there was little point in so doing.

The problems faced by disabled people are now beginning to be addressed, firstly through the establishment of the Disability Rights Commission, which can begin to investigate discrimination against disabled people – in housing as elsewhere. And secondly, through a commitment to making housing more accessible. Within Scotland, there was some early work in the 1990s by Edinvar Housing Association on 'barrier-free' housing, defined as housing which is accessible and usable by as many people as possible. It is not about designing a special environment for people with disabilities but about designing in such a way that a wide range of people can move freely around and use all the facilities provided (Martin, 1992). In England, the approach to housing disabled people has perhaps been wider, with a focus on 'lifetime homes' – the Joseph Rowntree Foundation has been closely involved in research in this area. Such homes are built to a set of standards which make them flexible and accessible to a range of people, such that if the occupants become older, more frail or disabled, they do not necessarily have to move. The housing is aimed at allowing people to live there for their 'lifetime', or as much of it as possible.

Amendments have also been made to Part T of the Scottish Technical Standards, so that new housing will in the future have no physical barriers to access. The equivalent, south of the border, is Part M of the Building Regulations of England and Wales.

The needs of people who have a learning disability have perhaps featured more strongly in the work of the Scottish Executive and one of the first pieces of legislation to be passed by the Scottish Parliament was the Adults with Incapacity (Scotland) Act 2000. It had been recognised some years earlier that some adults are unable to make decisions about their own affairs, possibly as a result of illness or injury or resulting from a permanent disability. The existing law had become both unclear and cumbersome and, although legislation had been drafted in the mid-1980s, Westminster had never made time available for it to be debated. The Act's provisions relate to powers of attorney, guardianship, medical treatment, where patients are unable to give consent, and the management of care users' funds by carers and care home managers. The Act has been introduced in stages, over a two year period, from 2001 to 2003.

Importantly, the Act stresses that an individual is not automatically 'incapable' on account of having a certain disability or illness, and so assessment of capacity must be made in relation to individual circumstances at the time. All reasonable efforts to communicate with and assist individuals should be made, and so the legislation is as much about supporting decision-making by the individual, as making a decision on their behalf.

This theme of support is one which runs through other related Scottish Executive policies. For example, there has been an increasing focus in recent years on people with learning disabilities and the Executive has sought to support individuals within the community, rather than in institutions – in line with previous government

policies on community care. The Executive announced in June 2000 that all long stay hospitals for people with learning disabilities would close by 2005, with individuals moved into community settings. At the time of writing, the programme appears to broadly on target and a number of hospitals have already closed.

Also in June 2000, the then Minister for Community Care, Iain Gray, announced the publication of a review of services to people with learning disabilities, entitled *The Same as You?* (Scottish Executive, 2000b). The review, which involved discussions with a wide range of both users and carers, recommended the appointment of local area co-ordinators to take forward policies on learning disability. These would include various forms of community support, healthcare services, improved transport, improved employment opportunities, support for carers, and the promotion of public awareness about learning disabilities. The Executive also recommended the establishment of a Scottish Centre for Learning Disability (SCLD). There were no housing-specific recommendations within the review, although housing is clearly a key element within the overall support package offered to disabled people. Development of the SCLD is now under way, with staff appointed, and it will concentrate on training, research, advice to organisations, and public education, helping to inform attitudes, behaviour and policy development.

Conclusions

There is a strong belief within Scotland that it is a more egalitarian and socially just society than England (McCrone, 1997), and Arshad (2002) takes the view that important strides have been taken in terms of equality and social justice since devolution. She instances, for example, the attempts to improve the representation of disadvantaged groups within the appointments system, and the practice of the Executive to consult widely on equality issues with community groups and local activists:

> *From a situation pre-devolution where equality practitioners and supporters adopted a 'fire fighting' approach, they now have centre stage where all the work they have carried out for decades is at long last being recognised* (Arshad, 2002: 209).

That said, we might question whether some of the initiatives are really so distinctive from some practices in England. Certainly, legislation on equality is still reserved to Westminster and so the law as it affects minority groups, disability, equal opportunities, refugees and asylum seekers is essentially the same north and south of the border. There are therefore limits on the extent to which Scotland can be different.

We should also be conscious of what Arshad refers to as the skeletons in Scotland's cupboard, which suggest the country is not as egalitarian as it might

wish to be seen. In particular, she draws attention to the problems of sectarianism which have dominated parts of Scotland (particularly Greater Glasgow) for decades. The issue was highlighted by the Scottish composer James MacMillan in a widely publicised interview (*Sunday Herald,* 11.8.02) and has subsequently been analysed by Devine (2000). Politicians are well aware of the need to confront sectarianism and Donald Gorrie, the Liberal Democrat MSP sought to introduce a Protection from Sectarianism Bill into Parliament in June 2001. The Bill would have made sectarian behaviour an aggravation of a criminal offence. Although the Bill did not proceed at the time, the First Minister, Jack McConnell, has emphasised his determination to take action on this issue and the Executive has amended its Criminal Justice Bill, due to become law in 2003, to make religious hatred an aggravated offence.

Scotland's view of itself as a welcoming and fair society was also damaged by hostility towards asylum seekers when they first arrived in Glasgow. This culminated in the murder of a Turkish asylum seeker, Firsat Dag, in 2001. More recently, however, the focus has shifted on to the contributions, which might be made towards Scottish society by the many asylum seekers who are professionally skilled and qualified. The First Minister, Jack McConnell, has been quoted as suggesting that asylum seekers could help solve the problem of population decline and assist in Scottish economic growth (*Herald*, 10.9.02). Such an approach could cut across UK policy on asylum seekers and economic migrants and indicates a more distinctive Scottish approach. It would move Scotland further down the road of becoming a truly multicultural society.

Although housing policy is a key element in the Scottish Parliament's social justice policy, a major difficulty noted earlier is the fact that social security matters are reserved to Westminster. Key issues facing Holyrood in relation to social exclusion and housing relate to affordability of rents in the social rented sector and to the relationship between welfare benefits and economic participation. A Scottish government might wish to shift subsidy towards 'bricks and mortar' in order to contain rises in rent levels, for example, but this is impossible without control over housing benefit. Stock transfer has been embraced by the Scottish Executive as a means of introducing much needed investment into housing (as discussed by Taylor and Wilcox in Chapter 8), but any resulting rent increases will impact on the (Westminster controlled) benefit bill and might make rents even less affordable. Thus the opportunity for the Parliament to pursue a social justice agenda without control of welfare benefits is severely circumscribed (Taylor and Sim, 2000).

Many of the problems with existing policies on social justice and inclusion stem from the intractable structural causes of poverty and exclusion, and constraints on the ability of government – either at Holyrood or at Westminster – to deal with these problems. Political aspirations for inclusion are widely shared and well intentioned and this chapter suggests that some real progress has been made. But the difficulty facing the Scottish Parliament is that not all of the limited range of

levers is under its control. This leaves problems of co-ordination between the two Parliaments and their respective civil servants. There appears to be a real political will in Scotland to move the inclusion agenda forward but the difficulties should not be underestimated.

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CHAPTER 12:
Homelessness policy
in Scotland

Suzanne Fitzpatrick

Introduction

This chapter reviews the current state of homelessness policy in Scotland. After a
brief examination of the history of homelessness policy in Britain, it focuses on
developments in both England and Scotland since the New Labour government
came to power in 1997. Particular attention is paid to the direction of policy in
Scotland since devolution in July 1999, with Scottish policy priorities,
institutional arrangements and legislative provisions all compared with those of
England. Reflections are offered on why policy in Scotland has increasingly
diverged from that south of the border and on the likely success of the Scottish
approach.

A brief history of homelessness policy in Britain

The British welfare state's first statutory response to homelessness was contained
in the National Assistance Act 1948 (Robson and Poustie, 1996). This Act placed
a duty on local authority welfare departments to provide temporary
accommodation for persons in 'urgent need thereof' whose homelessness 'could
not reasonably have been foreseen'. Many welfare departments interpreted their
obligation to apply exclusively to mothers and children of homeless families,
meaning that homeless fathers were frequently excluded from temporary
accommodation. Single homeless people were rarely given any assistance at all.

Homelessness began to escalate in the 1960s, and was increasingly linked to
housing shortages created by slum clearance programmes and the decline of the
private rented sector. Pressure mounted for central government intervention
following the broadcast of Ken Loach's TV drama by Jeremy Sandford, *Cathy
Come Home*, in 1966 and the establishment of the campaigning group Shelter in
the same year (Somerville, 1999). This eventually resulted in the Housing
(Homeless Persons) Act 1977, which originated as a Private Members Bill but was
assisted by the then Labour government in its route through Parliament.

The main aims of the Housing (Homeless Persons) Act 1977 were to clarify and
strengthen local authority duties towards homeless households, and to transfer

these responsibilities from local authority social service to housing departments. 'Homelessness' was legally defined to include all persons without accommodation that was reasonable for them to occupy, together with their families. Thus it covered not only people sleeping rough, but also those staying in temporary or emergency accommodation (such as hostels and bed and breakfast hotels); people living in 'intolerable' housing circumstances (for example, where there was overcrowding or a threat of domestic violence); and people with insecure accommodation (this last situation was termed 'threatened with homelessness') (Robson and Poustie, 1996). To be entitled to long-term rehousing, homeless households had to be 'unintentionally' in that situation, and had to belong to a 'priority need' group, such as families with dependent children. Only particularly 'vulnerable' single people were generally considered to have a priority need, for example, those who were elderly or disabled. Homeless people who were not in a priority need category were simply entitled to 'advice and assistance'. People who had a priority need but were considered intentionally homeless were entitled to temporary accommodation for a limited period and advice and assistance. Local authorities could transfer responsibility for the long term re-housing of priority households which had no 'local connection' with their area to another area with which it did have such a connection. The 1977 Act also added homeless households to the list of persons who should be given 'reasonable preference' in the allocation of council housing.[1]

The 1977 Act was a landmark piece of legislation for homeless people: it granted them rights to long term accommodation for the first time, and it placed responsibility for meeting their housing needs firmly on local authority housing departments (Fitzpatrick and Stephens, 1999; Somerville, 1999). However, there were significant limitations to the Act's scope; in particular, it did not entitle single homeless people to even temporary accommodation.

There was a massive growth in homelessness throughout Britain in the 1980s and early 1990s (Fitzpatrick et al., 2000). While this crisis was widely blamed on the housing and social policies pursued by the incumbent Conservative governments, broader social, demographic and economic trends also played an important role (Kemp, 1992; Goodlad, 2000a). The profile of homeless people began to change in the 1980s, with young single people, women and minority ethnic groups increasingly joining the more traditional homeless groups of older single men and poor families (Anderson et al., 1993; Kemp, 1997). Also over this period, a growing body of research established that many homeless people, particularly rough sleepers, had a range of non-housing problems, including drug or alcohol dependencies and mental heath difficulties (Pleace, 1998).

The increased visibility of rough sleeping in central London in the late 1980s prompted the then Conservative government to introduce a number of initiatives aimed at tackling the problem. The most important of these was the Rough

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1   The 1977 Act was subsequently consolidated into the Housing Act 1985 Part III (for England and
     Wales) and the Housing (Scotland) Act 1987 Part II.

Sleepers Initiative (RSI), launched in London in 1990. Outreach workers, hostel places, move-on accommodation and resettlement services were all funded under this programme, which was extended to other English cities in 1996. While the RSI was criticised for addressing the symptoms rather than the causes of homelessness (Anderson, 1993), it did achieve a significant reduction in the scale of rough sleeping in the capital (Randall and Brown, 1993, 1996, 1999a). It could also be argued that the RSI represented the first co-ordinated attempt by central government to address an aspect of homelessness, and as such was a precursor to more recent policy developments.

Successive Conservative governments were, however, hostile towards the homeless persons' legislation, arguing that it provided a 'perverse incentive' to 'manufacture' homelessness, and, somewhat less plausibly, that it encouraged single parenthood amongst young women (Department of the Environment, 1994; Fitzpatrick and Stephens, 1999). Several reviews of the legislation finally culminated in the Housing Act 1996, which, for England and Wales, reduced local authorities' maximum duty towards homeless households to securing temporary accommodation for a time-limited period of two years. The separate 'homeless route' into social housing was also eliminated through the imposition of a 'single housing register'. In addition, the 1996 Act removed homeless households from the list of groups for whom a 'reasonable preference' had to be given in allocations. These changes were implemented despite overwhelming opposition from almost 10,000 respondents to the preceding consultation exercise (Goodlad, 2000a). The homelessness legislation remained unchanged in Scotland, where the Scottish Office reported strong support for the status quo amongst virtually all consultees.

On coming to power in 1997, the New Labour government indicated that it would pursue a more sympathetic policy agenda on homelessness, pledging to 'rebuild a proper safety net' for unintentionally homeless people in priority need (Department of the Environment, Transport and the Regions (DETR), 1997). There has been intense policy and institutional activity in the homelessness field ever since, with one set of commentators noting that:

> *Homelessness agencies have gone from struggling to get homelessness onto the political agenda [under the Conservative governments] to having to keep up with the pace of change* (Saxton and Evans, 2002: 4).

New Labour comes to power – the story in England

Early in their first term of office it became clear that New Labour intended to maintain, and indeed expand, the special policy focus on rough sleeping. As well as continuing the RSI programme, the government made rough sleepers the subject of an early report of the Cabinet Office Social Exclusion Unit (SEU, 1998b). The SEU argued that, partly because of a continuing shortage of direct

access hostel beds, the RSI had not met its objective of ensuring that it was 'unnecessary for people to sleep rough on the streets of London' (Randall and Brown, 1993: v). Crucially, the SEU report introduced a specific target of reducing the numbers of people sleeping rough in England by two-thirds by 2002 – a high profile target with Prime Ministerial backing.

The Rough Sleepers Unit (RSU) was established shortly afterwards to co-ordinate action on rough sleeping across England. This was a cross-departmental unit headed by former depute director of Shelter, Louise Casey (quickly dubbed the 'Homelessness Tsar' by the press). The RSU's national strategy, published in December 1999, contained a range of measures intended to achieve the government's two-thirds reduction target, including additional hostel bedspaces; additional housing association homes; an expansion in specialist support; and new approaches to outreach and resettlement work (RSU, 1999). The RSU's 'robust' approach to moving people off the streets sharply divided opinion within the homelessness sector: some agencies were strongly critical of what they viewed as its coercive way of working; others felt that its interventionist and focused stance was highly effective (Saxton and Evans, 2002). The RSU's director repeatedly attracted controversy, particularly when she suggested that soup runs and *The Big Issue* sustained street lifestyles and undermined efforts to get people into hostels (Brooke, 2000). In the run up to Christmas 2000, the RSU spearheaded the government's 'Change a Life' media campaign which urged the public to 'think twice' before giving money to people begging (see Fitzpatrick and Kennedy, 2001 for a critique of this campaign). Meanwhile, the RSU's annual updates reported continued falls in the number of rough sleepers (RSU 2000, 2001), and the government's target was apparently met well ahead of schedule (Weaver, 2001). However, controversy has persisted over the methods used to demonstrate this achievement, with repeated claims from homelessness agencies that heavy-handed policing was used to 'encourage' street sleepers into hostels on the night of the final street count (Branigan, 2001).

With the key priorities in relation to rough sleeping apparently achieved, the government turned its attention to wider homelessness issues. The Housing Green Paper in 2000 (DETR, 2000) first indicated that an extension in the rights of homeless people was intended, and this passed into law with the Homelessness Act 2002. The 2002 Act largely reversed the impact of the 1996 Act, restoring local authorities' duty to secure long-term accommodation for priority groups,[2] and it gave them a new duty to prepare homelessness strategies for their areas. Secondary legislation, in July 2002, expanded the categories of 'priority need' to include 16 and 17 year olds, care-leavers aged 18-21, people vulnerable due to violence or threats of violence, and people deemed vulnerable due to an institutionalised background.[3]

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2   Earlier secondary legislation had re-instated 'reasonable preference' in council house allocations for unintentionally homeless households in priority need (The Allocation of Housing (Reasonable and Additional Preference) Regulations 1997. SI 1997 No. 1902.)

3   Homelessness (Priority Need for Accommodation) (England) Order 2002. SI 2002 No. 2051.

In March 2002, the government produced *More than a Roof* – an indication of the future direction of homelessness policy in England and an attempt to establish a strategic framework at national level (Office of the Deputy Prime Minister (ODPM), 2002). A new body was also established, the Homelessness Directorate, to incorporate the RSU, the bed and breakfast Unit (established in 2001 to reduce use of Bed & Breakfast for families with children) and the Homelessness Policy Team (which assists local authorities with production of their homelessness strategies). This post-RSU period appears to signal a change of approach: less central control and direction; more emphasis on local authorities as strategic partners and delivery agents; and a shift in priorities towards getting families with children out of bed and breakfast, albeit alongside a continuing concern to sustain the two-thirds reduction in rough sleeping (ODPM, 2002; Saxton and Evans, 2002).

New Labour comes to power – the story in Scotland

In Scotland, the starting position after Labour's victory was quite different. The Housing Act 1996 did not apply there, so the 1977 framework was still intact. The Scottish RSI was launched in 1997 (Yanetta *et al.*, 1999), but the SEU and RSU's remits did not stretch to north of the border. Nevertheless, the high political priority attached to homelessness in the new Scottish administration quickly became apparent with a pre-devolution commitment to 'end the need to sleep rough' by 2003 (this commitment was formalised in the first Social Justice Report in November 1999, Scottish Executive, 1999b). Shortly after devolution, in August 1999, a Homelessness Task Force (HTF) was set up by the Scottish Executive with the Minister for Social Justice, Jackie Baillie, as its chair. From the beginning, the HTF's style of work was intended to be more consensual and 'inclusive' than that of the RSU, and its membership included representatives from across the statutory and voluntary sectors as well as civil servants.[4] The HTF was given the following terms of reference:

> *To review the causes and nature of homelessness in Scotland; to examine current practice in dealing with cases of homelessness; and to make recommendations on how homelessness in Scotland can best be prevented and, where it does occur, tackled effectively* (Scottish Executive, 2002g: 1).

The HTF's first report, published in April 2000, focused on legislative proposals (Scottish Executive, 2000f), virtually all of which were incorporated into Part 1 of the Housing (Scotland) Act 2001. This first set of legal amendments sought to repair the most obvious weaknesses in the statutory safety net for homeless people, and took advantage of an early opportunity in the life of the Scottish Parliament for housing legislation. The next phase of the HTF's work comprised a more fundamental review of homelessness policy and law in Scotland, with its

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4   I should declare an interest here as the 'academic' member of the HTF.

second and final report published in February 2002. This report contained 59 recommendations, of which five proposed further legislative change, now enacted through the Homelessness etc. (Scotland) Act 2003. The provisions of the 2001 Act are examined below, before the outcome of the second phase of the HTF's work, and in particular the 2003 Act, are reviewed in more detail.

The Housing (Scotland) Act 2001

The 2001 Act contained three main sets of amendments with relevance to homelessness, almost all of which were brought into force by September 2002 (see Fitzpatrick *et al*., 2002a for a detailed account).

First, a number of changes were made to local authorities' strategic and general homelessness functions:

- they were given new duties to assess homelessness in their area and to submit strategies for its prevention and alleviation (these strategies were due for submission by end March 2003);
- they were given a new duty to ensure that advice and information on homelessness is available free of charge to anyone in their area who wants it;
- the new Single Regulatory Framework for registered social landlords (RSLs) and local authorities operated by Communities Scotland was defined to cover local authorities' homelessness functions.

Second, the rights of individual homeless households were strengthened in a range of respects:

- the duty to provide interim accommodation pending inquiries was extended to all homeless applicants (previously interim accommodation was provided only to those applicants believed to be in priority need);
- non-priority homeless applicants gained a new right to temporary accommodation while they looked for their own housing, and the advice and assistance to which they are entitled is now prescribed in secondary legislation;[5]
- the definition of 'threatened with homelessness' was extended to include those likely to lose accommodation within two months (previously the period was 28 days);
- the duty to provide accommodation to unintentionally homeless people in priority need was clarified to mean *permanent* accommodation;[6]

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5   The Homeless Persons Advice and Assistance (Scotland) Regulations 2002. Scottish SI 2002 No. 414.

6   This reversed a House of Lords' judgement which indicated that temporary accommodation provided on an indefinite basis would discharge local authorities' duties to unintentionally homeless households in priority need (*Awua v Brent LBC [1995] 3 All ER 493*).

- all homeless applicants were given a new right to internal review of adverse decisions.;
- minimum rights for people living in hostels and short term accommodation will be prescribed in regulations (still to be drafted).

Third, the role of RSLs in tackling homelessness was extended in two important respects:

- RSLs now have a duty to comply with requests from local authorities to accommodate unintentionally homeless households in priority need within a 'reasonable period' unless they have a 'good reason' not to do so. Compliance is defined, in most cases, as the allocation of a Scottish secure tenancy (SST); the 'reasonable period' is six weeks; and the 'good reason' exemptions are very narrowly drawn.[7] Binding arbitration arrangements are prescribed in the case of unresolved disputes.
- RSLs must also now give homeless persons 'reasonable preference' in their allocation policies.

From a resource perspective, the most onerous new demand on local authorities is the duty to provide interim and temporary accommodation to non-priority groups; this brings the rights of these non-priority applicants into line with those of intentionally homeless households in priority need. In 1999/2000 (the last year for which annual data are available), 30 per cent of homelessness applications were judged to be non-priority; amounting to a total of 13,700 non-priority cases (Scottish Executive, 2001j). However, the number of non-priority applicants is likely to rise over the next few years – as single people become aware of their new entitlements – so these figures may not capture the full additional burden that local authorities will face (Spark Research Limited, unpublished; Scottish Executive, 2002h). The £27 million made available to local authorities to implement their new duties under the 2001 Act seems a relatively modest amount given the potential scope of this additional demand (Gill, 2001; Social Justice Committee, 2001a).

The amendments with the greatest scope for creating institutional friction are the new duties on RSLs to assist with the re-housing of statutorily homeless people. While these changes were prompted at least in part by the process of stock transfer, the changed relationship will apply to all local authorities and RSLs regardless of whether any such transfers have taken place. The Scottish Executive expect the great majority of disputes to be resolved quickly and informally using the model protocol developed jointly by the Scottish Federation of Housing Associations (SFHA) and Convention of Scottish Local Authorities (CoSLA) (SFHA/CoSLA, 2001), and the formal arbitration arrangements to deal with any unresolved disputes are designed to be swift and decisive.[8] Nevertheless, it

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7   Housing (Scotland) Act 2001, Homelessness, Section 5: Guidance on Good Reason
    <http://www.scotland.gov.uk/library5/housing/homelessupdate.pdf>
8   Homelessness Arbitration – Guidance Note CSGN2002.12.
    <http://www.communitiesscotland.gov.uk/communities/upload/tplt_guidance_.asp?page=2100002151>

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remains to be seen how these procedures will work out in practice, and some nervousness about the new relationship between RSLs and local authorities is likely to persist in at least the short-term.

There was remarkably little opposition to the homelessness sections of the 2001 Act, and the Parliamentary progress of this part of the Bill was generally very smooth (Social Justice Committee, 2001a). Particularly striking was the welcome the homelessness provisions received from both CoSLA and SFHA, although they did, as one would expect, highlight their members' concerns about resources (Social Justice Committee, 2001b). The main criticisms of the homelessness part of the Act came in fact from the Scottish Churches Housing Agency and others who felt that it did not go far enough in increasing homeless people's rights (Steven, 2001).

The 2001 Act marked a significant departure from the legal and policy position on homelessness in England. While there are some parallels with the Homelessness Act 2002, notably in the enhanced strategic role given to local authorities, the 2001 Act went significantly further than the English legislation in granting enhanced rights to non-priority groups and in tying RSLs closely into the delivery of accommodation. The HTF final report, and especially the Homelessness etc. (Scotland) Act 2003, signalled a yet more radical divergence between the two jurisdictions.

HTF Final Report and the Homelessness etc. (Scotland) Act 2003

The HTF's final report contained 59 recommendations intended to achieve, over the next 10 years,

> *…a step-reduction in the incidence of homelessness and to ensure that those who nonetheless become homeless have all the support they need to resolve their problems* (Scottish Executive, 2002g, para. 119).

The recommendations focus on the following areas:

- Further changes to the homelessness legislation (discussed below).
- Housing policies. The need for additional housing investment in both areas of high and low demand is stressed, as is the importance of ensuring that homeless people are treated fairly in social housing allocations. It is also recommended that a rent deposit scheme be established in every local authority area, and that a national framework for furnished accommodation be drawn up.
- Benefits policies. The Department of Work and Pensions is invited to review the adequacy of welfare benefits to young people; the adequacy

of the Social Fund in meeting the needs of homeless people; and the problems created by non-dependent deductions in housing benefit. There are also specific recommendations made in relation to housing benefit administration.

- Prevention. The emphasis here is on supporting people at risk of homelessness through eviction or after leaving institutions, such as prison, local authority care or the armed forces.

- Crisis services. The comprehensive crisis response service expected in all Local authority areas is specified to include immediate emergency accommodation, needs assessment, and referral services. Emphasis is placed on rapid move-on from this emergency provision so that the resettlement process starts right away.

- Resolving homelessness. A range of recommendations seek to promote sustainable resettlement, focusing on advice and information; accommodation and resettlement support; healthcare; employment opportunities; and promoting positive social interaction.

- Empowerment and culture change. The importance of extending homeless people's choices and control over their own resettlement solutions is stressed, and it is acknowledged that culture change will be required in many statutory and voluntary organisations in order to achieve this.

- Monitoring. The report recommended that a Homelessness Monitoring Group (HMG) be set up to drive forward implementation of the HTF's recommendations, and to make periodic reports on progress.

The HTF's recommendations were approved in full by the Scottish Executive and endorsed by the Scottish Parliament (Scottish Parliament Information Centre (SPICe), 2002). The implementation process was well underway at the time of writing, with the HMG set up and meeting regularly. Local authorities are the key delivery agents for the bulk of the HTF's recommendations, and thus the guidance issued to them on their homelessness strategies reflects the content of the HTF final report.[9] In addition, all health boards in Scotland should now have a 'Health and Homelessness Action Plan' in place.

As noted above, the legislative recommendations in the HTF's second report were incorporated into the Homelessness etc. (Scotland) Act 2003. The key impacts of this Act are as follows:

- phased extension of the 'priority need' criterion leading to its eventual abolition by 2012;

- suspension of the 'local connection' rules, but with the possibility of reactivation for particular areas or for Scotland as a whole if demand pressures prove intolerable in some places;

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9   Housing (Scotland) Act 2001, Guidance on Homelessness Strategies.
     <http://www.scotland.gov.uk/homelessness/docs/guidance.pdf>

- retainment of the 'intentionality' criterion, but important modifications in its impact:
  - local authorities' will have a power not a duty to investigate intentionality;
  - those who are found intentionally homeless will be entitled to a short Scottish secure tenancy (SSST) for 12 months, alongside support and review, with a view to its conversion to a full SST. The short tenancy will automatically convert to a full tenancy if successfully sustained for 12 months;
  - local authorities will have an ongoing duty to provide some form of ('last resort') accommodation and support to those who fail to sustain the short tenancy.

The 'vision' set out in the second HTF report and enacted in the 2003 Act is that, by 2012, everyone who is homeless in Scotland will be entitled to permanent re-housing, except for a small number of intentionally homeless people for whom this right will be suspended temporarily. The establishment of an inalienable right to (some type of) accommodation and support – even for those who are intentionally homeless – is a radical departure not just from the previous Scottish position, but also from the likely direction of future English reforms. Down south, the emphasis has been on widening the priority categories rather than on equalising the rights of priority and non-priority groups – there has been no suggestion at all that the criterion of priority need may eventually be abolished. Similarly, the idea of removing local connection requirements or increasing the rights of intentionally homeless people does not appear to be on the agenda in England.

The principles of the Homelessness Act enjoyed all-party support, though there were concerns expressed about its resource implications and its relationship with policies on anti-social behaviour (Social Justice Committee, 2002a). In the event, Parliament made only limited amendments to the Bill, the most significant being that intentionally homeless applicants subject to an Anti-Social Behaviour Order (ASBO), or who have been evicted for anti-social behaviour in the last three years, will not be entitled to a short tenancy (though they will still be entitled to 'last resort' accommodation and support). Also, local authorities will have the right of automatic recovery of possession at the end of the 'probationary' 12 month period for all short tenancies offered to intentionally homeless households. Aside from these limited amendments, the consensus on homelessness policy in Scotland appears to have held, even in the face of intense debate of a very radical set of proposals.

Possible explanations for the distinctive Scottish approach

While Scottish homelessness policy has diverged from that of England for some years now (Goodlad, 2000a), these differences have become far more pronounced since devolution. Why has the policy approach continued to move further away

from that of England? There are a number of potential explanations, all of which may have played some part.

First, the consensual style of policy development in Scotland, in contrast to the highly centralised and interventionist RSU approach, has clearly had an impact on substantive policy outcomes. Regular personal interaction between all the key players at national level, together with the dominance of the centre-Left within the Scottish political establishment, has made this consensual style of working possible (reflecting the 'tightly knit, small and coherent' policy community in Scotland referred to in Chapter One). The relatively small number of local authorities in Scotland (32), coupled with much improved central-local relations in the post-1997 period, has undoubtedly been important in making a collaborative approach to homelessness policy development and implementation possible. Well-placed commentators also feel that the personal commitment of Jackie Baillie, the first Social Justice Minister, and the development of homelessness policies at a very early stage in the life of the Scottish Parliament, were crucial in enabling such an ambitious programme to be driven through.[10]

Second, the feasibility of the HTF's more radical proposals was undoubtedly enhanced by the crude surplus of housing in many parts of urban Scotland. Even in buoyant housing market areas, there is not the extreme pressure on housing stock experienced in London and the south-east. It therefore seems politically easier in Scotland than in England to be generous with rights to re-housing for homeless people. It was perhaps significant that the senior housing official in Edinburgh – one of the areas facing the highest demand pressures – was a member of the HTF and publicly supported its recommendations.[11]

Third, and a more tentative point, relates to the Scottish Executive's decision to distance itself from the more 'assertive' methods adopted by the RSU to move rough sleepers off the streets, and in particular to keep its anti-begging 'Change a Life' campaign out of Scotland (Scottish Parliamentary Questions, 9 November 2000, S10 – 2498). Having committed to the consensus model described above, ministers were no doubt aware that potentially divisive policies such as 'Change a Life' (even if they had personally supported them) would be difficult to pursue. However, another crucial factor in this policy divergence seems to have been the very different targets adopted north and south of the border on rough sleeping. RSU press statements, and anecdotal evidence from homelessness agencies, has indicated that the 'hard', numerical target imposed in England played a crucial role in driving the RSU's increasingly 'robust' measures to get homeless people off the streets (Fitzpatrick and Kennedy, 2001). While the Scottish target to end the 'need' to sleep rough could be seen as a soft option for the Executive, in that they have a loophole if people remain on the streets after their self-imposed deadline, it does seem to have enabled the focus of policy to remain on improving services for rough sleepers (Scottish Parliamentary Questions, 25 February 2003, S1W – 34267).

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10   Thanks to Gavin Corbett, Shelter Scotland, for this observation.
11   Again, thanks to Gavin Corbett, Shelter Scotland, for this observation.

What are the prospects for success of the Scottish approach?

There are range of challenges to overcome if the Scottish approach to tackling homelessness is to be successful. Clearly the question of resources is crucial; and this has been a consistent source of concern, particularly in relation to the new duties under the 2003 Act (Social Justice Committee, 2002a.) The outcome of the Comprehensive Spending Review in September 2002 indicated that homelessness had done relatively well, with £127 million earmarked over the three years till 2005-06, including 'new money' amounting to £8 million in 2003-04 and £20 million in each of the following two years (Corbett, 2003). While much of this money is already committed to the Glasgow hostel re-provisioning programme and RSI, the uncommitted £48 million still represents a sizeable chunk of additional spending on homelessness services. The Executive is unable to give a resource commitment beyond the current spending review period, but made clear that further expansion of priority need (the change with by far the most significant resource implications) will not be sanctioned without an assessment of whether local authorities can cope. There are two key resource issues: housing supply and quality (involving mainly capital resources) and the provision of support services (requiring mainly revenue funding). We consider the housing-related resource questions first.

As just noted, increased pressure on housing supply as a result of the new homelessness policies will arise mainly through the abolition of priority need. Housing supply concerns are most obvious, and most critical, in areas of absolute shortage, including Edinburgh and many rural areas in Scotland. But the HTF report also recognised the acute quality issues faced in low demand areas. Here, neighbourhood quality is often even more of a concern than housing quality, reflecting the concentrated poverty and social exclusion found in these places (Scottish Executive, 2002h). Refusal of tenancy offers, tenancy breakdown and repeat homelessness are all associated with people being allocated housing in neighbourhoods in which they feel vulnerable and/or isolated (Pawson *et al.*, 2001; Scottish Executive, 2002h). Addressing these concerns about housing location will be a difficult and long-term process, requiring not only local regeneration interventions, but also broader housing, social and economic policies designed to re-integrate disadvantaged neighbourhoods back into mainstream society (Atkinson and Kintrea, 2002).

Suspension of the local connection rules may also have an impact on housing supply in particular areas: certainly some local authorities and RSLs, particularly from rural areas, appear convinced that they will be overwhelmed by homelessness applications from elsewhere when this change is implemented (Social Justice Committee, 2002b). We cannot in fact be sure what the redistributive impact of the suspension of local connection will be (Spark Research Limited, unpublished); nor even that it will have no net impact at national level as some local authorities appear to use local connection as an initial

'screening' mechanism to lower overall numbers (Scottish Executive, 2000b). But the available evidence indicates that most homeless people have a strong desire to remain in their home community, near to their established social networks (Fitzpatrick, 2000; Scottish Executive, 2002h). In any event, the Executive retains the power to re-activate local connection in the event of 'unmanageable flows' of applicants into particular areas.

Alongside these issues of housing supply, there are continuing concerns about access and prioritisation within the social housing stock. In commenting on the Homelessness Bill, the Social Justice Committee (2002a) wanted greater clarification on how homeless households will be ranked once priority need is abolished. They comment, rightly, that 'prioritising applications will remain so long as demand outstrips supply' (p.8). However, even where local authorities have a sufficient quantity of houses, they are almost always obliged to engage in a ranking process because of variations in the 'desirability' of their stock (Pawson and Kintrea, 2002). Additional investment would not therefore remove the need for prioritisation, though it should mean that the competition between needy groups becomes less intense. The abolition of priority need within the homelessness legislation simply means that all homeless people will be entitled to permanent re-housing – with indefinite temporary accommodation provided until that can be secured. The speed and quality of the permanent allocations to homeless (and non-homeless) groups will continue to differ according to local authorities' (and RSLs') interpretation of housing need (although the 6-week 'reasonable period' guidelines provide something of a deadline for RSLs in homelessness allocations). While the Social Justice Committee called for this prioritisation to be made explicit, the regulation of such allocation decisions seems best dealt with through the existing statutory allocations provisions and monitoring and inspection by Communities Scotland (see also Shelter, 2002). A further point to note here is that this strengthened legal framework on homelessness further reinforces the already very strong role of social housing as a welfare safety-net in this country (Stephens *et al*., 2002); a move that is in some tension with recent moves towards 'choice-based lettings' and other developments in allocations policies designed to widen the appeal and social base of council and RSL housing (Pawson, 2002; Pawson and Kintrea, 2002). Any shift in the direction of 'choice-based lettings', if it involves a move away from needs-based ranking, will certainly conflict with the new rights of homeless people.

The HTF report stressed that homelessness is 'not just a housing problem', and that support is often just as crucial in achieving sustainable resettlement (Scottish Executive, 2002h, foreword). Particularly in relation to the intentionality provisions, there is an assumption that appropriate support will be made available for as long as it is required. However, this assumption can be questioned on several counts. First, there is no robust evidence available on the scale of support needs within the homeless population as a whole (Fitzpatrick *et al*., 2000), and the implication that only a small number of intentionally homeless individuals will need intensive support over the longer term may be optimistic. Second, the

Executive's assertion that support costs will be met largely through Supporting People grants is problematic, with the Social Justice Committee (2002a) questioning whether the fund will be sufficiently large and flexible to meet the additional demands imposed by the new legislation. Furthermore, Supporting People covers only 'housing support' which does not include the more intensive personal support that some homeless people will need to sustain accommodation, with social work community care budgets already under severe strain in many areas and unlikely to be able to pick up the slack. Third, Shelter and others have drawn attention to a recruitment crisis in trained social care staff which may make it difficult to provide appropriate support services, even if the revenue resources are made available (Social Justice Committee, 2002a).

Not all challenges in implementing the HTF's proposals are (primarily) resource based. One clear example is the apparent tension between the provisions of the 2003 Act (particularly those related to 'last resort' accommodation) and the Executive's drive to address anti-social behaviour (Social Justice Committee, 2002a). As noted above, this tension resulted in the only significant amendments to the 2003 Act in its passage through Parliament. Shelter and others have countered that anti-social behaviour accounts for only a small proportion of intentionality cases, and that the provision of support should do much to address anti-social problems (certainly more than simply evicting the perpetrator) (Shelter, 2002). Nevertheless, there remains the dilemma of how to deal with homeless people who refuse to or cannot modify their anti-social behaviour even with support: the sanction here will be to move them to other, shorter term accommodation or to reduce their tenancy rights where they stay. Particularly in circumstances where short tenancy, 'last resort' and permanent accommodation are all derived from the same (council and/or RSL) stock, the impact of this sanction may be limited.

Another key non-resource issue relates to the emphasis placed in the HTF report on culture change within homelessness services in order that they become more 'personalised' and 'responsive'. However, many of the problematic attitudes on the part of staff have been shaped by relentless pressure and the constraints within which they have to work; some have also had to contend with frequent incidents of abuse from homeless applicants. This means that changing interactions at the front line will be a lengthy process, with workers needing support as well as training. Such a culture change will be even more of a challenge if the number of applicants rises as predicted. There is a crucial role here for Communities Scotland as the regulator of homelessness services, to ensure that not just the 'letter' of the law and good practice is implemented, but also to make more qualitative assessments of culture change (both systemic and attitudinal).

The discussion so far has focused on responding to homelessness, but the HTF also stressed the importance of preventing people becoming homeless in the first place. Most of its preventative recommendations focus on targeted support for

specific groups at high risk of homelessness, such as people leaving prison or local authority care, and households facing eviction (Randall and Brown, 1999b). However, as several local authorities commented in their submissions to the Social Justice Committee (2002a, b), many of the immediate and underlying causes of homelessness relate to broad societal factors – such as economic re-structuring, domestic abuse and relationship breakdown – which are difficult for policy-makers to control. This view is consistent with research conducted for the HTF which indicated that unemployment was the single most important factor associated with the incidence of homelessness in Scotland (Kemp *et al*., 2001). Thus it is far from safe to assume that the HTF's proposed measures – or indeed any preventative programme focusing on homelessness – will be able to hold down the numbers becoming homeless. That said, targeted preventative measures, coupled with structural improvements in the housing and benefits systems, should reduce the risk of homelessness amongst the most vulnerable groups (Fitzpatrick *et al*., 2000).

Ultimately, the success or failure of the HTF work and the Scottish policy will be measured against the overriding objective of achieving a '...step reduction in the incidence of homelessness'. Such a reduction can be achieved (ideally) through preventing people becoming homeless in the first place, but speedy and sustainable resettlement also has an important part to play in avoiding prolonged or repeat homelessness. Measuring progress towards this objective will be difficult for reasons discussed in detail elsewhere (Fitzpatrick *et al*., 2002b), particularly as the numbers of homeless applicants is likely to rise over the next few years regardless of the underlying trend in the phenomenon. The HMG does not therefore plan to rely solely on recorded applications to local authorities to measure progress on reducing homelessness (Scottish Executive, 2002a.) Instead, it will draw on a range of data sources, including new information on homelessness derived from the Scottish Household Survey. Such an approach is crucial if a fair assessment of the success or otherwise of the policy is to be made.

Conclusions

The current policy agenda on homelessness in Scotland is very ambitious and radically different from that in England. This policy development has been made possible by the high political priority attached to homelessness since New Labour came to power, and also by the relatively strong and broad consensus that was able to be sustained over the work of the HTF in Scotland. While this consensus came under some pressure during the passage of the Homelessness etc. (Scotland) Act 2003, the legislation emerged relatively unscathed from the Parliamentary process. Nevertheless, there are major challenges ahead in implementing the full range of the HTF's recommendations, many but by no means all of which relate to resources. To some extent, major policy shifts like this are 'leaps of faith', and only in retrospect can their full impact be assessed.

Acknowledgments

Some further reading

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CHAPTER 13:
Keeping the house in order: the introduction of social care regulation

Alison Petch

Introduction

The Scottish Executive has recently passed legislation on the regulation of care which has focused on housing, social work and support services. This has both emphasised the role to be played by housing in the provision of support for individuals within the community and generated debate as to the distinction between care and support and the relative contributions of different agencies and professionals. This chapter will outline the legislative framework which underpins the enhanced focus on regulation and will place this within the context of an increasing emphasis on inter-agency and multi-professional working within the support environment. It will highlight the nature of the care standards that have been developed through the example of the housing support standards. The chapter concludes with an outline of the changes that will be brought about with the implementation of the *Supporting People* proposals from April 2003, and the implications of these changes for the care and support system.

The role of housing in community-based support

The extent to which the role of housing as a key partner in providing for those with support needs in the community has been recognised has been variable. On the one hand there has been acknowledgement of housing as 'the foundation of community care' (Bochel *et al*., 1999), and, from the Scottish Office and Scottish Executive, increasingly authoritative guidance on its essential role (Scottish Office, 1991; 1994; Scottish Executive, 1999e). Yet at the same time there is much evidence from local practice of housing being recruited only at a late stage to hospital closure programmes, and of being only marginally involved in local planning strategies. The concern during the initial years of implementation of the community care provisions of the NHS and Community Care Act 1990, that housing was a lesser partner to health and social care had begun to recede with increasing recognition that it was a prerequisite, whatever the model of support. Yet the most recent focus on joint working in the delivery of community care, the Scottish Executive's Joint Future Agenda (2000a), has reverted to a primary focus

on health and social care. Their recommendations for improving joint working and for ensuring more older people are supported in their own homes are targeted almost exclusively on health and social care. While the Joint Future Agenda introduces the single shared assessment of community care needs and joint resourcing and management of services for older people, the assumption tends to be that the partnership is primarily between health and social care, although there has been some consideration as to the extent to which, as in Highland, the assessment of housing needs should be integrated as part of the single shared assessment process. Common registers of adapted properties and a joint approach to allocations comprise the main reference to housing in the Joint Future Report.

A number of studies have sought to set out a blueprint for maximising the housing function (for example, Watson and Conway, 1995; Hudson *et al.*, 1996; Watson, 1997; Cameron *et al.*, 2001). The Audit Commission (1998), for example, highlighted three key requirements for the integration of housing within the community care agenda:

- policy guidelines that promote core objectives and define roles and responsibilities;
- a funding regime that contains appropriate levers and incentives to encourage the optimal use of resources; and
- a regulatory framework that encourages high standards of service and affords protection for the most vulnerable clients (p62).

It is perhaps ironic that fuller recognition of the role of housing in community care has coincided with the potential diversions of stock transfer and residualisation, and debate on the relative status of care, support and levels of need. The growing strength of the disability movement and a concern to promote the principles of independent living has led in recent years to a shift in terminology from the use of 'care', with its associations of dependency, to the more emancipatory 'support'. This has reflected, moreover, the development of greater diversity in the models of support provision. Whereas those with support needs in the 1970s and 1980s might have been directed to some form of group home, there is now a spectrum of provision including 24 hour support in individual tenancies or owned property and transitional or permanent accommodation of various configurations (for example 'core and cluster' and individual dispersed units within general needs developments) with varying levels of support according to individual need.

One of the most important elements of the housing and community care debate has been the increasing separation of the housing and support components. Much of the initial supported accommodation developed for individuals with more intensive support needs capitalised on the availability of residential care allowance as a funding mechanism and hence was developed as an integrated package of both housing and support (Petch, 1992). Further, much of the focus at this stage was on meeting the demands of the hospital resettlement programmes. Over time the option of using different providers for housing and for support gained

momentum, and now increasingly, the preference in supported housing, endorsed for example by Scottish Homes in their policy statement on community care (1998b), has been to shift from a concept of 'special needs' housing, discrete developments separate from mainstream provision, to the promotion of 'ordinary housing' (Watson and Britain, 1996). The concept of 'floating support' has gained currency (Douglas *et al*., 1998), tied to the individual rather than to the property. There has also been emerging recognition of the preventative function of low intensity support services (Clark *et al*., 1998; Quilgars, 2000) questioning excessive concentration of resources on those with intensive support needs.

An enduring debate over the last decade has been the role for sheltered housing, most specifically for older people (Nocon and Pleace, 1999). With the promotion of more intensive domiciliary support and the development of care and repair and 'handyperson' schemes, the role for the traditional warden-supported model has declined. At the same time, however, there has been enthusiasm for the development of 'very sheltered' and 'extra care' housing. Oldman (2000) has characterised this 'blurring the boundaries' as breaking up the traditional housing and community care divide, although, as she demonstrates, the financial consequences are complex.

A key fault line has become that between registered and unregistered accommodation. Individuals in provisions registered under the Registered Establishments (Scotland) Act 1987, traditionally residential and nursing homes, can access income support residential care allowances, while those in unregistered accommodation are routed to housing benefit linked to a tenancy or lease arrangement. These different funding structures have major implications for the personal finances available to individual residents or tenants. Those living in registered accommodation are entitled to a modest weekly personal allowance (£16.85 in 2002-03), whereas those in unregistered accommodation receive a combination of housing benefit, income support and disability benefits which gives greater control over expenditure to the individual. Early supported accommodation developments often assumed a relationship between registration and the intensity of required support, with Griffiths (2000) suggesting that the need for personal care was regarded as a distinguishing feature. The more recent focus on promoting independent living principles has sought to remove any ready equation between registration and support levels.

Recent developments demonstrate considerable variation in practice. For example the resettlement programme for individuals with learning disabilities from Gogarburn Hospital, Edinburgh was built on registered accommodation; the programme for Lennox Castle Hospital, near Glasgow, placed many individuals in unregistered tenancies. A key recommendation of an analysis of the impact of resettlement on social inclusion (Petch *et al*., 2000) was the need for subsequent reprovisioning to more individualised models financed through housing benefit for individuals placed at an early stage in nursing homes or other provisions accessed through residential care allowance.

Regulation of care

Midwinter and McGarvey (2001) have argued that the evolution of the regulatory state, characterised by standards, monitoring and enforcement, has been more modest in Scotland than elsewhere in the UK. To April 2002, prior to the most recent legislation detailed below, the regulation of social care had been characterised by fragmentation and inconsistency. Nursing homes, hospices and independent hospitals had been registered and inspected by Health Boards under the Nursing Homes Registration Act 1938. Private and voluntary sector residential care homes had been registered and inspected by local authorities under the Social Work (Scotland) Act 1968, with local authority residential care homes and day care services subject to inspection only by local authorities under the same Act. The provision of domiciliary care and of the emerging housing support services has been unregulated. Even for the nursing and residential homes subject to regulation, there were no universal standards, each health and local authority registering and inspecting to its own agenda.

Proposals for the emerging regulatory framework for the support environment were first laid out in the White Paper, *Aiming for Excellence* (Scottish Office, 1999d), 'steps which will strike an appropriate balance between protecting vulnerable adults and children whilst enabling them to enjoy ordinary living' (p5). Concern had been expressed for some time with features of the existing system, including the lack of independence, the lack of consistency in the absence of national standards, and the inflexibility generated by the lack of integration between health and social care systems with nursing homes regulated by health boards and residential care homes by local authorities. A Better Regulation Task Force had highlighted key principles to be followed: transparency, accountability, targeting, consistency and proportionality. Two components were involved in the proposals, one focused on service provision, the other on the workforce. The first was the establishment of an independent regulatory framework which would transform the existing inspection and registration function, regulation of private and voluntary sector providers by local authorities, albeit at 'arms length', to an independent agency charged with the regulation of all social care services irrespective of provider. In addition to bringing service provision by local authorities within the regulatory framework, services provided to individuals in their own homes, were also to be regulated for the first time. Specific reference was made in the White Paper to the province of supported accommodation.

> *In the absence of regulation of care provided at home, some supported housing projects have been registered as residential care homes. This is only appropriate where the care services are of a substantial or intensive nature. With the introduction of regulation of care provided at home, the care services brought into supported accommodation projects will themselves be regulated, and in many cases this will be more appropriate than registering the project as a residential care home. This will also provide an opportunity for the Commission to reconsider existing projects which are registered as residential care homes to see if this is still appropriate* (Scottish Office, 1999d: 33).

The second component was the proposed regulation of the workforce in social care settings, potentially 100,000 individuals, with a view to strengthening and supporting professionalism, raising standards of practice, and protecting service users, although Orme (2001) has questioned more generally the coherence of the proposals for workforce regulation. For Scotland two new bodies were to be created, the Scottish Commission for the Regulation of Care (now known as the Care Commission) focused on registration and, through inspection, on the achievement of consistent standards, and, for the regulation of the workforce, the Scottish Social Services Council.

More detail on the regulatory proposals was provided in *The Way Forward for Care*, a policy position paper issued in July 2000 (Scottish Executive, 2000m) following responses to a consultation paper, *Regulating Care and the Social Services Workforce* (Scottish Executive, 1999f). Details of the services to be regulated by the Commission were teased out, including an exploration of the options for housing support services. 'Housing support services' embraced a range of activities that would assist individuals in sustaining independent living, for example advice on budgeting and assistance with minor repairs. The option of no central regulation, 'to let the market hold sway', was rejected on grounds both of the vulnerability of the individuals likely to be receiving housing support services and the wish of housing providers for a level playing field – 'they wish to ensure that those providers who want to offer high quality support services are not squeezed out by the less scrupulous' (p14). The possibility of regulation by a body other than the Commission was also mooted, but rejected.

> *Housing support services have not hitherto been regulated. There is no existing body to take this on, however, and the creation of a new body for the regulation of these services alone at the same time as we are setting up the Commission would not be an efficient use of resources. There is also some overlap between home care services and housing support services, although they have a different focus. We consider that there would be merit in housing support services being regulated by the Commission as well* (Scottish Office, 1999d: 15).

The legislative framework for the new regulatory framework was pursued through the Regulation of Care (Scotland) Bill 2001. Discussion in the Health and Community Care Committee at Stage 1 of the Bill prefaced potentially problematic issues on matters of definition in respect of a support service and on maintaining flexibility in support provision (Scottish Parliament Official Report, 2001). Community Care Providers Scotland, whilst welcoming the focus on a regulatory system based on even-handedness and on the experience of service users, highlighted the existing tension pre-regulation between the promotion of independence by avoiding registration of supported accommodation as a care home and the security afforded by the inspection regime associated with registration. The new framework had the potential to remove that dilemma.

> *At the moment we find that, because we can register and inspect only residential care homes, such provision is registered because that gives users the protection that is triggered by an inspection regime. Now that other services are coming into the scope of the system, that does not have to happen. Supported accommodation does not necessarily have to be registered as a care home. That promotes greater independence for the service users, who can have their own tenancies and so on. We are concerned that different registration and inspection units apply different criteria to decide whether a provision is a care home; identical types of provision in different parts of Scotland are treated differently – some are registered and some are not. That has serious implications for the degree of independence that can be enjoyed by the service user. Unless definitions are tightened up, it might in future be down to individual registration and inspection officers to decide whether a provision should be registered. We want a situation in which service users gain maximum independence...People see having a tenancy as paramount – it means that they do not have to move to get the services that they need because the services will come to them. We are concerned that too many services will get caught up in the care home definition – we prefer greater flexibility* (Scottish Parliament Official Report 2001: Cols 1530-1531).

As will be discovered below, these concerns may prove to be only too justified.

With the passing of the Regulation of Care (Scotland) Act 2001, the key features of the new regulatory framework were confirmed as:

- the establishment of a national framework using national care standards to regulate care services and the workforce that provides these services;
- the establishment of two regulatory bodies, the Scottish Social Services Council (from October 2001) and the Scottish Commission for the Regulation of Care (from April 2002);
- the definition of the range of services to be regulated and inspected by the Commission – including support services (home care and day care), care home services for children and adults and housing support services;
- the introduction of the concept of a single care home, ending the distinction between residential and nursing homes;
- provision for a minimum of one inspection per year for all care services;
- powers to issue national care standards.

Care standards

The system for service regulation was to be based on specification of national care standards and these were already under preparation by a series of Working Groups established by the National Care Standards Committee. The approach to standards in Scotland was distinctive, seeking to ensure a focus on outcomes for users, on the *impact* of service provision rather than on the configuration of the service *per se*.

There was also a desire to avoid the concept of *minimum* standards, as adopted in England. Draft standards for consultation were published in three waves. The first tranche (Scottish Executive, 2000c) focused on standards for care homes for older people, people with mental health problems, and children and young people; the second tranche addressed residential accommodation for a range of groups, and care at home (Scottish Executive, 2001a), while the third tranche focused on primarily non-residential services for firstly adults and secondly children and draft standards for short breaks and respite services (Scottish Executive, 2001b).

Following the consultation periods, including much discussion of preferred format and detail, the agreed care standards emerged in the months prior to April 2002, with a final count of 19 separate sets of standards. These cover care homes for older people, for people with mental health problems, for children and young people, for people with learning disabilities, for people with physical and sensory impairment, and for people with drug and alcohol misuse problems, care at home, housing support services, adult placement schemes, services for people in criminal justice supported accommodation, support services, short breaks and respite care services, hospice care, nurse agencies, independent hospitals, adoption agencies, foster care and family placement services, schoolcare accommodation services, and early education and children up to age 16. Four sets of standards remain to be finalised, three relating to independent healthcare services plus childcare agencies. Six principles were defined as key across all the standards: dignity, privacy, choice, safety, realising potential, and equality and diversity.

By way of illustration, the housing support standards are detailed below.

Before using the service

Standard 1
Informing and deciding: You have all the information you need to help you decide about using the service

Standard 2
Your legal rights: You will receive a written agreement, which clearly defines the service that will be provided to meet your needs. This will set out the terms and conditions for receiving the service, and arrangements for changing or ending the agreement.

Standard 3
Management and staffing arrangements: You experience good quality housing support. This is provided by management and staff whose professional training and expertise allow them to meet your needs. The service operates in line with all applicable legal requirements and best practice guidelines.

Standard 4
Housing support planning: You will be fully involved in developing your personal

plan and in any later reviews. You will receive copies of these that have been signed and dated by the housing support service provider.

Using the service

Standard 5
Lifestyle – social, cultural and religious belief or faith: Your social, cultural and religious belief or faith are respected by the provider in supplying the service. You can live your life in keeping with these beliefs.

Standard 6
Choice and communication: You can be helped by housing support staff to make choices about the service that is provided and how it links to your personal and social life.

Standard 7
Exercising your rights: You keep your rights as an individual.

Standard 8
Expressing your views: You are encouraged and helped to make your views known on any aspects of the housing support service.

Choosing to leave or end the service

Standard 9
You and the housing support service provider will plan and discuss how to end the service.

It will be noted that the standards are directed in the second person at the service user and follow the sequence of the encounter with the service. Their tone is of rights and entitlements.

All those wishing to provide care services must be accepted for registration by the Commission and operate according to the relevant national standards. Local authorities will only be able to contract with housing support providers that are registered with the Care Commission. Conditions may be imposed at the point of registration or during subsequent inspections. Failure to meet a condition could lead to an improvement notice specifying the required improvement and timescale. Where necessary immediate steps can be taken to cancel registration.

A further consequence of the unified regulation of care has been the removal of the distinction between residential and nursing homes and the introduction of the concept of the 'care home'. The definition for this term is the provision of accommodation, together with 'nursing care, personal care or personal support' for those who are 'vulnerable' or 'in need'. A consultation paper (National Care Standards Committee, 2001) highlighted the preference for 'a move away from

relying on solely traditional concepts of residential or nursing homes towards a greater variety and a wider range of models of accommodation. In the future it is envisaged such models might include flatlets with support services that are inextricably linked but at the same time provided flexibly in response to changing need' (p3).

'Supporting People'

Reference has been made above to housing support services. The major implications of the *Supporting People* proposals, however, need to be addressed (Griffiths, 2000; Cebulla, 2001). These had been set in train by a court ruling in 1997 that the payment of housing benefit was intended for 'bricks and mortar' alone and was not to be used for the support services associated with sheltered or other supported housing provision. The significance of such a judgement led to a fundamental review of funding in this area and the publication of *Supporting People* (Department of Social Security, 1998) offering 'a new policy and funding framework for support services'. In summary, the new provisions will restrict the social security element to the fabric component, with the support element funded through cash-limited grants administered by local authorities.

Deriving from housing benefit, the provisions of *Supporting People, de facto*, relate to individuals in unregistered supported accommodation or receiving flexible support services in a range of potential settings. Over the 1980s and 1990s, the response to the use of housing benefit to access support through paying for associated charges was ambivalent. On the one hand, guidance manuals confirmed the eligibility of charges for wardens and other services to meet the special needs of older and disabled claimants; on the other there was increasing concern at what was perceived within the DSS to be a wide interpretation (endorsed by a Divisional Court ruling) of counselling and support charges. In 1995, therefore, the DSS sought to reassert the principle that 'general counselling or any other support services' were only eligible for housing benefit if they related to 'the fabric of the dwelling'. The concern at draft regulations, however, was such that they were withdrawn in July 1996, and an inter-departmental review of the arrangements for funding supported accommodation established. Whilst the review was in progress, the new court ruling of 1997 endorsed the more restrictive interpretation associated with the 'fabric of the dwelling'. This placed much supported accommodation where housing benefit had been used to sustain lower level and preventative support services under threat.

An Interim Housing Benefit Scheme was introduced in 1997, seeking to safeguard existing projects but precluding further developments. Following the publication of *Supporting People*, from April 2000 the Transitional Housing Benefit Scheme has been in place, to be replaced at April 2003 by the full *Supporting People* arrangements as laid down in the Housing (Scotland) Act 2001 (s91). For a support service to be eligible for transitional housing benefit the provision of the

service must be a condition of the tenancy agreement, the support necessary in order to obtain or maintain the tenancy. The 1998 review had recognised the key limitations of the existing system:

- current funding streams are complicated, uncoordinated and overlapping;
- no one has responsibility for ensuring adequacy of support for vulnerable people;
- no strategy exists to co-ordinate the work or expenditure of various government departments involved in making provision for support services;
- providers waste energy in managing a variety of funding streams;
- accommodation choices are limited through reliance on housing benefit (p1).

Moreover, eligibility for housing benefit did not necessarily reflect an individual's need for support, with vulnerable individuals not entitled to full housing benefit potentially unable to access supported accommodation on account of the costs involved.

The strategy adopted by the new arrangements from April 2003 is to separate support and accommodation charges and to provide support responsive to needs across different types of accommodation and tenure, establishing stability in the funding of this support component. Reference at section 91 of the Housing (Scotland) Act 2001 to 'the person's sole or main residence' enables support to owner-occupiers. All central government expenditure on support services, including the Special Needs Allowance Package (SNAP) and Resettlement Grant from (the former) Scottish Homes in addition to housing benefit, will be identified in a single budget, with responsibility for administration of the budget, irrespective of provider, devolved from the centre to individual local authorities through the payment of a block grant. This parallels the transfer of responsibility for the residential care allowance from the DSS to local authorities under the NHS and Community Care Act, 1990, and is heralded as an integrated policy and funding framework, albeit one similarly subject to potential capped budgets and eligibility criteria at the local level.

In the interim period pending the full implementation of Supporting People, there has been a plethora of consultation and guidance papers, both from the Department of Social Security in respect of UK wide housing benefit regulations (for example, 2001) and from the Scottish Executive. The latter have included a range of consultation papers and policy guidance documents (for example Scottish Executive 2000m, 2000c, 2001c, 2002i). A major concern has been the 'sizing the pot' exercise, including maximising the amount paid under the Transitional Housing Benefit Scheme as this was to provide the basis for the funding calculation at October 2002 of the budget to be allocated to each local authority. Eligible items for transitional housing benefit for those in supported accommodation included rent, charges for general counselling and support

(including maintaining the security and safety of the dwelling, compliance with the tenancy agreement, and other services provided by a 'warden'), charges for cleaning of rooms and windows, charges for emergency alarm systems, and other eligible service charges 'connected with the provision of adequate accommodation'. Costs for personal or nursing care, for formal or specific counselling, or for after care were excluded from transitional housing benefit. In addition to identifying individuals currently in receipt of relevant support services, 'sizing the pot' could include projects in the pipeline, and plans for non-individual service development and delivery of support. The Supporting People Team in each authority was also charged with mapping supply and demand, developing IT and consultation systems and databases, preparing for service reviews and other monitoring and contractual arrangements, and producing, by October 2002, a five-year strategic plan specifying links to related plans. Sainsbury and Oldman (2001) present a sobering analysis of progress on what has to be acknowledged as a complex process. A product of the 'sizing the pot' exercise in a number of authorities has been a move to deregister properties in order to maximise access to transitional housing benefit.

Definitional conundrums have been a major feature of recent legislative debates. A Royal Commission on Long Term Care was established under the chair of Sir Stewart Sutherland to investigate the provision and funding of long term care for older people. Prominent in the debate on the provision of free personal care on the basis of assessed need, one of the key recommendations of the Sutherland Report (Royal Commission on Long Term Care, 1999) subsequently implemented only in Scotland, has been the precise definition of 'personal care' (Care Development Group, 2001). Indeed there has been some suggestion that there may have been a slip in respect of 'assistance with meals' in the wording of the detailed guidance on implementation.

For *Supporting People*, the detailed definitions of housing support services were explored in Consultation Paper 7 (Scottish Executive, 2001d), expanding, in advance of framing regulations, on the definition found at section 91(8) of the Housing (Scotland) Act 2001:

> *…housing support services includes any service which provides support, assistance, advice or counselling to an individual with particular needs with a view to enabling that individual to occupy, or continue to occupy, as the person's sole or main residence, residential accommodation other than excepted accommodation.*

Particular emphasis is placed on the role of housing support services in complementing rather than subsidising existing community care budgets of local authorities, 'delivering support to people with community care needs and a clear need for housing support' (p3). But definitions have also been required for the Regulation of Care (Scotland) Act 2001 and section 9.3 of the consultation paper acknowledges 'a complex area where an overlap between housing support

services and personal care services exists', for example prompting on personal hygiene or to take medication. Given the traditional tendency for 'silo-working' by individual departments, such terminological complexity is perhaps unsurprising; there is an increasing necessity to ensure, however, as the integration of the agenda across health, social care and housing is pursued, that there is both shared terminology and common understanding. This presents both a major challenge and a major opportunity.

Care home versus housing with support

At the time of writing, major concerns were starting to emerge on the implication of the care standards for those receiving 24 hour support. The Care Commission has issued guidance on the distinction between a care home and a housing support service (Care Commission, 2002) – 'it is…vital that a consistent approach is established in all parts of Scotland which fulfils the statutory duty to protect vulnerable people without impinging unnecessarily on the right of people to make choices and to maximise control over their own lives' (p1).

This builds upon a guidance letter issued by the Scottish Executive in October 2001 which highlighted the defining nature of the link between the support provision and the accommodation.

> *Where the provision of nursing care or personal care is provided in such a way that it is inextricably linked to the accommodation, then that service is a care home. Inextricably linked means that the resident cannot live in the accommodation without receiving care either directly from or organised by the provider of that accommodation. They cannot choose not to have care, or to have care from another source instead of – rather than as well as – the provider. If this is the case, then the Commission will assume that the service is a care home, and it will be for the provider to argue that because of the particular circumstances it is not.*

The Care Commission also defined in further detail the core characteristics it would expect to be associated with a housing support service.

- *A legal tenancy agreement and all the normal rights and responsibilities of tenants.*
- *Individualised support arrangements and agreements which specify their right to choose both the organisation that provides care/support to them and provides arrangements for changing the support worker if desired, as well as the arrangements for changing or ending the agreement.*
- *An individual funding agreement which separates the charge for rent and the charge for care/support.*
- *Where the household is shared with others, the right to jointly choose any future tenants, within reasonable limits.*

- *Care/support arrangements that are in keeping with ordinary living (e.g. there should be no office in the person's home, no organisation base in the person's home, no staff files kept in the person's home, joint decisions about issues affecting the household etc.).*
- *Minimal **dependency** on communal facilities. This means that either their accommodation is self contained or consists of a small number of people sharing normal domestic facilities.* (Care Commission 2002: 3).

The guidance makes clear that 'level of vulnerability/disability is not in itself necessarily a determining factor in deciding which category of registration is most appropriate' (p3). Moreover, if the house is owned by the person requiring support, or by a relative, registration as a care home will not be required.

Major uncertainties are now being raised where provisions have been deregistered or have been established as unregistered. Reports are starting to emerge of providers being informed that provisions which meet the 'inextricably linked' criterion will have to be classified as a 'care home'. This would have major, and negative, implications for the individuals involved, most markedly with the replacement of a financial package comprising housing benefit, income support and disability benefits, by the limited weekly personal allowance (in the order of £17) of the residential care allowance structure. At the same time there are significant implications for local authorities in that this would represent a shift in financial responsibility from central to local budgets.

The Scottish Executive letter of October 2001 fired a warning shot.

> *We are aware that some authorities are seeking to de-register establishments in order that residents can claim housing benefit and transitional housing benefit. Care should be taken at all times to consider the residents' welfare and to consult them about intended changes and consequences. If establishments are inappropriately de-registered providers could be exposed to accusations of carrying on illegally and/or subsequent re-registration by the Commission when it comes into operation in 2002.*

Additionally, it is made clear that where providers are seeking to have their provision regarded as housing with support the 'onus of proof' lies with the provider. The assertion within the Care Commission guidance that nonetheless 'there is no intention or desire to discourage innovative and imaginative supported housing projects, where the rights and choices of the tenants re fully protected' begins to sound a little hollow. Projects which have sought to replicate innovative provisions built on housing benefit support packages in the style of the Dementia Care Initiative in Newcastle (Cox, 1998; Svandberg *et al.*, 1998) have been thrown into uncertainty.

A recent press report (*Scotsman*, 21.09.02) outlines the negative consequences of the proposed interpretation from both the perspective of the local authority

promoting independent living and from the perspective of a family member. The local authority manager who is quoted highlights the discriminatory nature of the interpretation:

The council has actively set up networks to allow vulnerable people to live as independent a lifestyle as possible and to offer them choices. Financial independence is a key element in achieving this through group homes. What the registration regulations currently propose could take away their right to independent living and their entitlement to a full range of benefits – a right that other people take for granted.

While a mother spells out the implications of the proposed retrenchment for her son:

My son should have the right to receive good care, but he should also have the right to go out in the community wearing clothes that don't make him stand out or go to socially stimulating community activities. The Care Commission is talking on the one hand about people's rights, dignity and choice of lifestyle, yet how can people with special needs have these with pocket money which would hardly buy toiletries, let alone clothes and the extra expenses that come with disability? Many people will be made third class citizens by this benefit gridlock and I cannot believe this system would stand up at a court of human rights.

Her concerns are endorsed by a report from older people living on the personal allowance (SAGE, 2002). The response of the Care Commission has been that 'a balanced judgement will need to be made in each particular case' (2002: 2); these judgements will be amongst the most significant to be made by Commission staff. A consultation paper from the Department of Health (2001) has addressed similar dilemmas for England.

Conclusion

Without doubt there is much to be welcomed in the provisions of the Regulation of Care (Scotland) Act 2001, both in enhancing the quality of the social care workforce and in establishing a more coherent and independent structure for the registration and inspection of a wide range of social welfare provision. Few would dispute the necessity of regulation and the equity of nationally agreed standards, while the registration and inspection, for the first time, of housing support services is to be welcomed. It is perhaps, however, along the fault line that bounds housing support and personal care, that divides supported housing from care home, and that judges eligible services under *Supporting People* that some of the most difficult but significant decisions will be made. The history of housing with support has been characterised by definitional boundaries across the continuum and by contortions to optimise funding opportunities. For as long as definitions

determine registration status, which in turn prescribes funding, there is the potential for a never-ending dance between the different elements of the funding/support/registration conundrum, twisting and turning to respond to the latest regulations. At the very time when the opportunity presents for more collaborative working across housing and social care and for the integration of housing support standards, it would be tragic if the increasing profile of models of support for independent living is halted by re-assigning much of the more innovative development to the more restrictive definition (and personal finances) of the care home.

Some further reading

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CHAPTER 14:
The regulation of Scottish social housing

Carole Oatway

Introduction

The Housing (Scotland) Act 2001 introduced a single regulatory framework for all registered social landlords (RSLs) and local authority landlord and homelessness functions.

In setting out its proposals for the new Act the Scottish Executive stated its intention to match the uniform set of responsibilities and duties created by the new single tenancy, with a single regulatory framework and a single regulatory body. This was a very different approach to the system that had been previously introduced in England, where a Housing Inspectorate had been set up to regulate the landlord role of local authorities while the Housing Corporation retained the role of regulating the RSL sector.

By introducing a single regulatory framework for all social landlords, the Executive aimed to ensure a consistent and high set of standards across the social housing sector. The central tenet of this new policy was to ensure that the same principles and performance standards, with regard to the management of accommodation, should apply to RSLs and local authorities, and that tenants could rely on the same high standards of performance from any social housing provider. The single regulatory framework removed one more difference between council housing and other social housing providers, and further underpinned the Executive's policy of ensuring that there could be a smooth transition as stock was transferred from local authorities to RSLs.

An effective system of housing regulation provides safeguards for tenants, funders (including the taxpayer), public authorities and communities, promotes efficiency and good practice, and facilitates access to investment.

The Housing (Scotland) Act 2001 – the statutory framework

The arrangements for the single regulatory framework are contained with Part 3 of the 2001 Act.[1] Much of the content of this section replicates the provisions of the Housing Associations Act 1985. The 1985 Act had originally applied throughout

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1   Chapters 1- 4, Sections 57 -83.

Great Britain and provided for the registration and regulation of housing associations. However, in England and Wales this legislation had been replaced in 1996 by a new Housing Act.

When the 1985 Act had been in force, only housing associations had been eligible for registration and subsequent regulation by Scottish Homes (the successor body to the Housing Corporation in Scotland and the predecessor to Communities Scotland). Housing associations in Scotland had to be incorporated as Industrial and Provident Societies (although in England they had the option of being charitable companies). The 2001 Act made it possible for housing companies to apply for registration providing that they had their registered office in Scotland and did not trade for profit.

Other key changes to the regulatory regime introduced by the 2001 Act included:

- transferring Scottish Homes' regulatory powers to Scottish ministers (to be delivered through the new executive agency – Communities Scotland);
- a requirement for any landlord proposing to dispose of housing to consult with tenants (in addition to seeking consent from Scottish ministers);
- new powers to enable the regulation of local authority landlord and homelessness functions;
- a requirement for inspection reports to be published;
- enhanced regulatory powers in respect of RSLs;
- new regulatory powers in relation to local authorities;
- enhanced powers to enable the regulator to obtain information from regulated bodies in whatever form and from whoever they deem appropriate;
- a wider range of topics which could be covered by regulatory guidance;
- a requirement for Scottish ministers to publish a statement of good practice setting out how they propose to exercise their regulatory functions;
- a power by which Scottish ministers could introduce charges for regulatory services, and
- new powers to deal with potential insolvency in RSLs.

The regulatory body – Communities Scotland

The single regulatory role was included in the functions of Communities Scotland, the new executive agency which was created by the 2001 Act. Communities Scotland took over all the functions of Scottish Homes (with the exception of its residual – and declining – landlord role). The role of regulating the landlord and homelessness functions of local authorities is a new responsibility for Communities Scotland. Scottish Homes, its predecessor, had responsibility for regulating only the RSL sector.

As an executive agency, Communities Scotland, reports directly to Scottish ministers and is accountable, through them, to Parliament. Its role in regulation is to act on behalf of Scottish ministers, in:

- maintaining a register of social landlords and to set criteria by which organisations can be admitted to that register;
- agreeing performance standards to ensure the delivery of good quality housing and related services;
- adopting a qualitative inspection process and providing inspection reports which set out where organisations should make improvements;
- supporting the social housing sector by providing information on performance, undertaking and participating in thematic studies and contributing to the development of Good Practice guidance, and
- intervening to ensure that organisations that are unwilling or unable to achieve the agreed standards make the necessary improvements.

Regulated bodies

Local authorities and existing registered housing associations are automatically included within the regulatory framework. However, other landlords must seek admission to a register before they can call themselves registered social landlords. Once a landlord has achieved registered status it is subject to regulation until such time as its name is removed from the register. RSLs cannot opt to have their name removed from the register without the approval of Scottish ministers, and such approval will only be given in limited circumstances.[2]

The Act requires that the register of social landlords is kept open for public inspection at all times. This register can be viewed at the offices of Communities Scotland or can be downloaded from Communities Scotland's web-site (www.communitiesscotland.gov.uk). It contains the names and addresses of all registered social landlords in Scotland.

Registration

In order to be eligible for registration under section 58 of the Housing (Scotland) Act 2001, an organisation must have its registered office in Scotland and be incorporated as either an Industrial and Provident Society[3] or a Company[4]. It must also not trade for profit and have among its objectives and powers, the provision, construction, improvement or management of housing to be kept available for letting (although it may also have a number of additional purposes which are detailed within the Act).

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2   Sections 60 & 61, Housing (Scotland) Act 2001.
3   Registered under the Industrial and Provident Societies Act 1965.
4   Registered under the Companies Act 1985.

Before an organisation is admitted to the register of social landlords it must also meet additional criteria which are published from time to time (Communities Scotland, 2002a). These criteria cover matters of constitution, governance, viability and sustainability.

Single regulatory framework – operational arrangements

The 2001 Act sets out the broad framework for regulation and gives Communities Scotland its regulatory powers but the operational procedures are developed at the Agency's discretion.

Prior to the creation of Communities Scotland in November 2001, Scottish Homes undertook a consultation exercise on what stakeholders wanted the new regulatory regime to look like. This consultation involved representatives of local authorities, registered social landlords, tenants' groups, private lenders, consumer bodies and groups representing the homeless and minority groups. When the single regulatory framework was introduced in November 2001, therefore, it had been designed to reflect the requirements of all those stakeholders who had taken part in the consultation process.

In designing the single regulatory framework, Communities Scotland pledged its commitment to the government's five principles of good regulation, namely to be transparent, accountable, targeted, consistent, and proportionate.

Performance standards

Like its predecessor body, Communities Scotland's regulatory regime is based on the requirement for regulated bodies to comply with national performance standards. Scottish Homes had launched its first set of performance standards for RSLs in 1991 and ten years later Communities Scotland published its first set of performance standards which were designed to apply both to local authorities and the RSL sector.

Ownership of the new standards followed the Scottish Homes tradition of being jointly owned by the regulatory body and those that were to be regulated – an approach which is unique in the regulatory field. Previous versions of performance standards had been jointly owned by Scottish Homes and the Scottish Federation of Housing Associations (the representative body for Scottish RSLs). However, as local authorities were also subject to regulation, the 2001 Standards were published in the joint ownership of Communities Scotland, the Scottish Federation of Housing Associations (SFHA) and the Convention of Scottish Local Authorities (CoSLA).[5]

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5   *Performance standards for social landlords and homelessness functions* (2001), Edinburgh: CoSLA, Communities Scotland and SFHA.

The new performance standards had to be equally relevant to all regulated organisations from the small RSLs to the large local authorities. Therefore they were pitched at a high level and designed to be interpreted in context. This means that the 2001 standards consisted of broad statements of good practice and did not go into detail about how the standards should be achieved. In developing these standards, Communities Scotland claimed to draw on the best and most applicable elements of the frameworks that had previously been in place for RSLs (earlier iterations of performance standards) and local authorities (Best Value frameworks).

Performance standards include guiding standards and activity standards. The guiding standards are intended to underpin everything that an organisation does and include standards on: management systems; social inclusion; service delivery and communication; and RSL governance and financial management. Communities Scotland requires that these standards will be considered in relation to all activities and functions that the organisation undertakes. The activity standards refer specifically to service delivery areas. Some standards only apply to RSLs or local authorities which are involved in delivering services in that area. The activity standards cover:

- housing management
- property management
- property development
- homelessness
- services for owners
- services for Gypsy Travellers (local authorities only)
- wider action (RSLs only)

Although the standards are not specific about all statutory and contractual obligations, there is an overall requirement that a regulated body will operate within the law and the terms of any contract into which they have entered.

The standards are used as the framework for inspections by Communities Scotland. However, they are also designed to provide a framework for continuous self-assessment by the regulated bodies.

Inspection

In order to assess compliance with performance standards, Communities Scotland has introduced a new inspection regime. This involves inspecting organisations at regular intervals (currently set at four years) with a view to determining the extent to which the organisation meets minimum requirements and reflects good practice in the delivery of its services.

Depending on the size of organisation, Communities Scotland will assign an inspector or a team of inspectors to carry out an assessment of the organisation's

performance. The inspection process itself consists of three stages: preparation; on site testing and finally, reporting on the findings.

Inspection is intended to provide assurance to service users, ministers and other stakeholders about achievement against performance standards. Through the inspection process, the regulator aims to encourage organisations to improve performance and deliver better services. The regulator's objectives are to:

- let the public know whether good quality and value-for-money services are being delivered;
- provide the inspected body with an informed, external view of how well it is doing and what it can do to continuously improve or to address its performance weaknesses;
- assess the need for support or action where performance is failing;
- allow the Scottish Executive to see how well its social justice and equality objectives are being met;
- ensure the wider housing community can benefit from shared good practice.

In carrying out the inspection process, Communities Scotland's inspectors are seeking to answer three key questions:

- How good are the services being inspected?
- How well are the organisation and its services being managed?
- Are the services likely to improve?

The last of these questions introduced a new dimension to the inspection process. Performance audits (the name previously used by Scottish Homes to describe the inspection process) were designed to provide a snapshot of how an organisation was performing at a fixed point in time. However, those involved in the process would acknowledge that the final gradings awarded were influenced by the level of confidence that the auditor had in the overall management of the organisation and the likelihood of weak areas being addressed in the future. Therefore, when the new inspection regime was designed, it was agreed that this 'confidence factor' should become an explicit part of the process.

The principles which underpin the new inspection regime are:

- Local context: Communities Scotland acknowledges that, given the diversity of the sector, it must develop an understanding of individual organisations and the local context is a prerequisite for assessing their performance.

- Evidence: all the regulator's judgements are to be based on sound evidence. This means that the inspector must justify his or her conclusions regarding an organisation's compliance with the standards; this may be an example

of a committee or staff decision or may be the lack of a proper policy or procedure being in place. This is particularly important if the inspected body chooses to challenge the findings through the appeals process.

- Focus on outcomes: one of the criticisms of earlier performance assessment processes was that the regulator was more concerned about the processes (policies and procedures) and less about the actual outcomes. The new regime sought to address this by focusing more clearly on the quality of the service and in particular tenants' and other users' experience of these services.

- Service user perspective: in order to ensure that the views of service users have a strong influence on the inspection process, Communities Scotland have undertaken to seek out their views directly, as a fundamental part of the inspection process. This has meant introducing a number of new regulatory techniques.

- Test management systems: despite the new focus on assessing outcomes the regulator has balanced this with a continuing commitment to assess the quality of the management systems that support the inspected organisation's service delivery. By looking at the management systems, the regulator believes that they are better placed to assess the future performance of the organisation and the likelihood for improvement.

The inspection process

Communities Scotland's inspection process includes three key stages, namely preparation, being on-site, and reporting. These are dealt with in turn.

The *preparation* part of the process involves the regulator getting information about, and from, the inspected organisation and agreeing the initial inspection plan. Part of this process is the requirement for the inspected body to make an inspection submission.

The inspection submission is the opportunity for an organisation, which is about to be inspected, to ensure that the regulator is provided with the information needed to understand the operation fully. The regulator uses this information to plan the inspection.

The submission also enables the organisation to provide factual, evidence-based information about its activities and structures and to demonstrate its self-awareness about its areas of good performance and its areas for improvement. Regulated bodies are required by statute to provide Communities Scotland with data required for inspections, so they must ensure all requirements for providing data to the regulator are recorded as a purpose under the Data Protection Act 1998.

During the *on-site* stage the inspectors will be in the offices and on the estates of the inspected organisation, gathering evidence from reality checks, service users and staff. Depending on findings, the inspector may re-focus the inspection plan, allowing them to dig deeper into specific areas where evidence gathered has given them cause for concern.

The *reporting* stage has changed, following the 2001 Act. Prior to the Act, an inspection report was a confidential document made available to the inspected body by the regulator. However, as public and government opinion moved towards higher levels of accountability Scottish Homes had previously made it a regulatory requirement that an inspected body made the summary of its inspection report available to tenants and other key stakeholders. The 2001 Act went further, by making it a statutory requirement that inspection reports be published.

The public nature of inspection reports has had an impact on Communities Scotland's approach to preparing the report as well as the diligence with which inspected bodies challenge the findings when they are presented with a draft report for comment. The regulator must clearly show that their findings are evidence-based. If an organisation wishes to challenge those findings there is also a requirement for them to base this on clear evidence.

Grading

Both the new and the old approach to housing regulation in Scotland have included a grading system. The practice of assigning grades to an inspected body was the subject of much debate. However, the balance of opinion fell in favour of their retention. The ability to see at a glance how an organisation's performance was assessed was strongly supported by tenant and other consumer groups. However, some changes had to be made to reflect the diversity of the sector which was to be regulated and the fact that not all of the areas covered by performance standards applied to all inspected bodies. While it was acknowledged that this was an aspect of the performance regime that would be kept under review, when the new inspection guidance was published in July 2002, it was proposed that grades would be awarded in the following functional areas:

- housing management services
- property management services
- homelessness services (local authorites only)
- property development (if the inspecting body has a development programme)
- governance and financial management (RSLs only).

The major difference from the previous regime was that the functional grades (like those described above) were no longer distilled into a single overall grade. This decision was made as local authorities and RSLs were being graded on different areas making an overall grade less useful for comparative purposes.

The grading structure consists of four grades:

- A – Excellent. While not perfect, the inspected organisation has major strengths which merit the top grade being awarded.
- B – Good. The inspected organisation has more strengths than weaknesses.
- C – Fair. The organisation has some strengths but also some significant weaknesses.
- D – Poor. The organisation has some major weaknesses and is likely to the subject of follow-up action.

Accountability of the regulator

The Code of Conduct published by Scottish ministers in terms of section 80 of the Act[6] contains a commitment to ensuring the openness and accountability of the regulator and includes a requirement for an impartial appeals process. With the publication of inspection reports, the requirement for a robust appeals process became more acute. While reports were largely confidential an appeal process that was internal to the Regulation Department had been considered acceptable; the new regime demanded greater accountability. To this end it was determined that the final stage in the appeals process would involve consideration by a Regulation Board.

Communities Scotland's Board includes at least three non-executive directors and these non-executives plus the Agency's Chief Executive form the Regulation Board whose duties, in addition to being the final court of appeal, include:

- ensuring that Communities Scotland's regulatory work is free from inappropriate influence;
- ensuring that Communities Scotland acts in the interests of tenants, future tenants and other users of housing and related services;
- ensuring that Communities Scotland protects public and private investment in social housing;
- approving any major changes to regulatory policy; and
- approving the use of statutory powers.

Statutory controls

Once a landlord is registered with Communities Scotland, it is subject to a number of statutory controls, including:

- prohibition on payments by way of gift, dividend or bonus to members and their families;
- restrictions on payments and benefits to committee members and employees (and their close relatives);

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6   Regulatory Code of Practice, November 2001

- requirements to seek the consent of Scottish ministers for:
  - changes to Rules or Memorandum and Articles;
  - amalgamations and dissolutions, mergers or transfers of engagement;
  - disposal of any land or property whether by sale, lease, heritable security, charge or any other disposal (there are some exceptions to this including right to buy sale).

Statutory powers

The statutory powers for the regulator, included in the 2001 Act, replicated the powers contained within the Housing Association Act 1985. However, new powers were added in respect of local authorities and there were some enhancements of those powers which previously applied to RSLs.

Registered social landlords (RSLs)

If an RSL is considered unwilling or unable to address serious weaknesses in its performance, Communities Scotland can:

- **Make appointments to their management committee (or board):** There is no limit to the number of appointments that can be made and any statutory appointments can be made over and above the maximum number of committee members allowed for in an RSL's rules and Articles of Association. This was the most common power used previously by Scottish Homes although it was recognised that it was a strategy that took some time to become effective (typically 12-18 months).
- **Appoint a manager:** This was a new power introduced by the 2001 Act. One of the reasons for its introduction was in recognition of the fact that making appointments to the management committee would be too slow a process to deal with urgent performance failures. An example would be an RSL failing to meet its obligations in respect of applications from homeless people.
- **Instruct a statutory inquiry:** Like its predecessor, Communities Scotland can instruct a statutory inquiry into the affairs of an RSL which is exhibiting signs of major performance failures. Having regard to the findings of such an Inquiry, Communities Scotland's Board can then make use of its strongest regulatory powers:
  - **Remove or suspend any officer, agent or employee of the landlord** if it appears that they have been privy to the misconduct or mismanagement (or to have contributed to or facilitated it).
  - **Direct banks or others who hold money or securities not to part with it without ministerial approval**.
  - **Restrict transactions**.
  - **Direct a transfer of land**. This means that the housing and land of an RSL can be transferred at ministerial direction to another RSL. The 2001 Act makes it a requirement that, in directing such transfers, the tenants must be consulted.

Local authorities

The regulatory powers available to Scottish ministers (and therefore Communities Scotland) in respect of local authorities are quite different from those for RSLs. This is partly in recognition that local authorities corporately are subject to audit and inspection by Audit Scotland/Accounts Commission who also have regulatory powers. Nevertheless where Communities Scotland considers that a local authority is failing properly to address weaknesses in performance it may:

- **Instruct the preparation of a remedial plan:** This plan may be approved (with or without modifications) or may be rejected by ministers. In the event of a plan being rejected the local authority will be required to submit a new plan.
- **Appoint a manager:** After a follow-up inspection, if the plan is not being implemented satisfactorily, then Communities Scotland may appoint a manager to oversee its implementation. Before taking such action Communities Scotland must have regard to comments by the authority, representative bodies, or the Accounts Commission.

Wider regulation

Despite the regime put in place by Communities Scotland, those involved in social housing may still have dealings with other regulators. For example, the Audit Commission still retains its responsibilities in terms of the audit of local authorities corporately and all social landlords, who are in the business of providing care, will also find themselves subject to the National Care Standards set by the Scottish Commission for the Regulation of Care.

To ensure that Communities Scotland is able to take a co-ordinated approach to inspections, it has stated its intention to develop protocols with other regulators and inspectorates. They have already entered into a Memorandum of Understanding with the Accounts Commission to ensure that the inspection of local authority housing, homelessness and factoring services can be done in such a way as to satisfy the Commission's audit requirements while avoiding any double regulation of these functions.

As well as being subject to regulation. local authorities also have a regulatory role themselves, with responsibility for example for the licensing and regulation of Houses in Multiple Occupation (HMOs).

Conclusion

The extent to which any regulatory regime can be judged to be effective does not rest solely on its methods and machinery. The climate created by public and government support for regulation plays a major part in the credibility of the regulatory body and their ultimate success is ensuring that regulated bodies

achieve and maintain compliance. Since the late 1990s, public and government enthusiasm for higher levels of both accountability and regulation have increased. This has been reflected in the Housing (Scotland) Act 2001 and ministers have robust regulatory powers in respect of social housing. Many of the new provisions of the 2001 Act in relation to homelessness, tenant participation and social inclusion rely on an effective regulatory regime being in place to ensure their delivery.

Some critics have pointed out the importance currently being placed on systems of regulation could consume more in resources than the benefits it offers and that such resources would be better employed in delivering better quality services. The aim of a regulator must be to persuade, encourage and motivate a regulated body to improve through the adoption of a performance culture which should be an integral part of their operation and not an expensive addition. There is also an onus on the regulatory body not to require systems to be set up or information to be provided that a well-run organisation would not need for its own purposes.

Some further reading

Communities Scotland (2002), *A guide to registration with Communities Scotland*, Edinburgh: Communities Scotland.

CHAPTER 15:
The strategic role of local authorities

Robina Goodlad

Introduction

The new vision of the strategic local housing authority is one of active and committed engagement in tackling local housing issues in partnership with a variety of other agencies and using a range of powers and resources in which influence and co-operation are as likely to be as effective as money and ownership. This vision is projected by local authorities and central government alike (CoSLA, 1998; Goodlad, 1998; Scottish Office, 1999; Communities Scotland *et al*., 2002) and has found statutory expression in the Housing (Scotland) Act 2001 and the Local Government in Scotland Act 2003.

This role for local housing authorities is far from the residual, enabling role promoted by Conservative ministers in the 1980s. It is also equally far removed from the direct, interventionist role of the post-war local authority. It recognises that by the end of the Scottish Parliament's first term, some Scottish local authorities had chosen to have no future role as landlord and the remainder were managing a diminishing stock of council housing. This chapter asks: where does this leave local housing authorities in 2004? Are they at the threshold of a new era? Are they committed to pursuing the role envisaged for them by others? Will they be the leading player in a new strategic framework? Or will their role be marginal in the local housing market, as landlord or facilitators of last resort for homeless people?

Although arguably given the most important housing role of all agencies at local level, the attitude of local authorities themselves to their housing role will be crucial. If they fail to grasp the possibilities of the future, their role will be diminished by default. The key to how local housing authorities respond to their new opportunities may lie in the legislation on housing and local government that has occupied a large part of the Parliament's first term. For that reason we provide early in this chapter a summary of the provisions of the Housing (Scotland) Act 2001, particularly as they relate to local authorities. This legislation arguably makes local authorities better able to pursue a wide ('strategic') role in relation to the local housing system by making available resources and powers to support action.

The main part of the chapter is devoted to considering the three main dimensions of the strategic housing role of local authorities: strategic planning and partnership working; housing development and renewal activity; and effective management of the housing stock. If local housing authorities play an important role in influencing action and outcomes in these three areas they will deserve to be considered as key actors in local housing systems. They will have achieved a strategic role as important in different ways as the landlord role of the post-war years. However, other factors may intervene in the creation of a new set of relationships and roles and to prevent local authorities from developing a key role. Their destiny is not entirely in their own hands. If other agencies, including RSLs, refuse to collaborate with local authorities, they will struggle to make the strategic role effective. This chapter therefore starts by discussing the wider public and housing policy context for local housing authorities, showing how that as much as legal powers and duties has determined the development of the housing role of local government over the last 20 years.

The public policy context

There is little new about the idea of a strategic role for local authorities. For example, the Housing Green Paper of 1977, *Scottish Housing*, called for more plurality of provision and for authorities to take a wider view of their housing role than that of landlord. The Conservative governments of 1979 to 1997 reduced the landlord role, through the tenant's right to buy and, more decisively, by cuts to capital allocations, which concentrated diminishing resources onto the modernisation of council housing. However, no *positive* vision was apparent of what the wider housing role of local government might be, apart from a residual one as landlord of last resort and as enabler of the market, for example through the planning system (Goodlad, 1993).

In the 1990s, some local authorities found it increasingly difficult to maintain the landlord role as council housing fell into physical decline in some estates, while housing associations were able to achieve higher standards (Scottish Homes, 1997b). A role for local authorities as facilitators of private sector housing renewal also came under pressure from the mid-1990s, following the abolition of the non-housing revenue account allocation and a reduction in general local authority capital allocations.

The conditions that exacerbated the difficulty of the landlord role induced some local authorities to seek to transfer their remaining housing to housing associations. A series of small-scale transfers resulted, supported by landlords and tenants as a mechanism for securing investment. The scale of transfer has accelerated since the mid-1990s, notably with votes in favour of transfer in Glasgow, the Scottish Borders and Dumfries and Galloway.

Tenure change has been the condition for achieving the levels of investment desired by tenants as well as local authorities. A 'New Housing Partnerships' (NHP) programme, funded initially by the UK government's Comprehensive Spending Review, became the main mechanism for securing additional investment. These funds were premised on the involvement of partners from the housing association and private sectors as developers and landlords. The NHP programme has funded much of the preparatory work for stock transfers, including in Glasgow.

Despite a projected overall rise in public spending in real terms, the public finance context for housing authorities is one of continuing restraint. Scottish ministers favour policy fields such as health, children and free personal care for older people since housing is seen to have a mechanism for levering private investment into housing associations' development programmes. Overall, activity can be maintained or increased without raising public spending, thus relieving pressure on the Executive's block grant. In addition, the Executive sees community ownership (mainly in the form of community-based housing associations) as providing a model of management that is more sensitive and participative than larger scale local authority management, while still requiring a strong role for local and central government as funders and regulators. Yet, while doing much to encourage transfers, including providing inducements such as the funding of debt in the Glasgow case, ministers have baulked at enforcing them.

Although some authorities are confident that council housing will remain viable in the foreseeable future, possibly after some pragmatic small-scale stock transfer, a question for the future is whether that will continue indefinitely. For them, in time, transfer may become the favoured route, providing community ownership maintains its popularity with tenants. The future for most housing authorities looks bleak if their conceptualisation of their role is confined to landlordism.

Despite the general absence of a positive vision for local housing authorities, other parts of the policy context in the 1990s projected elements of a wider housing role. For example, the requirement to produce home energy conservation plans emphasised the strategic role and care in the community, followed by 'Supporting People', emphasised collaboration between agencies operating at the local level.

More recently, policy on social justice and regeneration sees housing as playing a key role. There are 48 Social Inclusion Partnerships (SIPs), 46 designated in 1999, the remaining two in 2000. They are a mix of 34 'area based' partnerships and 14 local theme or issue initiatives to assist young people, care-leavers and other disadvantaged groups. All but six local authorities have at least one SIP. The key focus of area SIPs is deprived urban neighbourhoods, but the programme and choice of language – area regeneration – encompass rural areas

and small towns too. The 2002 Scottish Executive policy statement on area regeneration heralds an integration of area regeneration policy into 'community planning', through the designation of priority areas and target groups (Scottish Executive, 2002a). This new development in local governance arises from debates about the status and role of local authorities.

The years of Conservative government were generally considered to have diminished local government's powers, and the establishment of the new Parliament created expectations amongst local authorities that have proven hard to meet. A Commission on Local Government and the Scottish Parliament (the McIntosh Commission), set up by (then) First Minister, Donald Dewar, called for a new statement of the relationship between local government and the Parliament and Executive, in which councils should be given a statutory power of general competence to facilitate the development of community planning (1999).

In practice, the governance process has moved slowly in finding agreement about ways of increasing the status and resources of local government that also satisfy the Scottish Executive about local authorities' ability to deliver accountable and effective public services. Proportional Representation (through the Single Transferable Vote system of election) is part of the agreement for government between the Labour and Liberal Democrat groups in the Parliament (Scottish Executive, 2003d). Two other issues had already been resolved in the Local Government in Scotland Act 2003 which grants local authorities a 'power to advance well-being' and a duty to engage in community planning. The former is intended to enable local authorities to work in a more innovative and creative way in responding to the needs of their communities. The latter provides a statutory basis for 'community planning' and will require (if necessary) appropriate public sector agencies to come to the table in partnership with the local authority and the communities they serve. However, how community planning at local authority level relates to neighbourhood or very local co-ordination of action remains to be seen. And the legislation is silent on the issue of resources for making use of the new powers. The idea that local authorities should become the lead agency in 'community governance' overturns a century old constitutional status in which specific legislative authority was required for virtually every local authority action.

The new emphasis on a positive role for local authorities that in the housing field is wider than the landlord role grew after the election of the Labour government in 1997 and the initial disappointment amongst some local authorities that the government did not want to revive their landlord role. Local authorities began to develop a vision of a strategic role that would be defined not so much in opposition to their landlord role but as a positive feature of local governance (CoSLA, 1998). At the same time, the Scottish Executive decided to consolidate and update the housing role of local government (Scottish Office, 1999b). Both of these statements appeared to be influenced by the conceptualisation of a

strategic approach endorsed by the Chartered Institute of Housing in Scotland (Goodlad, 1998). This identifies the strategic role of local authorities as encompassing the following functions and activities:

- assessing housing needs and demands in all sectors;
- identifying the resources and powers available to the authority or other agencies to meet need;
- being the lead housing agency in determining priorities for action;
- devising a housing strategy to meet needs, in consultation with others;
- co-ordinating implementation of the housing strategy;
- assisting or encouraging the improvement of housing across all tenures;
- improving the management of the total housing stock (including property owned by private sector landlords);
- assisting or encouraging others to build or refurbish housing;
- ensuring the adequate provision of housing advice and information; and,
- monitoring and reviewing the housing strategy.

To summarise, since 1997, the traditional landlord role of local government in Scotland has been affected by:

- a further decline through the right to buy and transfers;
- continued pressure on housing capital expenditure in absolute terms and relative to housing associations; and
- government and tenant insistence that poor quality council housing be dealt with, amidst renewed commitment to tackling social exclusion and injustice.

At the same time, some components of a more positive strategic role for local housing authorities, extending beyond landlordism to other types of action, have been stressed in national policy debates. The housing profession, CoSLA and government developed a new vision which the Scottish Parliament was asked to endorse early in its life.

The Housing (Scotland) Act 2001

The 2001 Act contains little that is new in its provisions for the role of local housing authorities. Yet it has great symbolic value because it:

- acknowledges and promotes the role of local housing authorities as key actors in local housing systems;
- reflects a perceived need to rearrange the institutions of housing governance to reflect the democratic legitimacy of local government (as well as the Parliament and the Executive); and
- updates the provisions of previous legislation and guidance and gives statutory effect to the vision set down in the 1999 Green Paper.

The Act provides a framework for housing authorities that divest themselves of their housing stock as well as those that do not. Some measures reflect the tensions perceived by the Scottish Executive in the twin roles of most local authorities as landlord and strategic enabler – a strong development funding role is likely to be granted only to local authorities that divest themselves of the landlord role.

The Bill received the Royal Assent on 18 July 2001, after lengthy and sometimes heated Parliamentary debate. Compromise characterised its passage particularly over the 'modernised' right to buy. The Act complements and confirms the trends in housing policy pursued since 1997, in funding decisions and in the policy statements of ministers on stock transfer as a remedy where conditions are intolerable and also where projections suggest a need for alternative funding in the future.

The 2001 Act implements the strategic role outlined in the 1999 Housing Green Paper. It clarifies existing and establishes new powers and duties and, with minor reservations, creates an infrastructure of institutions and rights that enhance the role for local authorities in the space between the Executive and other agencies. In summary, with reference to the housing role of local government, the major provisions are that the Act:

- reforms Scottish Homes to create a new regeneration executive agency, Communities Scotland, directly accountable to ministers;
- requires housing authorities to prepare local housing strategies, in partnership with other housing providers and other agencies;
- imposes new duties on local authorities to devise homelessness strategies and ensure accommodation for all homeless people and the provision of housing advice and assistance;
- provides local authorities who end their landlord role with a new funding role in respect of housing associations, now included in the wider category of registered social landlords (RSLs), and, even if they remain as landlords, a new influence for local authorities over housing investment decisions taken by Communities Scotland;
- creates new expectations that local authorities will be at the heart of local housing policy debate and action, for example in relation to common waiting lists, supporting people, energy efficiency and fuel poverty;
- makes local authorities responsible for a reformed improvement and repairs grant scheme with means testing; and
- provides a 'modernised' right to buy, applicable in principle to RSLs as well as local authorities, and introduces exemption in approved 'pressured areas'.

Figure 15.1 illustrates the relationship between local authorities as strategic housing authorities and other agencies. It is notable that a diagram illustrating their role as landlords would show them alongside RSLs, equally regulated by Communities Scotland.

Figure 15.1: Strategic relationships in housing
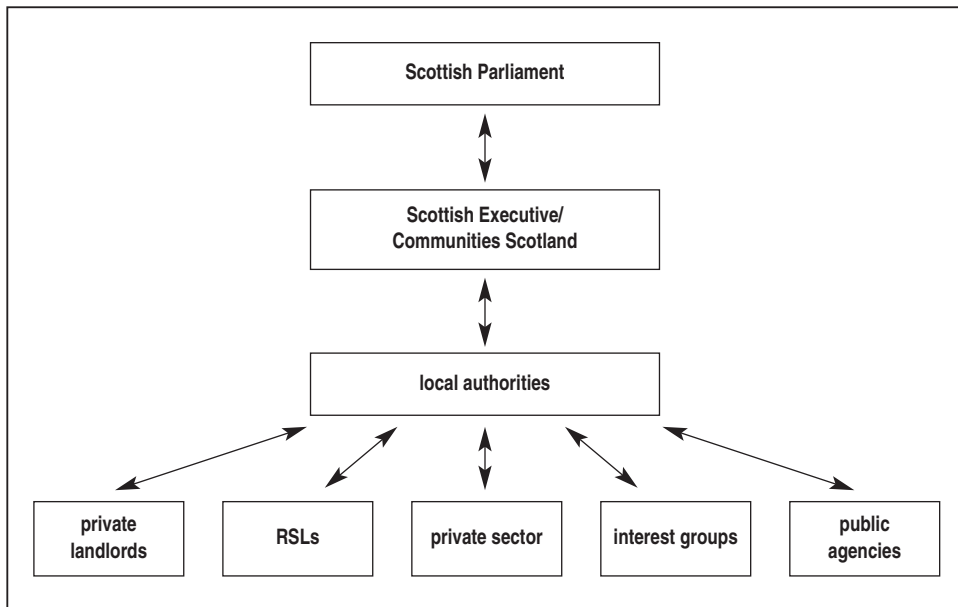
In summary, after the 2001 Act, the housing role of Scottish local authorities, in partnership with others, can be defined as:

• local housing needs assessment and market analysis and review;
• leadership of a process of planning and agreement of priorities for action;
• promoting the development of new housing;
• facilitating renewal of older housing;
• effective management – directly in council housing and indirectly in other tenures; and
• ensuring housing advice and information.

These functions are now considered in turn under three headings: strategic planning and partnership working; housing development and renewal activity; and effective management of the housing stock.

Strategic planning and partnership working

The 2001 Act confirmed local authorities as the key co-ordinators of local needs assessment and market analysis and required them to prepare two types of housing strategy setting out policy for their own and other agencies' functions. *Local housing strategies* are seen as the key strategic housing plans providing a guide to action by many agencies and *homelessness strategies* complement these with a focus on the most vulnerable.

Local housing strategies

Local housing authorities have had a role in housing needs assessment since 1919 but their contemporary role stems from the post-1977 system of local authority housing plans. These were intended to recognise market trends and the plurality of tenures but many focused primarily on council housing. After 1988, Scottish Homes pioneered a method for systematic analysis of local housing needs and markets (More *et al*., 1993) but local authorities were not always ready to work with Scottish Homes in considering the consequences of what this revealed about market demand or even unmet need. This meant that two parallel systems of housing planning by Scottish Homes and local authorities had developed by the end of the century. The new 'local housing strategies' replace both and are intended to proceed in parallel with other key planning processes such as homelessness strategies and development (structure and local) plans, nesting within the strategic plans of community planning partnerships.

Local housing strategies describe the current housing system in an area and show how the local authority and its partners wish it to operate in the future, over a five-year period or longer. Taking account of national housing priorities, they are intended to guide investment by local authorities, private developers, and housing associations, whether or not local authorities dispose of their housing stock. The strategies should show how housing in all tenures will be improved and identify the broad picture of investment needs for the area.

The intentions for local housing strategies show a close resemblance to those for housing plans, including establishing a shared understanding of issues and priorities between partners and providers; translating priorities into a local strategy highlighting issues of national and local relevance; assessing the need for, and availability of, housing for people with special housing needs; and providing a framework within which objectives and targets are set, options identified and appraised, progress is monitored and impact is evaluated. The guidance provided to local authorities also stresses:

- assessing and tackling fuel poverty and complementarity with home energy conservation strategies;
- implementation of the Supporting People regime; and
- complementarity with homelessness strategies (Communities Scotland *et al*., 2002).

Drawing up local housing strategies is both a technical and political process. Some of the technical difficulties, such as data assembly, have been recognised in guidance and through a large training programme funded by the Executive. 'Housing information partnerships' co-ordinated by housing authorities lead the efforts by public, private and voluntary interests to pool relevant information. The work involved in needs assessment and market analysis has relevance to other work, for example, considering 'pressured area' status.

Homelessness strategies

Homelessness strategies aim to bring together the people and agencies with a contribution to make to alleviating and preventing homelessness so they can achieve common aims and approaches. Local authorities have led as well as followed the Scottish Executive's initiative. By early 2000, 11 Scottish authorities had at least started the process of drafting a homelessness strategy and another four had at least started preparing a single homeless or youth homelessness strategy (Homelessness Task Force, 2000). The strategies have developed from policy developments including the Rough Sleepers' Initiative and the establishment of the Homelessness Task Force. Strategies promote and reflect the increasingly complex picture of homelessness service provision in many areas (Kennedy *et al.*, 2001).

The Scottish Executive's guidance identifies seven stages or issues in preparing a homelessness strategy:

- Research, including compilation of a profile of homelessness based on a common definition of homelessness.
- Building of a partnership within the local authority and beyond it, involving the voluntary sector and other partners.
- Consultation with homeless people to ensure that their views are included on issues such as their needs; experiences of services; views on 'what works'; barriers to services; and suggestions for improvement.
- Statement of objectives and identification of key performance indicators.
- Statement of strategy for homelessness services: information and advice; reception; assessment; allocations policies; housing supply; temporary accommodation, and support.
- Identification of resources, and
- Development of monitoring and evaluation mechanisms (Scottish Executive, 2002b).

Progress, process and outcomes

It is too early to know how local authorities are getting on with their new roles in co-ordinating housing strategy development. For some, the changed environment allows them to develop a role they have sought to achieve for some time, with opportunity now to do so with greater legitimacy. For others, the leadership and analysis roles represent a challenge. Years of feeling subservient to other agencies may have left them unable to take full advantage of the possibilities of setting the agenda and securing co-operation, especially if they are operating in an environment of suspicion about their capacity amongst agencies such as RSLs. The emphasis in the early stages of the development of these strategies has been on process issues such as achieving an inclusive partnership, and harnessing commitment to a common set of objectives and priorities. But the ultimate test of the new system will be the extent to which local housing and homelessness strategies provide a reference point and guide to effective action.

Housing development and renewal

There are now many ways in which local authorities may work with others to identify and meet the needs for investment in new housing and renewal of existing housing. There are also more sources of finance than in the recent past, so an optimistic picture of co-ordinated action towards improved housing conditions could be presented. But caution is required before drawing such a picture. Is there sufficient public money to lever private developers into participating? Is there a will amongst all the relevant agencies to co-ordinate their efforts to a common objective? Will the complexity of the mechanisms defeat the best efforts to work together? In attempting to answer these questions, three aspects of development are used to illustrate the challenges and opportunities:

- development funding, New Housing Partnerships (NHPs) and community ownership;
- Care and Repair; and
- housing in multiple occupation (HMOs).

Development funding, New Housing Partnership and community ownership

The Housing (Scotland) Act 2001 focused on redrawing the governance arrangements for housing so that the condition and management of social rented housing would be addressed. There are two different ways in which local authorities will be involved. If the local authority has transferred its own stock, it has powers over the distribution of development funding resources through a new local housing budget allocated by the Scottish Executive. This means that local authorities rather than Communities Scotland will fund RSL programmes of new build and renewal. Local authorities will be expected to conduct the process of steering their budget to particular agencies and areas in partnership with others, including Communities Scotland, and in line with priorities identified in community planning. Holding the budget for RSLs will be a useful bargaining tool, even though the funds will be disbursed in partnership with others.

Where local authorities do not hold a local housing budget, the Scottish Executive will distribute capital consents to local authorities while Communities Scotland will fund housing association and other developers, *in consultation with the local authority*. In all areas, therefore, relationships between local authorities and RSLs will assume a greater importance than in the past. With or without the local housing budget, all agencies will have to work together rather than at odds with each other if they are to maximise resources and impact. Whether landlords or not, councils have a new opportunity to influence the allocation of public funding for housing.

The New Housing Partnership (NHP) programme uses public spending to lever private finance into the worst areas of public sector housing. Two essential requirements for funding are community involvement and collaboration between local authorities and other developers such as housing associations, other non-profit landlords and private developers. What is 'New' about the model is the greater stress on tenant involvement, the allocation of over £300 million from the Comprehensive Spending Reviews for 1997 to 2002 and the commitment to deal with the residual debt local authorities would be left with on transferring their stock, a serious issue in the context of low value property in disrepair.

The NHP programme also includes provision for new building for rent. This is potentially more significant than stock transfer in the longer term since it affirms the end of councils as direct developers of housing. So part of the future shape of non-profit housing in Scotland will be made up from housing transferred *and new housing built* under this programme. For those local authorities that transfer their houses to community ownership, the Housing Revenue Account borrowing consent is converted into a grant and used to supplement the community ownership programme.

The NHP programme has been more difficult to implement than expected, particularly in the case of whole stock transfers in Glasgow, Dumfries and Galloway and the Scottish Borders. Even where community ownership is familiar and broadly successful, tenants and councillors have suspicions that stock transfer is either privatisation or highly risky. Financial and other problems have delayed many schemes but only one (Aberdeen) has been rejected at tenants' ballot stage.

The 2001 Act did little to address the issues arising in private sector housing, now seven in ten of the housing stock, however it did introduce a new framework of means-tested private sector grants. In addition, the Scottish Executive started a process of consideration of private housing issues by setting up the Housing Improvement Task Force, made up of representatives of private and public interests and chaired by the minister, in March 2001. Its remit was to examine issues affecting the condition and quality of private sector housing and the process of buying and selling houses, and to make recommendations. The final report was launched in March 2003 (Scottish Executive, 2003e).

The 2001 Act also committed Scottish ministers to producing a fuel poverty statement that detailed the measures they and local authorities have taken to prevent people from living in fuel poverty. Authorities are expected to lead or support action in relation to energy efficiency and fuel poverty. The Scottish Executive's statement (2002c) has the overall objective of eradicating fuel poverty in Scotland by November 2016. Targets set include reductions in the total numbers of people in fuel poverty of 30 per cent by 2006 (based on the 2002 Scottish House Condition Survey). By April 2004 all council houses in

Scotland outside Glasgow and all current housing association tenants should have central heating and by March 2006, all private sector elderly households should have central heating. Local authorities are expected to play a key role in facilitating and monitoring this development.

Care and Repair

Another priority for housing development, Care and Repair, illustrates the complexities as well as possibilities of the local authority strategic role. Care and Repair services target older and disabled people who want to remain in their existing private sector homes and who need assistance to make them suitable for their needs. There were, in 2001, 33 Care and Repair projects in Scotland, operating in 24 local authority areas, with four others planned, leaving only one local authority area with no immediate prospect of a project (Scottish Executive, 2001k). Most Care and Repair projects are based within RSLs, and others are located with a voluntary organisation such as Age Concern. A few are in local authorities and one is an independent voluntary organisation. Care and Repair's core service is facilitating repairs, improvements or adaptations to homes. Other services include small repairs services, facilitating hospital discharge and preventing inappropriate admissions, home security measures and maintaining a register of reliable tradespeople.

In the past, Scottish Homes and the local housing authority shared the revenue costs (mainly staff salaries) equally. Some local health boards and local authority social work budgets also contributed. Care and Repair staff typically secure funding for repairs from the client; improvement and repair grants; social work funds; and monies associated with long stay hospital discharge programmes. The Scottish Executive now wants more reliable and stable funding for revenue costs and repairs than in the past. National policy is that all older and disabled people have access to Care and Repair services, with an increase in the overall level of resources. Care and Repair should be considered within community planning, local housing strategies, joint community care plans and health improvement plans (Scottish Executive, 2001k). Care and Repair's services resonate with national and local policy objectives relating to social justice, user involvement, home based service provision, de-institutionalisation, and improving private housing conditions. Despite this, and successive evaluations that demonstrate its value, it has taken since the mid-1980s to achieve fairly complete coverage of the country.

Housing in multiple occupation (HMOs)

The issue of HMOs illustrates that legal powers are necessary but insufficient to achieve a strong and effective role for local housing authorities. The experience of HMO licensing shows that even when resources and powers are available the role of strategic housing authority is hard to perform if judged against action achieved to improve housing conditions rather than strategies agreed.

Mandatory licensing of HMOs was introduced from 1 October 2000. An assessment of the scheme's first year of operation (Currie, 2002), based on a postal survey of local authorities and detailed case studies of eight authorities, shows that local authorities have varied in their preparation for and promotion of licensing. Most local authorities set up a working group to develop policies and standards but, with some exceptions, these were disbanded or met infrequently once the scheme was underway. A lead role was commonly taken by environmental health or licensing officers; rarely a housing officer. Environmental health, building control and fire officers generally conducted property inspections. Licensing will be extended in a staged process to take in owners of three-person HMOs.

The scheme has raised the standards of HMOs that have been licensed but the number of HMOs granted a licence in the first year has been limited, partly due to resistance or ignorance on the part of landlords. Of 1,326 applications received in the first year, 206 (16 per cent) were approved, of which 44 per cent were by the City of Edinburgh Council. There are signs of an increase in the number of licenses granted in the second year, particularly in Glasgow. Other reasons for relatively low uptake included: poor promotion; inadequate staffing and financial resources; licensing procedures; disputes over the 'correct' fire safety standards to apply and officer inexperience. Most local authorities produced leaflets and guides about their scheme and some held public meetings for HMO owners but the research found that many private HMO owners and others thought that local schemes got off to a poor start. They thought authorities showed insufficient preparation and criticised poor communication about procedures and standards. However, several respondents said that the efficiency and confidence of officers had improved with time and experience.

Management of the housing stock

HMO regulation is concerned not only with physical standards but also with management practices, an issue not traditionally seen as part of a local housing authority's role. This illustrates that the expectation that local authorities will be at the heart of local housing policy debate and action in all tenures has extended into new aspects of the overall management of the housing stock as well as its condition. For example, common allocation policies, common housing registers, nomination rights and agreements in relation to RSL housing, housing advice and community care have all featured in recent debates about the housing role of local authorities. These are all issues in which local authorities could play a role as regulator, co-ordinator or leader and which would be consistent with the community planning leadership role of local government. The absence of a housing stock of their own provides a clear incentive to local authorities to ensure, for example, that appropriate nomination arrangements are in place with housing associations. However, authorities with a continuing landlord role are also expected to ensure they

influence the management of the housing system and this is reflected, for example, in the Homelessness etc. (Scotland) Act 2003 which stresses the role of RSLs in assisting all local authorities to meet their duties under the homelessness legislation.

Another illustration of the role authorities may play is in the 2001 Act's expectation that local authorities will lead a process of developing common housing registers (CHRs). Although ministers now have powers to instruct a local authority – together with its other housing partners – to submit plans on how they would develop a register for their area, the Executive has made clear that it prefers a voluntary approach. To assist the process, the Scottish Executive has appointed a CHR Co-ordinator and ICT Facilitator. The CHR Co-ordinator has produced a number of publications designed to help local partnerships work towards a CHR for their area (Third, 2001).

The 2001 Act also creates a new duty on local authorities to prepare housing advice strategies that will ensure that housing advice and information is available (free of charge) about homelessness and the prevention of homelessness to anyone that requires it. This information must cover services to assist homeless people or to prevent people becoming homeless. However, housing advice is also relevant to other aspects of housing policy such as community care. 'Supporting People', for example, involves local authorities providing or funding support services that include assistance, advice and counselling.

Research has shown local authorities are the largest providers of housing advice, and also play a key role in planning and funding services provided by others, particularly voluntary agencies. But this role has been more poorly developed in Scotland compared with England. Local authorities generally provide a broader service than voluntary organisations, some of which provide a more intensive service to a smaller group of clients (Goodlad and Rosengard, 1998, and Dean *et al*., 1996).

Strategies are intended to enable local housing advice networks to be developed and assisted to assess local housing advice needs and gaps and to plan to meet gaps (Scottish Executive, 2002d; Goodlad and Rosengard, 1998; Grant, 1998; Dean *et al*., 1996). While informal networks play a key role in responding to clients' queries, there is a more strategic role that networks can play in identifying roles and referral mechanisms; assessing needs; joint planning to meet advice needs better and promoting new and improved advice services.

Overall, local authorities have limited new powers and resources with which to influence the management of housing in their area. Their capacity and effectiveness will however be greater than these powers suggest if they bring their influence to bear through effective partnership working.

Implications of the strategic role

Our review of the key dimensions of the strategic role of housing authorities has shown some mixed experience of local authorities extending from landlordism into other roles. However, from 1998 local authorities have shown more interest in embracing the possibilities of a new role in housing, assisted by legislation on local government as well as housing. Two key tests of the commitment of local authorities to their new housing role will be the staffing resources they devote to it and the effort they put into partnership working.

The number and nature of staff are both relevant considerations. The research and development skills associated with strategic planning, co-ordination and partnership are not the same as are required for housing management. Second, partnerships with a wide range of agencies will need to be developed. Research has shown that partnership is not easy to achieve (Huxham, 1996). The mechanisms for successful joint work are said to include:

- agreeing roles and responsibilities of all participating agencies from the outset;
- improved sharing of information between agencies;
- joint training and contacts between agencies; and
- an agreed individual officer or agency who will facilitate the process of joint work.

In the 1980s and 1990s local authorities began to build partnerships with a multiplicity of institutions including: housing associations, banks and building societies, Scottish Homes, the Accounts Commission, tenants' associations, voluntary organisations and private companies such as those involved in community care and advice services, a variety of bodies concerned with economic development, regeneration, health and social welfare services and private developers. From the citizen's point of view, the 'fragmentation' in service delivery led to new concerns about co-ordination, information and accountability. For all agencies, partnership often proved to be difficult (Dean *et al.*, 1999). Now, following the 2001 Act, local authorities are in the driving seat and will be held more responsible than before if partnership goes badly.

Partnerships with housing associations will take primary importance in many cases. Relationships will require to be developed, amidst a level of mutual suspicion in some areas. Housing association will have to work with and satisfy local authorities in ways not required of them before. It will be misleading to see housing associations as controlled and supervised from Edinburgh, since what they do and how they do it will have to be influenced by the local authority as well as by the Scottish level. The formerly key financial relationship between housing associations and Scottish Homes is therefore modified so that housing associations have to satisfy the relevant local authority as well as Communities Scotland about their development funding potential and programme. This may

require compromise and negotiation but it strengthens the local authority position compared with the past. The implications are that housing associations will have to learn about their new roles and in some new senses have to be accountable to local authorities in relation to development programmes and allocations practices.

Conclusions

This chapter has reviewed the developing role of local authorities in housing and argued that they stand on the threshold of a potentially key role in housing policy at local level. A number of developments including the right to buy, public spending restraint, and the decline in spending on private sector housing improvement all combined in the 1990s to frustrate the efforts of some local authorities to develop a meaningful strategic role. The Housing (Scotland) Act 2001 and other recent developments potentially herald a sea change but whether authorities are able to exploit this opportunity depends on a range of factors, including how able and committed they are to take advantage of their new powers in housing and in relation to community planning.

Resources as well as powers are required if authorities are to be able to play a positive role. The main opportunity to secure such resources is by transferring the development funding role of Communities Scotland to local authorities. But the cost–loss of the landlord role is too high for some authorities to pay. This suggests that the outcome may be a dual system in which certain authorities develop an active strategic and enabling role and others continue to stress the achievement of many housing objectives through council housing. However, a key issue for all local authorities will be how to assist their citizens when the market fails them, given that the majority look to the private sector for housing and to their local authority when things go badly. This requires the work of the Housing Improvement Task Force to be taken forward with enthusiasm and the creation of popular and positive models for local authority intervention, just at it did in 1919 and 1945.

Some further reading

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CHAPTER 16:
Conclusion

Duncan Sim

Policy change and housing tenure

The pace of policy change over the last seven years in Scotland has been remarkable. The election of the New Labour government in 1997, followed by the devolution referendum and the establishment of the Scottish Parliament, have transformed the Scottish political and policy landscape. As the Parliament enters its second term and, following major legislation in the housing area, it has been important to produce a housing policy and practice book, which takes into account this rapid change.

Readers will be conscious that a large part of the book has been about the social rented sector – its management, its transfer through RTB and whole stock transfer, its funding and affordability and its ease of access to homeless people and other excluded groups. There was a deliberate decision not to allow chapters to become too tenure-focused but instead to concentrate on a range of issues. That said, many of the issues impinge particularly on the social rented sector and it is this sector which has been the focus of legislation in the Parliament's first term.

More recent Scottish legislation such as the Tenements Bill and moves towards accreditation of private landlords suggest that the focus may begin to shift in the next few years. At Westminster, the new Housing Bill to be debated in 2003/2004 will seek to reform the system of house buying and selling in England and Wales, and it is likely that similar changes may eventually be made north of the border. Thus, future legislation is likely to have more of a private focus.

Such a focus would of course be entirely appropriate, for owner-occupation has become the majority tenure in Scotland, as elsewhere in the UK, although social renting still remains more significant than in the other UK countries. This tenure shift took place largely as a result of the right to buy and the encouragement of home ownership by the Conservative government in the 1980s and early 1990s. But we have never really taken the opportunity to debate what kind of tenure structure we actually want and require in Scotland. It is not clear, for example, what level of social renting is required to meet the needs of those for whom home ownership is not possible. Nor do we seem to be clear about what role the

private rented sector should play. The Conservatives before 1997 had sought to revive the sector but it is not obvious if the Scottish Executive wishes to revive the sector or merely regulate it. Revival may in any case prove difficult, because the levers of tax incentives are controlled at Westminster.

As Bramley and Morgan point out in Chapter 10, there has been significant new housebuilding in the private sector, but it has been quite variable across Scotland. In Edinburgh, the market is buoyant and house prices have risen steeply. The boost to the city's economy from devolution and the establishment of the Scottish Parliament have led to population growth and there appears to be a problem of affordability in the city. Many people seem to be unable to afford the house prices demanded in the private sector, while there is also a shortfall in social rented housing. But demographic change elsewhere in Scotland has taken a quite different form. In areas such as Inverclyde, population decline has led to whole estates of council housing becoming low demand (Chartered Institute of Housing in Scotland, 2003b). Some local authorities which have experienced low demand in the past have used the available stock to meet new needs, the most obvious example being the use of some housing estates in Glasgow to accommodate asylum seekers and refugees.

Shifts in demand are well illustrated in Scotland's rural areas, as shown by Shucksmith in Chapter 7. In some parts of Scotland, such as the Western Isles and some of the smaller offshore islands, there has been marked population decline in the last twenty years. But some islands, such as Skye have experienced continuous population growth and there are a number of rural areas within Scotland which have become attractive places to retire. Thus, rural as well as urban Scotland is characterised by great variations in housing demand with local shortfalls and surpluses in the different tenure sectors.

Allowing for variations across the country, there do appear to be significant shortfalls in affordable housing within Scotland. The Chartered Institute of Housing in Scotland (2003) estimated that the need for affordable homes stood at 202,646. There were over 46,000 households applying to local authorities as homeless and a further 156,000 on waiting lists. Lists were increasing faster than housing organisations could offer re-housing and, although the country's population is static, (and actually declining in some areas), nevertheless a total of 260,000 new households were expected to form by 2014. This will place significant pressures on housing organisations in the next decade.

That said, the Deputy Communities Minister, Mary Mulligan, has declined to become involved in the debate about the numbers of houses needed, labelling it 'sterile'. Instead, speaking at the 2003 SFHA Conference, she asked for 'stakeholders' to participate in a period of discussion on housing supply, across the various tenure sectors, including low-cost home ownership. This is a debate which will continue into 2004 and, no doubt, beyond.

Investment

Even where the supply of housing appears to be adequate, the quality of the stock is highly variable. As noted elsewhere in this book, the Scottish Executive is committed to a programme of social justice but if this is to be delivered, there must be significant investment in housing. There is no doubt that public expenditure has increased but this has tended to be focused on improving both health services and education. Spending on housing is still below the investment levels of the early 1990s (Chartered Institute of Housing in Scotland, 2003a) and, although the Executive's budget shows an increase in spending within the social justice portfolio in 2004/2005, this is projected to fall again the following year. Without significant additional spending, it is difficult to see how the present problems in the housing stock may be tackled.

The greatest problems relate to the condition of the stock and the recently published results of the 2002 Scottish House Condition Survey demonstrate clearly the ongoing issues of repairs and maintenance (Communities Scotland, 2003b). The survey revealed that the country's housing stock continues to show significant levels of disrepair, suggesting that we are not yet succeeding in reducing this to an acceptable level. Indeed, while it is hard to draw firm conclusions, the report suggests that we have taken the time to renew those elements that are relatively easy and cheap to replace, while elements which are harder or more expensive to deal with are subject to patch repair instead. This rather superficial approach is also demonstrated by the survey of householder action by the House Condition Survey. The numbers of households undertaking work on their dwellings has declined since 1996 and the most frequent work done by households was servicing the central heating system. In the private rented sector, landlords similarly are tending to carry out superficial tasks such as central heating servicing, rather than major repairs to the exterior of dwellings. In the long term, such an approach will do nothing for the necessary repair and maintenance of the stock.

The Chartered Institute of Housing has consistently argued for the establishment of a Decent Homes Standard. This has now been accepted for the social rented sector, but the Executive has less control over stock condition in the private sector. Nevertheless, the CIH has argued that Scotland should do more to develop national and local strategies to encourage owners to invest in their properties, while providing support and extra resources to ensure that this actually happens. This is a theme developed by Laird and Flint in Chapter 5.

Another significant aspect of the debate on housing quality is that of sustainability. Sustainable development can reduce environmental impact and lead to the delivery of higher quality housing, and the 'green agenda' has taken on a greater significance in recent years, with the support of Scottish Homes, later Communities Scotland. Politically, there appears to be growing support for green approaches, with the Executive moving to develop wind farms and other sources

of renewable energy, while the election of seven Green Party MSPs to the Scottish Parliament in 2003 has had a noticeable impact on public perception of green issues.

As far as investment in the social sector is concerned, Taylor has noted in Chapter 9 how the Scottish Executive has tended to look to stock transfer as the key means of levering in money. But, following considerable debate, local authorities have now been given additional freedom to borrow within a new prudential borrowing regime. Local authorities themselves will decide what is a prudent level of borrowing in their financial circumstances, taking into account the affordability of tenants' rents, and this new regime takes effect in April 2004.

As well as investment in individual houses, it is recognised that there also needs to be investment in wider communities. To this end, the Scottish Centre for Regeneration, established by Communities Scotland to gather and share good practice in community regeneration, has announced two new funds. The New Ideas Fund aims to help communities take the first step in developing ideas that can help improve their communities and contribute to their regeneration. The Seeing is Believing Fund will allow community and voluntary groups to visit and learn from successful regeneration projects elsewhere or access other learning opportunities to help them.

Policy sensitivity

In the immediate post-war period, housing policy was dominated by a general agreement that there was a need for high levels of housing construction. This was the main focus for around 25 years, in order to eliminate shortage, remove slums and provide for the expanding 'baby boom' generation. We now see, however, that much of the housing may have been less than suitable and the quality of construction often left much to be desired. During the 1970s, finance issues became more important, reflecting rising costs and the impact of inflation, while much Conservative housing policy in the 1980s was dominated by considerations of tenure.

Today, the Scottish Executive's policies are specifically aimed at inclusion and so policy makers must ensure that housing is appropriate to people's varying needs. We are now more conscious of the needs of single people, of disabled people, of black and minority ethnic groups and of older people, and housing must be varied according to their individual requirements. As noted earlier, we are more conscious of the green agenda and the need for housing to become more sustainable and energy efficient.

Across Scotland, policy must become more sensitive. We have already referred to the differing needs of rural and urban Scotland but even in our major cities, policy needs differ. As part of the ESRC Cities Research Programme, Bailey, Turok and

Docherty (1999) completed a comparative study of Glasgow and Edinburgh. In Edinburgh, they identified a need for the management of growth, while in the west of Scotland, the overall rate of growth needed to be accelerated. The complexion of the policy agenda was therefore quite different in the east and west and this, they suggested, posed considerable challenges to the Scottish Executive in developing a strategic perspective which would meet the common interests of Scottish cities and the central belt as a whole.

In rural areas, we have already pointed out the significant differences across Scotland in housing needs. Scottish Homes, in developing a rural housing policy in the 1990s, transformed the rural issue and provided a framework for policy development. But rural issues are diverse and 'one size cannot fit all' in policy terms. At the time of writing, there has been debate in the press about the continuing reduction in rural housing for local people (*Scotsman*, 30 November 2003). A survey in Braemar in Aberdeenshire has demonstrated that the village is about to pass the symbolically important point, where 50 per cent of the houses are holiday homes. Such a situation has enormous implications for the supply of affordable housing to meet local housing need, as well as the long term sustainability of such communities, in terms of local authority services, shops, schools and transport. It illustrates very graphically the need for policy to vary across the country.

The complications of housing policy are also likely to be magnified by future differences between Edinburgh and London. Chapter 11 refers to some of the emerging differences in the social justice agenda, for example in relation to asylum seekers. Most significant is the question of housing benefit, which remains reserved to Westminster. There is no doubt that the separation of housing policy from housing benefit policy seriously limits the Scottish Executive's ability to tackle the questions of affordability and social justice, as noted in Chapter 8. There appears to be a political will at Westminster to limit benefit, for example to anti-social tenants, which cuts across devolved housing issues. The tensions which are likely to be created will give added fuel to those who would argue that the Scottish Parliament should be given powers over all taxation and social security. Not only is this the view of a significant number of politicians across all parties, but several senior academics have argued the case. It illustrates again how complex housing policy has become.

Education and the housing profession

These complexities mean that housing professionals will increasingly face new challenges. As well as the management of social housing, dealt with in Chapter 3, the traditional focus of housing workers, new skills are now required for dealing with private owners. Partly, this relates to owners who have exercised the RTB, as discussed in Chapters 4 and 5 – such purchasers have led to many rented blocks of housing becoming mixed tenure and new forms of management will be needed.

As the Tenements Bill progresses through Parliament, with its call for owners' associations and the establishment of proper sinking funds for dealing with repairs, this then represents another area where professional housing skills will be required.

There is too a need to educate the occupiers of housing. Within the social rented sector, some tenants are unaware of their responsibilities and some anti-social behaviour may result, not from deliberate harassment of neighbours, but from lack of thought or awareness of the impact of one's behaviour. Projects like the Dundee Families Project, described in Chapter 3, demonstrate the value of working *with* families. In the private sector too, owners may be unaware of their responsibilities, for example to maintain their property. This is a particular issue in blocks where some owners have exercised the RTB but may not know of their new responsibility to carry out repairs.

There are challenges for the Chartered Institute of Housing in this. Firstly, in educating and training future housing professionals and, secondly, in providing the educational resources which will support workers and users alike, at a time when housing is in such a period of complex change.

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Photo gallery

A substantial amount of Scottish housing is pre-1919. Large blocks of tenements like this one in Glasgow have been refurbished by community-based housing associations.

Flatted housing from the inter-war period is less popular and has experienced problems of low demand. This block is in Maryhill in Glasgow.

The problems of low demand in 1930s housing has been dealt with in different ways. In the regeneration of the Craigmillar estate in Edinburgh, there has been selective demolition of some housing (above), while other property has been refurbished (below).

Scotland has a substantial legacy of high rise housing, built in the 1960s and 1970s. Some, like these blocks in Westercommon in Glasgow, have been transferred to a local housing association and refurbished.

In Greenock, refurbishment of high rise housing has occurred but overall population decline in the area means that many blocks remain low demand.

The Gorbals area of Glasgow was redeveloped in the 1960s but much of the housing was poorly constructed and became low demand. The area is now the focus of a major regeneration effort, involving the City Council, New Gorbals Housing Association and the Crown Street Regeneration Project and new development comprises a mix of home ownership and social renting.

The quality of housing design has improved dramatically in recent years and there are many examples of striking new housing designs in Scotland's regeneration areas – Craigmillar (above) and Gorbals (right).

In inner city areas, housing associations have been particularly successful in creating new housing out of non-residential buildings. Govanhill Housing Association succeeded in converting this former hospital into flats.

In rural areas, the housing shortage often leads to self build and the use of innovative and sustainable building materials. This house is in Knoydart.

Scottish Homes (and subsequently Communities Scotland) have emphasised the importance of sustainable development. This scheme by Shettleston Housing Association, used reclaimed and renewable materials and solar panel heating. It was designed by John Gilbert Architects.

Housing is needed for people with a wide variety of needs. Donald has a learning and a physical disability and lives in a Bield Housing Association development, supported by a carer from ENABLE.

Link Housing Association specialises in providing housing for single people. Tracey is a single parent living in a Link property.

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