



Briefing 08/06

February 2008

Firm Foundations: The future of housing in Scotland

A consultation response

This briefing provides details of APSE's response to the Firm Foundations Consultation Paper issued by the Scottish Government.

To: All Chief Executives, Main Contacts and Email Contacts (Scotland)

CC: All Chief Executives, Main Contacts (England, Northern Ireland and Wales)

Key issues

To improve the supply of all types of new housing and increase the number of homes built to 35,000 per year by 2015.

More choice of housing for those on lower incomes

Launching a Scottish Sustainable Communities Initiative to encourage development of new sustainable communities

1. Introduction

APSE briefing 07/61 dealt with the consultation information contained within the Scottish Government's Firm Foundations document. The consultation stated that the pattern of tenure of Scotland's housing stock has changed dramatically over the last 30 years and within the last quarter of a century there has been a transformation in forms of tenure. It also notes that by 2005 owner occupation was the tenure of 67% of the housing stock. Although this pattern of change is seen across most of Europe, the change has been most dramatic in Scotland. The level

of owner occupation has risen by 31% since 1982, although during the briefing completed by APSE this view has been disputed.

Research carried out by the Scottish Government on housing aspirations suggests that these changes are mirrored by a change in cultural attitudes, with ownership identified as the preferred tenure by 86% of respondents.

2. Replicated below is the APSE response to Firm Foundations: The future of housing in Scotland.

Response from the Association for Public Service Excellence (APSE) to The Scottish Government

APSE is a local government association that has a membership of over 250 local authorities throughout the UK, including all 32 Scottish Councils, operating on a not for profit basis promoting excellence in public services. Our comments on selected questions from the consultation paper are as follows:

APSE welcomes this discussion document as a means of both engaging stakeholders in the housing debate and highlighting fundamental problems currently facing those wishing to improve their own housing circumstances.

APSE supports the view that in a democratic Scotland, all policy and funding decisions over housing and regeneration should clearly and directly lie with local and national government, and not an unelected intermediary. This follows the announcement by the Government that Communities Scotland is being disbanded in line with the manifesto commitment to reduce the number of qaungos. Local government needs the right tools to revitalise Scotland's affordable housing sector. If council's are given the necessary functions and powers of investment, local authorities can undoubtedly deliver, more efficiently and quickly, positive housing outcomes for our local communities.

APSE agrees with the document's statement that policies must be developed which "ensure that those for whom ownership is not practical or attractive have access to a good choice of homes for rent in the social and private sectors". We are of the opinion that social housing needs to be an affordable option for all, not a safety net for some.

The supply of housing land is a vital element in the process and planning authorities are the gate keepers of that resource. This issue has been raised by Government to highlight the impact that local authorities can have on land supply and planning application delays. While the implementation of the Planning (Scotland) Act 2006 will help improve the responsiveness of housing supply in the longer term, there is a pressing need for measures in the short term to increase the supply of housing land and accelerate the delivery of new homes.

There is also a clear need for better integration of housing and related strategies at a local level. There is evidence which points to social, educational, community cohesion and health costs associated with poor housing. Integrating relevant strategies with housing as a focal point will contribute to reducing the knock-on effects of poor housing conditions. An ageing population will bring new challenges such as health, social care and access to property maintenance services.

APSE supports the view that in order to ensure that there are well managed, well maintained quality affordable homes for all, a number of financial issues require to be addressed. In particular, there needs to be clarification from the Treasury regarding debt write off options available for local authorities who continue to retain stock. APSE supports the Scottish Government's attempt to pursue options other than stock transfer if means can be found to neutralize the impact of existing local authority housing debt.

APSE welcomes moves to end the Right to Buy for new build and recognition that authorities can play a key role in tackling the looming housing crisis by building new ownership is not practical or attractive have access to a good choice of homes for rent in the social and private sectors". We are of the opinion that social housing needs to be an affordable option for all, not a safety net for some.

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APSE welcomes moves to end the Right to Buy for new build and recognition that authorities can play a key role in tackling the looming housing crisis by building new council houses. However, there is a lack of clarity in relation to the financial aspects of the support for local authorities.

In relation to ALMO's, in APSE's experience little evidence exists to show how Scotland would benefit from the introduction of such a model. Concentrating on ensuring that

Council's are funded properly and held accountable for their delivery of housing through effective audit is more likely to guarantee success in tackling housing need.

1. Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?

APSE believes that this is a sensible aim and we welcome the concept of more affordable housing. However, this would only be a realistic ambition if the Scottish Government introduces measures to boost housing supply. APSE awaits with anticipation the findings and recommendations of the Housing Task Force. It is considered that simply introducing a higher target may not itself provide context for the acceleration of housing supply. Increasing the target supply figure does not automatically mean that planning authorities, infrastructure providers and house builders will respond and increase build rates.

This was addressed within the Callcutt Report in England and Wales which highlighted factors that need to be looked at to increase the amount of new houses built. Perhaps a similar approach could be considered in Scotland, as new build housing only makes up a small proportion of the total housing supply and a whole range of other factors in the housing market are required to improve the quality, choice and affordability of housing in Scotland. To achieve these numbers, local authorities need to play a key role.

2. Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the delivery of these targets? If so, what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?

APSE's view is that it would be desirable for authorities to co-operate regionally in setting realistic housing targets, but it may not always be possible to gain consensus. Local authorities are more likely to be willing to facilitate growth in their areas if a range of funding mechanisms is in place to minimise the capital and revenue consequences for individual authorities.

3. Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What experience do you think this function would require?

It is our view that the natural and effective place for development funding is within the strategic housing authority, which is the local authority. Any other arrangement would require additional levels of management and processes and will not provide Value for Money in development funding management. Nor would it allow for the most effective direction of strategic investment.

4. Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could

accelerate development on land with planning permissions to help ensure that future supply targets are met?

Timescales for the consideration of plans and responses by Utilities should be linked to the planning process. Some utilities companies can cause unnecessary delay and expense through inability to remove redundant facilities within programmed activity timescales. Provision of services and utilities often pose difficulties for both developers and local authorities.

5. We have proposed that much expanded or new, stand-alone settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment?

APSE supports this view and suggests that perhaps through the devolving of development funding to local authorities in order to produce local solutions to local and regional need and through working in partnership with all stakeholders as the strategic housing authority with full strategic and funding authority. Any large scale development needs elements of multi sector investment with co-ordinated development and upgrading of local health care provision, community infrastructure, and transport. Currently these are being well addressed by local authorities and should remain so as the strategic authority.

Perhaps there is a need by the Scottish Government to acknowledge that public sector pump priming is usually necessary to deliver large scale expansion to settlements and new stand-alone settlements and should respond by allocating additional funds to support housing growth. There is an element of doubt that a substantial increase in the quality of housing in terms of energy efficient and micro-generation can be achieved at the same time as a decreased subsidy. Authorities remain unconvinced that the appointments of regional developers will lead to sufficient savings in order to offset the increased costs from increased specification and predicted material, manufacture and process cost increases.

Good quality houses of the right type and tenure mix and good quality services are essential if we are to create places where people want to live... But the quality and mix of houses are not the only factors in creating vibrant, mixed and sustainable communities. The quality and management of the environment and public space are also critical elements'. APSE supports these sentiments fully and feels that it fits with the place shaping role of local councils. The place-shaping role of councils has been promoted recently and providing social rented homes certainly help to shape the locality in terms of physical development, appropriate facilities, sustainability and community cohesion.

6. How should different types of assistance within LIFT be targeted?

No response.

7. How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?

No response.

8. Should the Government provide direct cash grants to first time buyers?

APSE has concerns that it may fuel housing market inflation and will have no long term or sustainable effect. APSE is concerned that such payments will do little to alleviate the current housing problems and may in fact make the problem worse by contributing to house price inflation.

9. How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?

Perhaps through better compliance with Affordable Housing Policies and Government regulation they would be best placed to address this issue.

10. What issues do you consider should be taken into account when considering the increased use of private sector lets to house low-income and homeless households?

No response

11. How should we ensure an appropriate balance between safeguarding tenants' rights and encouraging the private rented sector to achieve its full potential in Scotland's overall housing market?

No response

12. Do you think there is sufficient engagement between the public sector and private landlords? If not, what else should national and local government be doing?

No response

13. What other options should we consider for increasing the supply of private rented housing for low income and homeless households?

No response

14. How could more private landlords be encouraged to let to tenants on benefit and homeless households?

No response

15. What other schemes or incentives might help us to recycle empty properties more effectively?

Perhaps there should be more focus on all properties and not solely on those that are empty. To bring properties into more effective use through integration requires a focus on groups of properties which are in disrepair. It is dependent upon local areas and availability. It may well also mean that perhaps the most economical solution would be to demolish these derelict properties and thereafter build new homes could be an effective solution.

16. Do you agree that we should exempt new build social housing from the Right to Buy?

APSE welcomes the proposed initiative to end the Right to Buy for new social housing although recognises that blanket application of this approach may prove more sensitive. Different circumstances exist in different areas and it may be more relevant to withdraw Right to Buy in some areas rather than others. As such a degree of flexibility to end this scheme may be a better solution. The measure would reduce the chance of losing homes from the socially rented sector. Problems with supply will remain for a number of years and the idea that the public sector should support house building which is then passed over to the private sector merely adds to the problems suffered by those unable to access the private market. The number of houses will remain the same transferring ownership simply exacerbates the problem for social providers. Investment in new social housing is put at risk by the continuance of the 'Right to Buy' scheme and it should be remembered that much of the current shortages of affordable housing was created by Right to Buy.

17. Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?

Much of the current shortages of affordable housing can be traced back to lack of investment in housing by previous Governments, restrictions on methods of borrowing and the introduction of policies such as Right to Buy.

Demographic changes in terms of people living longer, geographical shifts, increases in the numbers of immigrants and more single person households are trends which have emerged over a number of years and have contributed to housing shortages. The Green Paper provides an opportunity to take such factors into account within a wider debate.

Whilst local authorities have aspirations to build better, more affordable homes for the future, valuable additional investment is required to enable the release of additional borrowing in order to build new housing. This will also require the neutralisation of existing debt to make borrowing affordable for local authorities.

The holistic approach councils can bring to an area by management of a range of services such as cleansing, grounds maintenance, enforcement and education fits with the papers approach and should be promoted as such. Giving councils support to build more homes and effectively expanding their landlord role would contribute to that holistic approach and result in improved neighbourhoods.

18. Do you agree that we should introduce large-scale competitions for subsidy?

APSE believes that that it should be delivered through the strategic housing authorities i.e. the local authorities. Some authorities have already introduced competition for longer term programmes. It is also believed that RSL's should bear some financial risk on developments and use their own funds judiciously. Under no circumstances should quality of building, diversity and the environment be sacrificed for cost concerns.

19. If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?

No response

20. Do you agree that we should subsidise the development of houses for mid-market rent?

Generally it is viewed that this would be appropriate in mixed developments.

21. If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?

The process should be extensive and include performance, quality, cost management and levels of subsidy. Perhaps to ensure a comprehensive and inclusive strategy awarding of subsidy to any market has to be integrated into whatever system is being developed.

22. If not, how would you increase variety in social housing?

The variety in social housing will come from the quality, size, type, location and tenure of the property available and not the prices being charged.

23. Do you agree that we should encourage landlords to look at means of adjusting the mix of their stock in the interests of achieving more sustainable mixed communities?

Yes, as part of a wider strategy. The flexibility offered in changes of rental type designation and the ability to dispose of property on the open market is welcomed. Whilst it is not used often, there may be instances where a development case can be made for disposing of assets to release funds for development. Sustainability relies on a range of factors of which tenure mix is only one and it is also dependent upon residents being able to meet family and social needs within the immediate area is also important, but should not over shadow the challenge of providing sufficient social rented housing through regeneration activity. It is therefore important that landlords play their part in any regeneration scheme and a willingness to mix stock would be welcome.

24. Do you think that subsidies for development should be provided to bodies other than registered social landlords?

Yes in principle. This should always be through the strategic housing authority, the local authority to invest in accordance with the Local Housing Strategy and Strategic Investment Plan. Regulation should always follow subsidy and it should be provided to others than RSL's. Where this happens, the requirements for community engagement and integration with other local strategies must be explicit and compulsory. The direction for this investment should be determined by the Local Authority as part of its strategic planning role through the Local Housing Strategy.

25. What sorts of protections should be offered to tenants in these circumstances?

Protections should all be offered through the local authority as the strategic housing authority and regulation of the landlord will provide a level of protection.

26. Do you think that the Scottish Government should vary Right to Buy discounts by (a) locality and/or (b) type of property?

Yes, but the local decision making regarding the Right to Buy should rest with the local authority. The Government should give consideration to the impacts of reduced capital receipts for local authorities by considering change to grants and the prudential borrowing scheme.

27. Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?

It is APSE's view that there is no benefit from the establishment of ALMO's in Scotland. If the Scottish Government can neutralize the impact of overhanging debt then it is far more effective to deliver affordable housing through local authorities managing, maintaining and building stock themselves. This would not be an exclusive approach, as local housing associations, private developers and the private rented sector will also contribute stock to the affordable supply.

28. Do you think that additional help from Government to enable landlords to meet the SHQS should be linked to improvements in a landlord's performance?

Perhaps resources should be directed to good landlords who can demonstrate a history of properly managed investment and who are in areas of housing needs.

29. If so, what measures do you think would be beneficial? If not, why not?

A culture of continuous improvement should be encouraged and could be monitored through benchmarking information.

30. Do you agree that we need to find new ways of focusing on the quality of place/open space and greenspace within deprived areas?

APSE believes in the importance of the quality of the local environment. Well managed open spaces can be seen as both beneficial and as a commitment to communities and neighbourhoods. In relation to redevelopment and future planning, consideration should be given to public opinion on all community facilities as it is important to the long term strategy of local authorities.

31. Do you have suggestions for approaches that are not resource intensive and that include stakeholders?

It would appear that significant improvements cannot be achieved without substantial resources being made available as well as increased tenant participation.

32. Do you agree that the lead role [and recipient of any resources] to undertake this work should be open to a range of stakeholders?

Yes, but the direction should be dictated by Community Planning Partnership there is a wide range of stakeholders involved in these areas and by having the lead from a main group this would perhaps ease the burden on them.

33. Do you agree with the features and principles we have set out here for a modernised regulation framework?

APSE believes that public services should be subject to the highest degrees of transparency and democratic accountability. However, regulation and inspection should not be overly burdensome for well performing authorities although information and inspection on all landlords would be welcomed if it focuses attentions on helping poor performers.

34. How would you like social housing regulation to be organised? [For example, should it be a separate organisation or part of a group of regulators?]

Perhaps regulations should be grouped with other regulations to ensure a cross cutting view aimed at concentrating on service delivery. APSE believes that a standing regulator with specific housing responsibility is a waste of resources that could be better used in reaching the targets through management by the strategic housing authorities.

Concluding comments

The need for social housing to play a key role in the future of housing provision in the UK is well established and there is the need to ensure that this is built upon and incorporates sustainability and environmental issues. This is the start of the consultation process and it is important that an approach emerges from the Scottish Government in the form of recommendations in order to clarify and maintain impetus.

The Firm Foundations document refers to those councils now building new council homes and states that 500 to 600 homes could be built by spreading this good practice. Scottish councils have a fine tradition as builders, maintainers and managers of social housing providing homes for millions of people. Over recent years the level of provision has reduced dramatically but councils remain the accountable body to act on behalf of the local population to provide a housing service for those unable or unwilling to enter the private market. Councils such as Midlothian Council are utilising existing powers to build social homes. They have commenced building over 300 properties as part of a commitment to provide 1,000 social homes and are an example to others in Scotland. This brings into question the discussion papers figures and it is likely that far more than 500 – 600 homes could be provided by councils. Revitalising councils' ability to directly provide homes in significant numbers once again would be an opportunity to access a tried and tested route for the provision of social housing and this therefore should not be capped.

The consultation paper notes that consideration is being given to providing support for local councils to achieve compliance with the SQHS. The commitment noted in the paper to raising standards in existing and future homes is admirable. However it seems unlikely that the current funding arrangements will enable councils to meet this commitment. In England £19 billion has been spent on meeting the 'Decent Homes Standard' and this has rightly been promoted as one of the current Governments major achievements. It will be interesting to see how this commitment will be resourced in Scotland and APSE would expect a significant amount of money to be allocated if this consideration is made definite to reflect the Scottish Government's commitment.

The report states that "While both the underlying economics and public perceptions of the prospective returns means that where people can afford it, most are likely to try to become full owners of a property". This is the critical issue in terms of providing a social housing service. There will continue to be under-funding, problems with supply and the continuing issue of the most disadvantaged 'stuck' in social housing if it seen as a second rate option which most people are trying to escape from. Figures from England show that older tenants (possibly with a more stoical and appreciative attitude) are more satisfied with their housing than younger tenants (whose expectations appear higher). APSE appreciates the degree of difficulty involved in changing deeply held perceptions but this is an issue which must be addressed if the problems associated with social housing are to be successfully tackled. Government must highlight the

benefits of social housing, including good value from low rents, high standards of construction and support from the landlord, if there is a chance that social housing is to lose the tag of 'housing of last resort'.

Finally, APSE has a number of principles that it would like to see apply in future social housing policy, these are:

- Moving on from the 'Scottish Quality Homes Standard' to a wider 'Quality Neighbourhood Standard' which will address issues around communal facilities, environmental sustainability and energy efficiency to be completed by 2020
- Ensuring that new social housing policy is flexible enough to deal with the variety of circumstances in terms of tenure, property size, found across all regions with the ultimate aim of providing a home for all who need one
- Creating a neutrality in funding options irrelevant of management arrangements
- Encouraging the positive role local authorities can play as providers of affordable, secure social housing in order to meet the demand from those people on waiting lists and promote social housing in a more positive light
- Clarifying funding arrangements so they are easier for housing practitioners and tenants to understand
- Placing housing policy at the centre of future policies addressing wider social objectives on health, wealth, crime, education and employment related outcomes with appropriate funding
- A quality affordable option for all, not a safety net for some.

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