

Shelter Scotland briefing: **Scottish Budget Stage 1 debate**

Thursday 25th February 2021

Housing and Homelessness in 2021/22 Scottish Budget

Affordable Housing Supply Programme

What we are calling for:

- Shelter Scotland welcomes the total investment of £832m for Affordable Housing in the 2021/22 budget, which is a substantial down payment towards reducing affordable housing need in Scotland.
- Following the Cabinet Secretary for Finance stating that housing will continue to be a “top priority”; we are calling for the Scottish Government to commit any further Capital and Financial Transactions funding to the Affordable Housing Supply Programme.
- The financial commitment shown in this budget must now be followed by a demonstrable vision of how the reduction in housing need is to be delivered; Housing to 2040 must be published and should be a roadmap of how Scotland’s housing inequalities are going to be addressed.
- We are calling on the Scottish Government to commit their investment in Affordable Housing to the goal of reducing affordable housing need in Scotland between 2021 – 2026.

We were initially disappointed with the funding allocation for affordable housing in the 2021/22 Budget, which represented a significant year-on-year reduction in the Affordable Housing Supply Programme. The subsequent publications of the Infrastructure Investment Plan and Capital Spending Review provided additional information which clarified the proposed budget spend. The recent update to the budget, including adding an extra £120m for affordable housing, was a welcome step forward. This takes the total Affordable Housing Supply Programme budget to £832m¹ for 2021/22.

This extra financial commitment was accompanied by further positive rhetoric at the Local Government and Communities Committee on 17th February, with Kate Forbes pledging: *“if more funding is made available in the form of capital or financial transactions, funding housing would be my top priority.”*² Should more Capital or Financial Transactions funding come to Scotland in the UK Budget on 3rd March, we would expect this promise to be upheld.

However, the financial commitment is only one part of the picture – it is incumbent on the Scottish Government to outline how this funding of £3.4bn over the next 5 years will translate into a reduction in housing inequality in Scotland. With the long-awaited publication of Housing to 2040 forthcoming, we hope this strategy will outline in detail the long-term plan needed to deliver the high quality, affordable homes in the right places to reduce housing need in Scotland. The required level of funding is of course vital, but we remain eager to see the strategy that will turn this money into action, reducing housing inequalities in Scotland.

The numbers of homes delivered is a useful measure of progress, but it does not reflect the wider socio-economic benefits of affordable and social housing. This narrow focus on the numbers game can also produce perverse incentives in the delivery of housing, which is why we are calling on the Scottish Government to commit the required financial investment in affordable housing to reduce housing need and inequalities in Scotland. This can be achieved by reducing housing demand for all those who require an affordable home through the delivery of social housing.

Investing in the social and affordable homes Scotland needs has been shown to reduce child poverty by keeping housing costs low; improve our mental and physical wellbeing by providing people secure, quality homes from which to build their lives; and help meet ambitious climate change targets by

¹ [Official Report](#), Local Government and Communities Committee, 17th February 2021.

² [Official Report](#), Local Government and Communities Committee, 17th February 2021.

ensuring these new homes meet the highest standards for efficiency. For example, research by the former Chief Economist of RBS, Stephen Boyle, commissioned by Shelter Scotland, also found that **social housing can produce long-term and lasting economic benefits** associated with lower levels of child poverty and homelessness³.

Homelessness

What we are calling for:

The pandemic has shown us all the importance of a safe, secure and affordable home – something that far too many of us don't have access to. We know many households are struggling to keep their home and we now have nearly 14,000 homeless households in temporary accommodation, with far too many of them still in unsuitable emergency hotels, or B&Bs.

- We are therefore calling for the Scottish Government to remove the exemptions to the new, extended Unsuitable Accommodation Order – so that everyone can have suitable temporary accommodation. However, funding must be provided to make sure that local authorities can provide enough suitable temporary accommodation.
- We are also calling for more to be done to tackle rising levels of rent arrears and to prevent a tidal-wave of evictions and homelessness after the emergency restrictions are lifted. The existing Tenant Loan Fund has proven ineffective at tackling arrears, many tenants have already been refused the Loan Fund, as they did not meet the criteria, and for many, taking out another form of debt is not possible or suitable. We are calling on the Scottish Government to commit to a non-repayable grant to tackle housing debt and ensure people who cannot access support elsewhere can stay in their homes after the pandemic.

The current funding settlement for the Ending Homelessness Together action plan - £50m over 5 years, including £12m for 2021/22 – is fairly insignificant and does not reflect the challenges that Scotland faces in attempting to reduce homelessness, or the fact that homelessness has been rising in Scotland for a number of years.

While other areas of the budget will work towards prevention of homelessness and keeping people in their homes – e.g. Discretionary Housing Payments and Affordable Housing supply – given the Scottish Government's commitment to providing suitable temporary accommodation for all homeless households, it would be reasonable to expect further funding to support these policy goals. We are therefore also calling for adequate funding to be provided for the Rapid Rehousing Transition Plans.

Ministers often speak of Scotland having "some of the strongest rights in the world for people experiencing homelessness".⁴ These rights are not necessarily being supported by the required level of funding to make them a reality.

The pandemic continues to have a serious impact on household incomes, particularly for private and social renters. While the budget for DHPs has risen year-on-year in order to offer financial support for those that can access DHPs – and to continue mitigation of the abhorrent Bedroom Tax – there remains a lack of accessible, non-repayable support for those struggling financially who do not qualify for Universal Credit. We have seen the existing Tenant Loan Fund being ineffective at supporting those in need, due to limits on eligibility and being unable to take out another form of debt. The Scottish Government should commit to a non-repayable grant to tackle housing debt and ensure more people can stay in their homes after the pandemic.

³ Shelter Scotland, Fraser of Allander Institute, Scottish Policy Foundation (2020) [A New Economic Case for Social Housing](#).

⁴ [Aileen Campbell to LGC Committee](#), p.9.

Key questions for the budget debate:

While the Scottish Budget 2021/22 does offer a down payment by committing to long-term financial support for the Affordable Housing Supply Programme in the next parliament, the Scottish Government still has questions to answer over the wider strategy. For example, the implications of likely increased costs and how the affordable and social homes Scotland requires will be delivered to reduce housing need in the places that need these houses most.

- Is the Scottish Government confident that the £3.4bn commitment to Affordable Housing over the next 5 years will allow them to tackle housing inequalities in Scotland and reduce housing need?
- Will the Housing to 2040 strategy set out a strategic and detailed road map to reducing housing need in Scotland?
- Will Rapid Rehousing Transition Plans be fully funded?
- Can the Scottish Government commit that any additional capital and financial transactions consequential from the UK Budget will be passed on to Housing budgets in Scotland, to reduce the shortfall in funding, as the Finance Secretary has previously suggested?
- Will the Scottish Government commit to a more effective package of support for renters, to allow them to stay in their homes and to alleviate the burden of housing debt once the emergency moratorium on evictions is lifted?
- Will the Scottish Government provide the level of financial support needed to ensure all homeless households have access to suitable temporary accommodation when they find themselves in a housing crisis?

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