

Scottish Housing Quality Standard



Progress report
January 2008

SCOTTISH HOUSING QUALITY STANDARD (SHQS) PROGRESS REPORT

Scottish Housing Quality Standard (SHQS) Progress Update

1. Introduction

1.1 This progress report is based on monitoring information provided by landlords in 2007. It follows our previous analysis of Standard Delivery Plans (SDPs) published in January 2007.¹

1.2 Registered Social Landlords (RSLs) provided details of the number of dwellings brought up to the Scottish Housing Quality Standard (SHQS) and the total number of dwellings which passed the Standard in 2006/7. RSLs provided this through the Annual Performance & Statistical Return (APSR) which they submit each year. Information on RSL finances such as rents, investment and borrowing is also collected annually from RSLs.

1.3 Following discussions, some Local Authorities said that they could not provide data on the total number of dwellings brought up to the SHQS. Instead they provided information on the number of dwellings brought up to each individual criterion of the SHQS and financial details such as investment made to meet the Standard.

1.4 We received SHQS information from 162 RSLs and 20 Local Authorities covering almost 90% of the social rented sector stock. 5 Local Authorities are still preparing their plans for reaching the Standard²; we are still in discussions with one Local Authority about their submitted SDP, and therefore did not request monitoring information³. The remaining Local Authorities have all transferred their stock to RSLs and their information is collected as part of the APSR.

2. Number of Dwellings brought up to the Scottish Housing Quality Standard

2.1 Just over 31 500 social rented sector dwellings were brought up to the SHQS in 2007.

2.2 Local Authorities account for around 20 500 (65%) of that total whilst RSLs brought just over 11 000 dwellings up to the Standard.

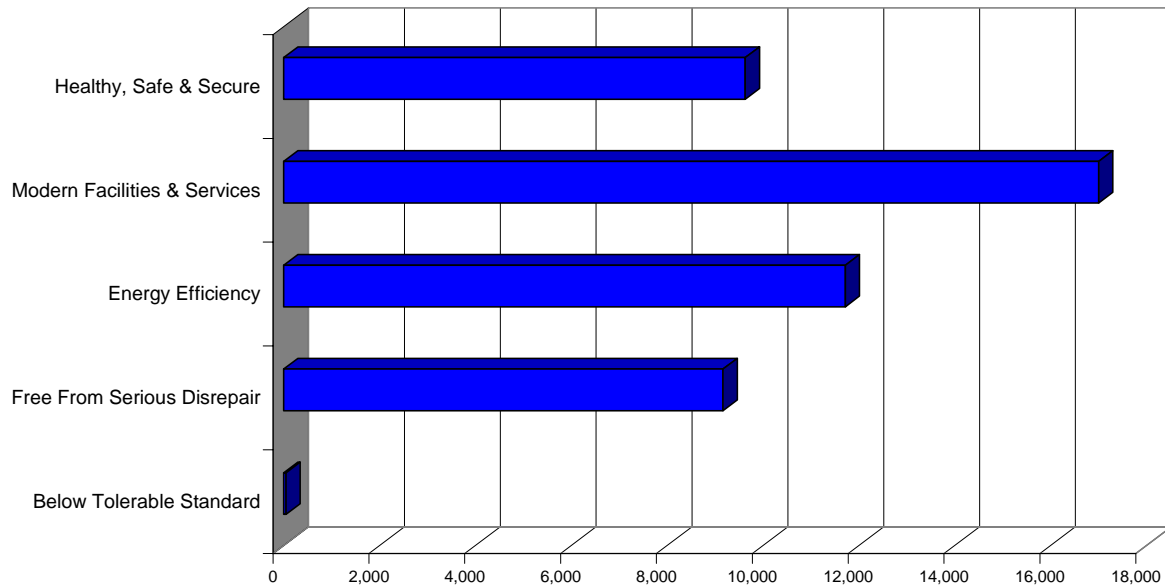
¹ http://www.communitiesscotland.gov.uk/stellent/groups/public/documents/webpages/otcs_017431.pdf

² City of Edinburgh, The Highland Council, Stirling Council, West Dunbartonshire Council & Renfrewshire Council

³ Shetland Islands Council

3. Progress towards the SHQS by Local Authorities.

Figure 1: Dwellings brought up to SHQS criteria by Local Authorities

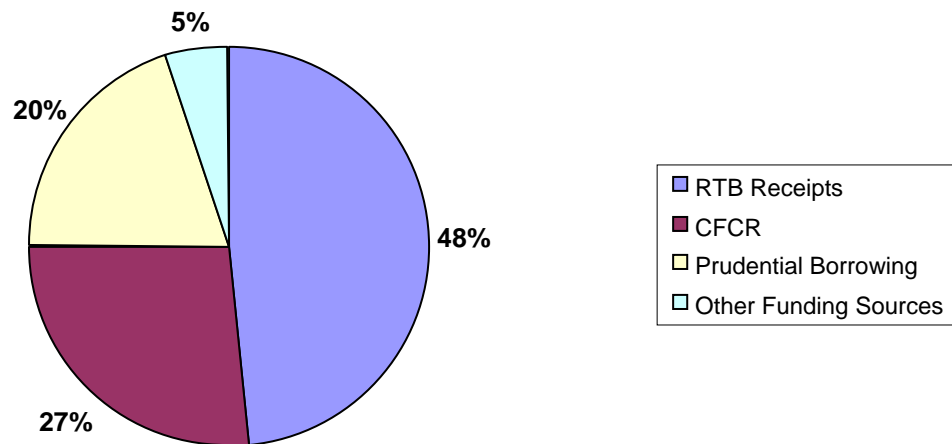


- 3.1 Local Authorities are making progress across all the SHQS criteria. (Figure 1)
- 3.2 Improvement is most pronounced in the 'Modern Facilities and Services' criterion, with around 17 000 dwellings brought up to this level. There is substantial progress in other criteria as well.
- 3.3 It should, however, be noted that bringing a dwelling up to one criterion may not necessarily mean the dwelling meets the SHQS. Dwellings often fail on more than one criterion and landlords typically approach capital improvements on an element by element basis. It is for this reason that the total number of dwellings brought up to the SHQS is lower than the sum of the number of dwellings brought up to the individual SHQS criteria.

4. Capital Investment by Local Authorities to meet SHQS

- 4.1 Local Authorities invested a minimum of just under £215m in 2006/7 to meet the SHQS. This investment is approximately £18m more than was projected in the SDPs.
- 4.2 Figure 2 below indicates that almost half (48%) of funding to meet the SHQS comes from Councils using Right-to-Buy (RTB) receipts. Of the remainder, 27% and 20% come from capital from current revenue and Prudential Borrowing respectively whilst 5% is from other funding sources.

Figure 2: Sources of Local Authority Funding for SHQS Investment



4.3 Some Councils are more reliant than others on RTB receipts as a source of funding and use of this source ranges from around 23% to over 95%.

4.4 Use of Prudential Borrowing ranges from 0% to almost 50% although the majority of Councils generate less than 30% of their funding from this source.

4.5 No Council is solely reliant on one source of funding and the spread of funding sources reflect the different circumstances Councils are in regarding their ability to borrow, raise rents, access other funding sources and the levels of RTB sales.

5. Registered Social landlords

5.1 As noted above, in 2006/7 RSLs brought around 11 400 dwellings up to the SHQS.

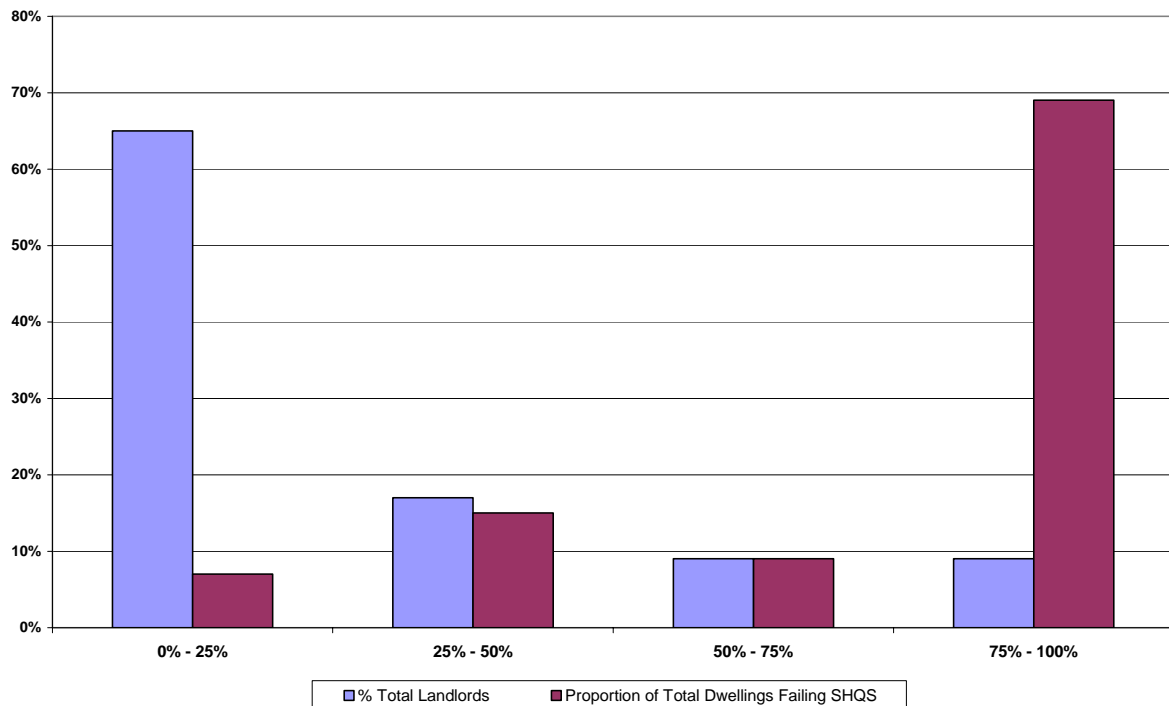
5.2 Almost 126 000 RSL dwellings now meet the SHQS according to the information provided to us. This is just over 50% of the entire RSL sector.

5.3 Whilst around 50% of RSL dwellings fail the SHQS, the average failure rate per RSL is around 32%. This is because high failure levels tend to be concentrated within a few big landlords.

5.4 This is best illustrated by Figure 3 below. It shows that only 15 RSLs (9%) account for almost 70% of dwellings failing the SHQS in the RSL sector.

5.5 Conversely 54% of RSLs have an SHQS failure rate of less than 25% and account for only 7% of dwellings failing the Standard.

Figure 3: Percentage of landlords by categories of SHQS failure level



6. Conclusion and Moving Forward

6.1 The information collected in 2006/7 indicates that landlords are working continuously to bring their stock up to the SHQS. In brief:

- Over 30 000 dwellings were brought up to the Standard
- Just under £215m was invested by Local Authorities alone
- Progress towards the SHQS is being made across all criteria

6.2 A few landlords are still developing their SDPs and we are working closely with them to assist this process. Because of this we still do not have complete coverage in terms of monitoring information but we will continue to work with landlords to ensure movement towards the SHQS continues.