

REPORT TO: HOUSING COMMITTEE – 18 OCTOBER 2004

REPORT ON: FINANCIAL VIABILITY STUDY WORKING GROUP - UPDATE

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 553-2004

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Committee on the work of the Financial Viability Study Working Group and the outcome of the Dundee Federation of Tenants Associations consultation.

2. RECOMMENDATIONS

- 2.1 The Council thank the Financial Viability Study Working Group for their work to date and ask them to continue to meet to examine the work of the Housing Department in respect of achieving the Scottish Housing Quality Standard, additional Prudential borrowing, and potential Partial Stock transfers. The Working Group to be renamed "Housing Investment Working Group". All decisions of the Working Group will require to be approved by the Housing Committee.
- 2.2 Instruction is sought on the representation of members on the Housing Investment Group. The current representation of members on the Financial Viability Study Working Group is 3 members from the Administration, 2 members from the SNP Group and 1 member from the Conservative Group. The Committee is requested to consider the same representation on the Housing Investment Group and appoint representatives.
- 2.3 The Council thanks the Dundee Federation of Tenants Associations and the Tenants Information Service for their work done to date.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.

4. LOCAL AGENDA 21 IMPLICATIONS

- 4.1 Developing a delivery plan for SHQS will ensure the key theme to provide "access to good food, water, shelter and fuel at reasonable cost" can be addressed.

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 Developing the SHQS delivery plan will ensure equality of access to quality housing.

6. **BACKGROUND**

- 6.1 The Financial Viability Study Working Group was remitted to oversee a study into the investment needs of Council Housing Stock. This work involved examination of the findings of a consultant, DTZ Peda, into various issues about the investment needs of the Housing Stock and the financial implications etc of Full Housing Stock transfer to a new landlord.
- 6.2 The Working Group decided that the consultants work should be based on a new standard for Dundee's Housing Stock (Dundee Standard). This included:
- Better energy efficiency
 - Full central heating to all properties
 - Front/rear close entry doors
 - Door entry systems to all closes
 - Showers in all properties
 - New bin stores to flats

The consultants suggested that to achieve this standard additional investment of £89m would be required.

- 6.3 The consultants also provided the Working Group with information related to the condition of the housing stock and established likely demand for Council housing in the future.
- 6.4 The information provided to the Working Group by the consultants enabled the Tenants Federation to arrange a consultation with its tenants to establish if there was sufficient interest in pursuing full stock transfer to a new landlord.
- 6.5 If sufficient tenants were interested in full stock transfer then further work would be undertaken by the Working Group leading up to a ballot of all tenants in approximately two years.
- 6.6 In order that the tenants were not influenced in arriving at their decision, the Working Group agreed that Elected Members and Officers from the Council would have no involvement in the consultation exercise. The Tenants Federation and their Independent Advisor would be responsible for the consultation exercise.

7. **FULL STOCK TRANSFER**

The Working Group including the Tenants Federation were aware of the following issues which needed to be considered during the consultations.

7.1.1 Implications of Full Stock Transfer

- There would be a new landlord
- Existing Housing capital debt would be written off by Scottish Executive
- A substantial subsidy from Scottish Executive would be required which at this stage was not guaranteed

The Working Group was also aware that the benefits from the write off of capital debt would be reduced over time because of:

- The VAT situation of the new landlord
- The higher administration costs of the new landlord
- The higher maintenance and contract costs
- The higher interest rates that would have to be paid by the new landlord

A number of local authorities have examined full stock transfer and have decided to proceed, a number are considering full stock transfer and a number have decided to remain as the landlord of their housing stock. Where tenants are satisfied with the performance of their Council as landlord it is very difficult for them to consider all the pros and cons and take the risk involved in a full stock transfer.

8. PARTIAL STOCK TRANSFER

Dundee City Council and its tenants have experience of partial stock transfer at Ardler. It is simpler to move forward with a partial stock transfer where the existing tenants are directly involved and are fully aware of what works will be undertaken and the timescale for completion of the works.

The information prepared by the consultants to the Working Group can be used to assess whether partial stock transfers similar to the Ardler stock transfer would be viable.

9. TENANT CONSULTATION

- 9.1 The Dundee Federation of Tenants Associations accepted that they would be responsible for an independent and extensive consultation exercise to ascertain the views of Dundee Council tenants on the principle of full stock transfer. The Tenants Information Service was appointed to assist with this consultation.

Significant effort was made to give every tenant an opportunity to comment on the findings and involved two tenant conferences and two 4page summary newsletters issued to every tenant, which also included a freepost reply card.

A 19-page report on the Study was also available on request.

In addition, Dundee Federation of Tenants Associations circulated a special edition of its newsletter "Fed News".

The Tenants Information Service also made presentations to three local tenant organisations and gave a short interview on Radio Tay.

- 9.2 A total of 533 Council tenant households were involved in returning views. Of those 65% wanted the Council to decide now to retain ownership of the housing stock, 30% were interested in looking at a change of landlord in more detail and 5% were unsure.

The full summary of the tenant's views can be found in Appendix 1.

10. **SCOTTISH HOUSING QUALITY STANDARD**

On the 2nd February 2004, the Minister for Communities announced the Scottish Quality Standard (see Appendix 2) and requested that every Local Authority should now prepare a delivery plan by April 2005 on how the standard will be achieved by 2015.

Work is now being undertaken and a report will be submitted to a future Housing Committee which will include the assumptions made and a comparison with the Dundee Standard.

The delivery plan will be submitted to a future Housing Committee and will include the costs associated with demolition.

This will enable the Council and the DFTA to meet with the Scottish Executive to seek financial assistance with these demolition costs. The Housing Investment Working Group will examine the need for regeneration, develop a consultation strategy to inform tenants and compare the Dundee Standard with the new Scottish Quality Standard.

11. **CONCLUSIONS**

Although the survey material issued by the Dundee Federation of Tenants' Associations indicated clearly the possible benefits of stock transfer and the possible implications of the housing stock remaining within the Council's ownership and control there was, nevertheless, no evidence of any obvious demand for full stock transfer or a change of landlord. To continue to pursue an option for full stock transfer without the full backing of tenants would result in delays in investment and improvement of Housing services to its tenants.

There is now a need for the Council to examine and report on the implications of the new Scottish Housing Quality Standard to be implemented by 2015.

Further work should be undertaken to establish whether further partial stock transfers similar to the Ardler partial stock transfer would enable the Council to implement the new Scottish Housing Quality Standard at an earlier date. This requires further work by the Working Group followed by detailed consultation with relevant communities if a financial and regeneration case is established for partial stock transfer.

12. **CONSULTATION**

- 12.1 The Financial Viability Working Group, Chief Executive, all Chief Officers of the Council and Dundee Federation of Tenants Association have been consulted on this report.

13. **BACKGROUND PAPERS**

None.

Elaine Zwirlein
DIRECTOR OF HOUSING

7 October 2004



Dundee Financial Viability Study Tenant Consultation Report of Tenant Opinion

18 June 2004

Purpose of Report

From mid April to mid June 2004, Dundee Federation of Tenants Associations (DFTA) and the Tenants Information Service (TIS) conducted a consultation exercise with all City Council tenants on the findings of the Financial Viability Study. The design of this exercise was agreed by the Council's FVS Working Group on 31 March 2004. This report describes the approach taken to opinion gathering and summarises the opinions gathered. Quite separately DFTA will make representations to the City Council about what should happen next.

Aim of the Consultation

Our aim was to give tenants sufficient information to understand the main issues and choices for the future of Council housing in Dundee and seek their views on them.

During the exercise, DFTA as a body made no recommendations to tenants. However individual members of its Executive Committee expressed their own personal opinions. TIS were the main suppliers of information which was given without recommendations about any alternative courses of action.

Information Provided

All tenants were sent a 4 page newsletter from TIS, explaining the Study findings mainly in terms of the likely impact on rents and standards, but also prospects for dealing with surpluses and mismatches between supply and demand. This newsletter also contained a FREEPOST reply card prompting tenants to seek more information or ask questions. A press release was published at the time of the circulation of this newsletter drawing attention to the importance of the issue and announcing the consultation period.

A 19 page report of the Study was also compiled by TIS and made available to tenants on request. Approximately 150 of those reports were circulated to tenants.

DFTA issued a special edition of its newsletter, "Fed News" which will have reached between 1,500 and 2,500 tenants. They were sent out to all tenants previously expressing an interest in DFTA affairs over the last 4 years, those booking for meetings held during this process, all who requested more information on a FREEPOST card and offered to those attending local meetings. They were also distributed to housing offices, community centres and registered tenants organisations.

TIS made presentations to meetings of three local registered tenants' organisations, with a total attendance of about 70 people. Approximately 40 tenants were phoned at their request to clarify some question or other. TIS gave a short interview to Radio Tay.

A second 4 page TIS newsletter was circulated to all tenants four weeks after the first one. This reinforced key information supplied in the first newsletter and answered the most frequently asked questions arising from the first round of FREEPOST cards. This newsletter contained a FREEPOST response card asking for opinions about three main points:

- What should happen next
- What configuration of alternative landlord(s) might be of interest if any, and
- Views about rents and standards.

Space was provided for comment in whatever way tenants wanted to give it.

A specimen of the FREEPOST card circulated with the second TIS newsletter is at appendix 1.
A specimen of the response card used in the two main tenants' meetings is at appendix 2.

TIS delivered presentations, answered questions and facilitated debate at two meetings to which all tenants were invited – in the Marryat Hall on 1 June and at the West Park Centre on 5 June. Attendances at these meetings were 183 and 52 respectively. These meetings were advertised in both TIS newsletters, "Fed News", on Wave 102, during a Radio Tay interview, in two press releases published and in two public notices.

A final published press release further prompted the return of FREEPOST cards.

Responses received upon which this report is based

This was not a market research exercise. Given the complexity of the subject and the relative unfamiliarity of it to most tenants, we did not want to inhibit any expressions of points of views by the way the process was designed. Notwithstanding this, the process did direct tenants' attention to the main areas of concern arising from the Study.

355 of the FREEPOST cards provided with the second TIS newsletter were returned.

No opinion was gathered at the local meetings, since they took place early in the consultation period.

18 comments slips attached to "Fed News" were returned.

As indicated above 235 tenants attended one of two main tenants meetings. They took part in professionally facilitated discussion groups structured to illicit views about the pros and cons of a decision now by the Council to retain ownership of Council houses and the pros and cons of a more detailed look at an alternative landlord proposal, which tenants could later vote on. The main pros and cons were recorded. Tenants' preferences between these two options was gathered by cards given out at the tenants meetings and returned at the end of each meeting.

A small number of the tenants who attended one of the main meetings also returned FREEPOST cards. A total of 533 Council tenant households were involved in returning views. While this is many more explicit expressions of opinion than DFTA has ever had available to it in advance of forming a view, this still only represents about 3% of tenants having offered a view in this consultation process.

The range of opinions expressed

Among the 533 households giving written responses,

- 65% wanted the Council to decide now to retain ownership of the houses,
- 30% were interested in looking at a change of landlord in more detail and
- 5% were unsure.

This split in opinion was similar in the FREEPOST cards and in the two main meetings taken together. Interestingly, the smaller meeting at West Park recorded a slight majority of people wanting to look at a change of landlord, compared with the clear majority for retention expressed at the Marryat meeting.

Appendix 3 presents a table showing the responses by method of giving opinion.

Reflecting the complexity of the issues involved, there was some "fluidity" in tenants' views. During a further question/answer session after cards were collected at the main meetings a few tenants made a point of indicating that they had changed their minds as more points were clarified. This essentially related to the nature of the possible alternative landlords. It should be born in mind that a range of alternative landlord scenarios may be possible. This made it harder to present the character of an alternative landlord in a concrete way, because we did not want to prescribe to tenants what precise form an alternative might take. Among the FREEPOST response cards, there were views within a few cards which were self contradicting. In general however, only a small minority of respondents (about 10%) either misunderstood

basic facts or felt a fear of the unknown in a way that may have had a bearing on their opinions.

With regard to reasons for views, two main sources were available, namely comments on the FREEPOST cards and points advanced in the main meeting discussion groups. These sources were augmented by comments on the back of the tear off slip in Fed News, questions and points made at the local meetings, and phone calls to tenants who requested them.

Older people were prominent among those seeking a retention decision now.

There was no correlation apparent between the level of popularity of areas respondents lived in and their views about what should happen next. One might have expected tenants in the least popular areas to be more interested in change of landlord, but this did not come through.

One in every four FREEPOST card respondents made unsolicited comments expressing satisfaction with the housing standards and/or services provided by the Council at present. Only one in ten expressed any concerns about current housing standards. Were there widespread concerns about current standards, an expression of this would have been expected to come through. This was consistent with discussion at the two main meetings, where few expressed strong concerns about current standards. This contrasts with previous opinion gathering work by DFTA with TIS help during the Study period. This earlier work helped define the versions of the Dundee Standard used in the Study. Perhaps the potential tenure change context in which standards were considered was a factor in this. It was certainly true at the meetings that concern about tenure change was much more to the fore than standards.

By contrast, one in every four tenants returning FREEPOST cards expressed concerns about rent levels either now or in the future or both, notwithstanding the high proportion of tenants receiving Housing Benefit. In the FREEPOST cards, the numbers expressing concern about rent levels were equally split on what should happen next. Concern about rents was also prominent in the discussion groups at the two main meetings.

The range of reasons given for attitude to what should happen next.

The views recorded on FREEPOST cards and from discussion at the two main conferences covered the same sorts of reasons. They are presented below in no particular order of importance or frequency of mention. The intention here is to get a flavour of the sorts of things which seemed to matter most to tenants.

Reasons for wanting the Council to decide now to retain ownership may be summarised as follows:

a) relating to perceptions of the Council

- ✓ Familiarity with the Council
- ✓ Fear of change or resistance to change, especially among older people
- ✓ Feeling secure with the Council
- ✓ No undercurrent of dissatisfaction stimulating interest in change
- ✓ High levels of satisfaction with the Council, even when occasional points of criticism arose
- ✓ Valuing a familiar form of accountability through elected councillors
- ✓ Trust in the Council on rents and service motivation
- ✓ Recognition of the experience of owning and managing houses the Council has

- ✓ Valuing the productive relationship between DCC and DFTA
- ✓ Easier liaison with other Council departments than an outside body
- ✓ Perceived injustice of Government policy
- ✓ The Council shouldn't abdicate its responsibilities

b) relating to perceptions of the alternative

- ✓ Unsure about the financing of an alternative landlord and if one could be trusted, especially concerning rent levels
- ✓ Concerns about the structures for governance and accountability
- ✓ Adverse speculation about any alternative even when correctly understood
- ✓ Adverse speculation about any alternative when significantly misunderstood
- ✓ Critical observation of some current housing association practice in Dundee, including knowledge of their generally higher rent levels
- ✓ Fear of subsequent change of ownership/control
- ✓ Councillors not having the same influence over any new landlord
- ✓ No way back if a change is undertaken
- ✓ Scepticism that another landlord would deliver on promises on rents and standards
- ✓ Not convinced decision makers would be accessible or easy to influence
- ✓ Sheltered housing tenants fearing higher service charges, or having to start paying service charges
- ✓ Unconvinced any improvement would ensue
- ✓ Perception of change of landlord as a form of privatisation

Reasons for wanting to look at a change of landlord in more detail may be summarised as follows:

- ✓ Very little detail currently available about specifics, there is a need to know more
- ✓ Appreciation of the chance to find out more
- ✓ The fairness of a future vote to decide for or against a change, and thus no final commitment being required now (including among those who say they themselves would vote to stay)
- ✓ Recognition and acceptance of financial problems
- ✓ Concerns about run down areas
- ✓ Potential for better standards and more houses being built for rent
- ✓ In a small minority of responses, strong criticism of the Council, mainly related to wasting money or managing badly
- ✓ Not wanting to turn down something not understood in enough detail

- ✓ Willing to consider change as long as it is not a private landlord and rights are not affected
- ✓ Liking the idea of councillors and tenants setting up something new
- ✓ There seeming to be no alternative
- ✓ Potential to keep rents at a fair level

The numbers of tenants offering views

We have no firm evidence of why more tenants did not take the opportunity to offer views when it was there. Reasons will probably vary a great deal. Finding it hard to resolve a view may account for some. TIS has previous experience of tenants believing that there views are not likely to make any difference anyway and this may explain some as well. With limited concern about current standards and many positive comments from respondents about the Council, high levels of satisfaction with the Council may also be a factor. We are left to gauge to what extent the views given reflect views held more widely. Again TIS has other experience of how well the tenants who go to some trouble to express views appear to reflect more widely held views very well. The fact that the balance of opinion at the two main meetings taken together was very similar to the balance of opinion on the FREEPOST cards, two substantially different samples, may increase confidence in such a conclusion. It is accepted that opinions may validly differ from this one on how representative the views gathered may be of wider City Council tenant opinion.

Comparison with tenant opinion in Ardler

We have reflected on the contrast in opinion in this consultation exercise with experience in Ardler. There housing conditions and the need to improve them far outweighed any reluctance to change landlord, when tenants had the opportunity to vote on a specific proposal for regeneration with a change of landlord as a central component. In this consultation exercise, there were no concrete proposals to help tenants understand in a more practical way how they would be affected. In Ardler, tenants were clear that prevailing housing conditions and the letting difficulties were unsustainable. No similar level of dissatisfaction was apparent from this consultation exercise among Council tenants across the City. However, it still remains difficult to explain why tenants in the least popular housing did not respond in greater proportions, if not absolute numbers, with an interest in exploring a change of landlord with potential to improve their housing circumstances.

Summary

A clear majority of Council tenants want the Council to decide now to remain owner of the houses. Lack of acute concern about standards and high levels of satisfaction with the current housing service seem to be linked to opposition to considering a change of landlord. In contrast, clear concerns exist about rents now and in the future, with tenants willing to place more trust in the Council to act with restraint on rents compared to an alternative landlord. Unexpectedly, interest in considering change of landlord seemed no higher among tenants in the least popular areas than among tenants as a whole.

Greg Brown
Tenants Information Service

Appendix 1

Name _____

Address _____

_____ Postcode _____

1. I have the following comments to make about whether or not a change of landlord should be looked at in more detail. *(Were you and other tenants to support looking at a change of landlord in more detail, it is NOT committing you to supporting a change of landlord. It just means a proposal is prepared which all tenants can vote on in a postal ballot.)*

2. If you feel a change of landlord should be looked at in more detail, should the Council and tenants set up a new landlord jointly? The alternatives would be considering existing housing associations or having several smaller housing associations involved.

3. And what about your comments on the relative importance to you of rent levels and housing standards

If you need more space to explain your views, put them on a piece of paper and address your envelope to the FREEPOST address on the other side of this card.

THANK YOU FOR TAKING THE TROUBLE TO SEND IN YOUR VIEWS



Appendix 2

The Big Meeting – Marryat Hall 1 June 2004

Name

Address

WHAT DO YOU WANT TO HAPPEN NEXT?

Place a tick in one of these two boxes

I think the Council
should look at a
change of landlord,
so that tenants can
vote for or against a
detailed proposal

TICK HERE -

I think the Council
should decide now
to stay the owner of
Council houses

TICK HERE -

Place further comments here –

Appendix 3

Summary of all written responses received (as at 15th June, 2004)

	Tenants wanting the Council to decide now to stay the owner of its houses	Tenants wanting the Council to look at a change of landlord, so that tenants can vote on a detailed proposal	Unsure	TOTAL
Freepost cards (Issued with TIS 2nd newsletter to all Council tenants)	237	91	27	355
Cards completed at Marryat and West Park tenants' meetings	110	68	--	178
TOTAL	347	159	27	533
%	65%	30%	5%	100%

Note: -

Where tenants used both a Freepost card and a card from a meeting we have recorded the views from the Freepost cards to remove any double counting of households.



SCOTTISH EXECUTIVE

Development Department

Chief Executives – Local Authorities
 Directors of Housing/
 Chief Housing Officers – Local Authorities
 Directors of RSLs in Scotland

Copies to: Chief Executive, COSLA
 Director, SFHA
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 Scottish Director, CML
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Your ref:
 Our ref:

4 February 2004

Dear Colleague

SCOTTISH HOUSING QUALITY STANDARD (SHQS)

The Minister for Communities has made an announcement today about the Scottish Housing Quality Standard in a statement to the Scottish Parliament. This gives details of the content of the Standard and sets a target date for bringing houses in the social rented sector up to this Standard.

The Scottish Executive's consultation paper "Modernising Scotland's Social Housing", issued in March 2003, set out proposals for a national standard based on a minimum set of quality measures for all houses in the social rented sector (at the time this was referred to as the Scottish Social Housing Standard). In the meantime, Scottish Ministers announced that, following recommendations of the Housing Improvement Task Force, they would bring in a cross-tenure Scottish Housing Quality Standard in line with the Partnership Agreement to introduce a decent homes standard. Decisions on the final version of the Standard have taken account of the responses to the consultation and a summary of the responses is available from the Executive and on the Executive's website – www.scotland.gov.uk/consultations/housing/mssh04-00.asp. Account has also been taken of the results of the Scottish House Condition Survey which was published in November 2003.

The intention has been to define a standard which is relevant to the 21st Century and is consistent with views on what constitutes acceptable, good quality housing. It differs from the statutory Tolerable Standard (a very basic standard of acceptability) and the Building Standards as they apply to new housing.

As initially proposed in "Modernising Scotland's Social Housing" the Standard is based on a number of broad quality criteria. To meet the Standard the house must be:

- compliant with the tolerable standard;
- free from serious disrepair;
- energy efficient
- provided with modern facilities and services;
- healthy, safe and secure.



The precise way in which these broad criteria are to be defined is set out in the attached note which sets out a detailed specification of the Standard. A number of changes have been made to the detailed specification in the light of the responses to the consultation and you may wish to note, in particular:

- there is now an explicit requirement for the required full central heating system to be energy efficient;
- the standard for loft insulation is 100mm;
- although there is not a standard requirement for double glazing, this may be necessary in certain houses if there are problems with external noise or to ensure that the house meets the thermal efficiency standard;
- there is a requirement for adequate noise insulation where there are problems with external noise (the possibility of having a noise insulation standard for noise generated within the building was considered but rejected on grounds of practicality);
- mechanical ventilation should be provided in either the kitchen or bathroom, or both, if there are persistent problems of condensation dampness;
- the suggested requirement for a second WC in houses with 3 or more bedrooms has been dropped because of the practical difficulties of adapting existing houses to add an additional WC;
- there is a requirement to ensure that common areas and facilities linked to the house but external to the dwelling are in good and safe order with adequate lighting.

Careful consideration was given to whether the Standard should include accessibility requirements. There is an existing 'visitability' standard for new build properties that aims to make it much easier for disabled persons to visit the house in question. A higher standard is promoted by Communities Scotland for new build social housing in accordance with the 'Housing for Varying Needs' design guidance based on the 'barrier free' concept. As well as containing many similar features to the 'visitability' standard, it provides for additional specifications to help disabled occupants.

Many respondents commented that these standards could not be realistically applied to all existing properties. There were concerns that it could give rise to significant rebuilding at disproportionate cost. It was also recognised that different occupants have different needs and that many houses which could never be adapted to provide suitable housing for persons with disabilities, nevertheless provide quite satisfactory housing for most households. Whilst the Executive has, therefore, decided not to include any accessibility requirements in the Standard itself, it fully recognises the need to ensure that there is suitable housing for persons with disabilities. The Executive expects each local authority, through the process of preparing Local Housing Strategies, to identify, over time, the scale and nature of these needs and to draw up proposals for meeting any shortfall.

The intention is that the Scottish Housing Quality Standard is relevant to the housing stock as a whole. Its application will, however, vary according to tenure.

In the social rented sector, the Minister has made it clear that she expects local authorities and registered social landlords to ensure that their stock meets the standard by 2015. However they will be able to set their own milestones for progressing towards the 2015 target date, taking account of their local circumstances. They will also be expected to prepare Standard Delivery Plans for submission to Scottish Ministers by April 2005 at the latest; these will be assessed by Communities



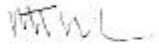
Scotland on behalf of Scottish Ministers. In the case of local authorities, these will take the form of an update to, or revision of, the Local Housing Strategy. Further guidance on the content of Delivery Plans and the criteria for assessing them will be issued in due course.

Social landlords may, following consultation with their tenants, wish to augment the Standard with additional local specifications. The Executive has no difficulty with this providing there are clear plans for achieving the national Standard and the additional resources are available.

In the private sector, aside from instances where owners may be required to, for example, bring properties up to the Tolerable Standard or rectify serious disrepair that has been subject of a statutory notice, it is ultimately a matter for individual owners to decide whether to make improvements if their properties do not meet the Standard. However, local authorities will wish to take account of the Standard in monitoring the condition of the private sector housing stock in their areas; they will need to consider what measures might be adopted to encourage private owners to undertake relevant works and to report on this in future Local Housing Strategies.

If you have any queries on the Standard, please contact Mary MacDonald (tel: 0131 244 5569) (e-mail mary.macdonald@scotland.gsi.gov.uk) or Helen Jones (tel: 0131 244 5570) (e-mail helen.e.jones@scotland.gsi.gov.uk) in the first instance.

Yours sincerely



MIKE NEILSON



Housing Quality Criteria	Criteria definition	Criteria elements	Failure assessed by:
Compliant With The Tolerable Standard	The Tolerable Standard	<ul style="list-style-type: none"> Below Tolerable Standard 	<ul style="list-style-type: none"> Single Primary Failure
Free From Serious Disrepair	Primary Building Elements	<ul style="list-style-type: none"> Wall structures Internal floor structures Foundations Roof structure 	<ul style="list-style-type: none"> Single Primary Element Failure. An element fails where it requires repair or replacement of more than 20%
	Secondary Building Elements	<ul style="list-style-type: none"> Roof covering Chimney stacks Flashings Rainwater goods External wall finishes Access decks/balustrades Common access stairs/landings, pathways within the curtilage of the dwelling Individual dwelling balconies/verandas Individual dwelling attached garages, internal stairs Damp Proof Course Windows/doors Common windows/roof lights Underground drainage 	<ul style="list-style-type: none"> Failure by two or more elements. An element fails where it requires repair or replacement of more than 20%
Energy Efficient	Effective Insulation	<ul style="list-style-type: none"> Cavity insulation where technically feasible and appropriate¹⁹ 100mm loft insulation where appropriate²⁰ Insulation of hot water tanks and pipes (and cold water tanks as an ancillary measure) 	<ul style="list-style-type: none"> Single Element Failure

¹⁹ In some types of housing, it is not possible to install cavity wall insulation; in other cases installation may be prohibited by building regulations because cavity wall insulation would lead to other problems such as water penetration and dampness.

²⁰ 100mm is the minimum existing insulation which will meet the standard, but where insulation is being installed it must meet the standard required by the building regulations.

Housing Quality Criteria	Criteria definition	Criteria elements	Failure assessed by:
Energy Efficient	Efficient Heating	<ul style="list-style-type: none"> A full house central heating system that has an acceptable efficiency rating²¹, or similarly efficient heating system that is developed in the future 	<ul style="list-style-type: none"> Single Element Failure
	Additional Energy Efficiency Measures	<ul style="list-style-type: none"> Additional energy efficiency measures, where technically feasible²², necessary to achieving a minimum NHER rating of 5 or SAP rating of 50 	<ul style="list-style-type: none"> Single Element Failure where a necessary practical measure has not been implemented

²¹ An inefficient central heating system is defined here as being:

- a solid fuel boiler with an annual seasonal efficiency of 55% or less
- a natural gas boiler with an annual seasonal efficiency of 55% or less
- an oil-fired boiler with an annual seasonal efficiency of 65% or less
- a gravity or semi-gravity heating system more than 20 years old.

An inefficient electric storage heating system is defined here as being:

- free-standing large volume storage heaters more than 20 years old
- free standing compact storage heaters more than 20 years old
- electric fan-assisted storage warm air heating more than 20 years old
- electric wired underfloor heating, set in solid floors, more than 20 years old
- electric ceiling heating more than 20 years old.

²² Such measures might include coated double or even triple glazing. It is recognised that it will not always be technically feasible, without disproportionate costs, to bring certain houses up to the minimum thermal efficiency standard. Building Standards may be relaxed if it is not reasonably practical to meet the minimum standards.