Consultation

Did you take part in either of the Scottish Government consultation exercises which preceded the Bill and, if so, did you comment on the financial assumptions made?

1. The City of Edinburgh Council (the Council) submitted consultation responses in relation the Future of Right to Buy and Better Dispute Resolution in Housing.

The Future of Right to Buy

2. The Council’s response to this consultation indicated that the abolition of Right to Buy would result in an estimated loss of capital income of approximately £2.8 million per year. However, it was also estimated that rental income from retained properties would generate approximately £0.27 million per year which could be used to help offset additional borrowing required as a result of the loss of capital receipts.

Better Dispute Resolution in Housing

3. The Council’s response to this consultation raised concerns with how additional mediation services would be funded, especially if these services were to remain free to all users.

Do you believe your comments on the financial assumptions have been accurately reflected in the FM?

4. The financial implications of the abolition of Right to Buy for local authorities have been accurately reflected in the financial memorandum (FM) which suggests that the short term cost of additional borrowing to cover the loss of capital receipts will be offset by a gain in rental income over the long term.

5. The issues regarding the expansion of mediation services are not relevant to the Housing (Scotland) Bill (the Bill) as the expansion of services is to be pursued out with legislation.

Did you have sufficient time to contribute to the consultation exercise?

6. Both consultation responses had to be submitted in draft subject to approval by Council Committee. Council committee cycles mean that, depending on the publication date of the consultation, the standard 12 week period for Scottish Government consultations does not always allow sufficient time for a comprehensive response to be developed and approved by elected members before the consultation closes.
Costs
If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the FM? If not, please provide details?

7. The Council agrees with many of the assessments contained within the Financial Memorandum. Below are the areas where the Council believes there may be additional financial implications that have not been accurately reflected in the Financial Memorandum.

Part 2 – Social Housing

Short Scottish Secure Tenancies (SSST) - Duty to Provide Housing Support

8. The FM estimates that the provision of additional support to households that have been given a SSST on the grounds of antisocial behaviour will cost £764,000 per year across all local authorities. Analysis of antisocial behaviour cases in Edinburgh that are likely to result in the provision of an SSST and require support suggest that this is an under estimate of the cost.

9. In attempting to assess the financial impact of this, City of Edinburgh Council has assumed that all Council tenants with Scottish Secure Tenancies (SSTs) who receive a final warning over their antisocial behaviour will have their tenancy converted to a SSST with support. On this basis, the number of additional SSSTs with support would be approximately 116 per year. Clearly this is dependent on any Scottish Government guidance however, if we were to adopt the above approach, based on average support costs, the financial impact could be up to £230,000 per year.

10. In addition, it is estimated that, each year in Edinburgh, there are approximately 20 cases where a homelessness assessment has been carried out, there has been significant antisocial behaviour within the previous three years, and where under the new provisions of the Bill, a SSST with support would be appropriate. The cost of delivering support packages to these households would be approximately £40,000 per year.

11. Based on these assumptions, the annual cost of providing housing support to meet the provisions of the Bill is estimated to be £270,000 per year for the Council. Based on this analysis, the costs across Scotland could be significantly higher than identified in the FM.

Part 3 – Private Rented Housing

Transfer of Responsibility to Hear Civil Cases Relating to PRS to Scottish Tribunals

12. The FM does not identify any costs for local authorities associated with the establishment of a Private Rented Sector first tier tribunal. However, it is anticipated that the creation of such a tribunal will generate a significant increase in enquiries to the Council and appeals against landlord registration decisions, Rent Penalty Notices and various HMO decisions resulting in increased pressure on existing staff resources.
Tacit Approval of Landlord Registration Applications

13. The FM estimates that where a decision cannot be made on an application for landlord registration within 12 months, tacit approval of the application will be granted and the landlord will be able to operate legally. If a local authority is unable to make a decision within 12 months, they may apply for an extension. The FM estimates that each appeal for an extension will cost between £500 and £1,000. The Council estimates that there will be approximately 10-20 such cases in Edinburgh each year. Based on FM figures, this will result in an annual cost to the Council of between £5,000 and £20,000. This is based on an assumption that tacit approval will not apply to cases where the landlord has failed to fully provide the information necessary for a decision to be made within the 12 month period.

14. The Bill states that tacit approval will be granted for 12 months rather than the usual three year licence period. If Landlords with tacit approval are required to re-apply after the initial 12 month period, this will generate a small increase in licensing fee income for the Council.

Third Party Referral to the Private Rented Housing Panel

15. The FM identifies no costs for local authorities arising from third party referrals to the Private Rented Housing Panel (PRHP). Although the powers are welcome and will allow the Council to support tenants to challenge their landlord and increase standards in the sector, it is anticipated that this could generate a significant increase in enquiries to the Council. Where local authorities decide to make use of the powers, a significant amount of officer time will be required to investigate and build cases on behalf of the tenants that are being represented.

Part 4 – Letting Agents

16. Although letting agents are not currently required to register, most operating in Edinburgh do apply through the Landlord Registration Scheme as all landlords have a responsibility to use a fit and proper agent and this is determined by the local authority. There are currently 774 letting agents registered in Edinburgh. If the determination of fitness and propriety transfers to the national registration scheme, there will be no reason for letting agents to register locally resulting in a loss of income of up to £30,000 per year.

17. In addition, landlords are obliged to name any agent working on their behalf on their registration application. They do this by entering their agent’s landlord registration number. If letting agents were no longer registered locally, the Council’s IT would have to be updated to deal with the new system.

Part 6 – Private Housing Conditions

18. The FM identifies no costs for local authorities relating to additional powers relating to private house conditions, however the Council has concerns that costs associated with making use of these powers and difficulties with recovering costs from owners are deterring local authorities from making full use of these powers.
Powers for Local Authorities to Pay for a Share of Scheme Costs
19. While the powers included in the Bill build on those already available through the Housing (Scotland) Act 2006 and there is no duty for local authorities to use these powers, there is some concern that local authorities will be unable to make use of these powers because of a lack of resources to cover upfront costs.

20. Case studies from Dundee City Council and Glasgow City Council which have both made use of powers to pay for missing shares in mixed ownership buildings suggest that recovering missing shares once work has been carried out is time consuming and labour intensive. There is also a risk that the money may not be recovered.

Work Notices & Maintenance Plans
21. Increasing local authority powers to issue work notices and maintenance plans provides a useful tool to help improve conditions in the private sector. However, making use of these powers will be resource intensive and increase pressure on existing resources.

Do you consider that the estimated costs and savings set out in FM and projected over 15 years for each service are reasonable and accurate?
22. The answer to question 4 outlines areas where the Council feels the FM under estimates or does not identify anticipated costs for local authorities.

If relevant, are you content that your organisation can meet the financial costs associated with the Bill which your organisation will incur? If not, how do you think these costs should be met?
23. The majority of costs associated with the Bill will be met through existing resources, through internal efficiencies and prioritisation of existing budgets and services.

24. With relation to the power for local authorities to cover the cost of certain shares for communal repairs and maintenance, it is unclear whether local authorities will be able to cover the upfront costs to allow repair work to progress. It would be helpful for the Scottish Government to establish a national fund that local authorities could access to facilitate shared repairs. Money could be paid back once recovered from the owner/s.

Does the FM accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?
25. Yes.

Wider Issues
Do you believe that the FM reasonably captures costs associated with the Bill? If not, which other costs might be incurred and by whom?
26. The costs to the Council have been reflected in the FM and expanded in question 4 above.
Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

27. No future costs associated with subordinate legislation have been identified.