



Shelter
Scotland



**A HOUSING REPORT
FOR SCOTLAND**

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**AN ASSESSMENT OF THE SCOTTISH
GOVERNMENT'S PERFORMANCE
AGAINST ITS HOUSING PLEDGES**



Jointly prepared by ALACHO, CIH Scotland, SFHA and Shelter Scotland

March 2013

Introduction

This Housing Report for Scotland focuses on the performance of the Scottish Government since the Parliamentary Election in May 2011. The pledges are taken primarily from the February 2011 publication **Homes Fit for the 21st Century**¹ (as the Scottish Government has said this is effectively its housing strategy for the next 10 years) and from other commitments made since then. Some commitments, such as the 2012 homelessness target, are those of previous administrations but which the current administration has adopted.

This first report focuses on performance against stated pledges, whereas future reports will additionally look at (a) what further commitments housing bodies would like to see from the Scottish Government, and (b) how the housing sector can contribute to the achievement of existing and new commitments.

The report has been prepared jointly by:

- Association of Local Authority Chief Housing Officers
- Chartered Institute of Housing Scotland
- Scottish Federation of Housing Associations
- Shelter Scotland.

Brief information about each organisation can be found at the end of this report.

The report focuses on five key elements of the Scottish Government's overall commitments on housing:

- Housing investment and supply
- Homelessness
- Making best use of existing social sector stock
- Housing, health and social care
- Improving standards in the private rented and owner-occupied sectors.

¹ <http://www.scotland.gov.uk/Publications/2011/02/03132933/0>

1 Housing investment and supply

Key pledges

1. To provide 18,000 affordable homes over three years and 30,000 over five years, two thirds of which are to be for social rent (a revision following a manifesto commitment to provide 18,000 social rented homes over three years); direct provision by local authorities was expected to produce 1,000 of these homes annually.
2. To support a substantial expansion of mid market rental properties.
3. To move away from the challenge funding bid process and introduce a three year investment programme based on Resource Planning Assumptions, led by the local authority but with the Scottish Government retaining overall control.
4. To examine the potential for new investment to return empty homes for use as affordable and social rented accommodation.
5. To identify further funding opportunities such as a Scottish Housing Bond and Housing Investment Bank, and to open avenues for large-scale pension fund investment in affordable housing.

Supply

The Scottish Government now uses house completions as its primary measure of annual performance on output of new affordable housing. The new method of recording supply performance through completions means that the annual target for 2011/12 was achieved through homes built under more generous grant levels approved previously, and the same is likely to apply to 2012/13 figures. Hence, matching the government's own housing statistics to the three-year programme of investment is extremely difficult, and it will be some time before a full picture of current supply emerges. Completions in 2011/12 were 6,557 units, of which 5,330 (81%) were social rented homes².

It will also be important to continue to monitor approvals and starts, as these provide a more accurate picture of the pace of provision under the current funding regime. Approvals of affordable housing in the financial year 2011/12 (largely arising from the one-off Innovation and Investment Fund) were 6,227, of which 3,718 (60%) were for social rent. Starts in 2011/12 were 4,279, of which 3,300 (77%) were for social rent.

Very little information on how the housing supply budget is spent is publicly available. The need for transparent information is paramount in being able to monitor the specific housing supply pledge on delivery. As national housing bodies, we believe that agreeing with the Scottish Government a transparent framework for monitoring the volume and structure of new supply output will be an essential component of assessing performance over the current three-year programme and beyond. This requires a clear statement of what the overall Affordable Housing Supply Programme is intended to provide in terms of units and grant allocations.

In addition, concerns have been raised in the recent Infrastructure and Capital Investment Committee report to the Finance Committee, which said that it would be helpful for the Scottish Government to publish the following range of additional information and data to support the affordable housing agenda³:

- A clear statement of the expected relationship and assumptions by the Scottish Government about the timing of approvals, starts and completions
- A sufficiently detailed breakdown of assumed and delivered elements within the programme (eg urban v rural, regeneration outputs, brownfield v other, 'standard' v 'greener', social v intermediate, etc), which the government can then be held to account over

- An assessment of the affordability of new council rents and intermediate or mid-market rents implied by new supply
- A comprehensive assessment of mid-market or intermediate demand for affordable rented housing across Scotland
- An overall evaluation of the affordable housing supply policy, assessing the outcomes associated with the affordable supply programme akin to earlier evaluations of the Housing Association Grant programme.

Agreeing a transparent framework for monitoring the volume and structure of new supply output with the Scottish Government will be an essential component of assessing performance over the next three years and beyond.

The original three-year affordable housing budget for 2012/13-2014/15 was £630m, or an average of £210m per annum, a substantial reduction from £360m in 2011/12 and £490m in 2010/11. However, in the last 18 months, additional sums of new money have been added, partly as a result of Barnett consequentials from new housing investment in England, and partly from other new money identified by the Scottish Government. All these funds announced since the original budget was set are spread over the three-year programme and are a mix of grant and loan.

As national housing bodies, we have all welcomed this additional funding. The total sum now in the three-year programme is between £820m and £830m. This is still well below the expenditure levels of previous years, but the recent additions have partly redressed the balance after what was a disproportionately large cut to the housing budget in comparison to the overall capital expenditure budget.

However, grant rates – particularly for housing associations – have been significantly reduced, and as some parts of the Affordable Housing Supply Programme require minimal subsidy (most notably National Housing Trust mid-market rent), current levels of investment on these reduced grant conditions, combined with the increased overall funding, should in theory enable the 18,000/12,000 target to be met over the current three-year period (also aided by the fact that some of the completions making up the target figure were funded under the previous, more generous regime).

With an estimated 335,000 applicants on local authority, housing association and housing co-operative waiting lists, there is a critical need to maximise the number of socially rented homes that can be built to try and address the deficit between need and supply. The extent to which the Scottish Government should adopt a more ambitious target for new

² The Scottish Government's completions and approvals figures also include support to 325 households provided through the Home Owner Support Fund for people in mortgage arrears, but with no new houses built, we do not believe this should be included in figures on new affordable housing supply.

³ Scottish Parliament (December 2012), *Infrastructure and Capital Investment Committee Report to Finance Committee on Draft Scottish Budget 2013-14*. Available at: <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/57606.aspx#afford>

homes will be explored in the second part of this Housing Report for Scotland later in 2013.

Assessment of supply outputs must monitor what sort of provision is being made as well as how many homes are being built. Monitoring the provision of the following homes is of particular importance:

- Housing provision made as part of wider estate regeneration, often on brownfield sites
- Housing (or housing with care/support) for older people
- Housing in more remote rural settings
- Housing that assists with carbon reduction targets and fuel poverty.

Future prospects for supply

As was well addressed in the aforementioned report from the Infrastructure and Capital Investment Committee, a range of constraints are likely to impact on future capacity among both housing associations and local authorities. Some of these constraints – mainly lower grant rates, financial/borrowing capacity, land availability and welfare reform – may also affect providers' ability to meet commitments made in recently agreed Strategic Local Programmes for new homes built between now and March 2015.

Social rent – housing association issues

While a number of housing associations have been able to work within the new grant levels by using existing land banks, land made available by the local authority, unallocated reserves and other sources of top up subsidy, practitioners are concerned that this is not a sustainable strategy for the following reasons:

- The short-term nature of additional resources which some housing associations can provide
- Lack of access to private finance on reasonable terms to keep rents genuinely affordable and potential impact on existing covenants
- Threats to rental income arising from welfare reforms, most notably the bedroom tax and the move to direct payment of Universal Credit to tenants.

Social rent – local authority prospects

Indications from councils are that, subject to managing the impact of revenue reductions arising from welfare reform proposals, they can provide a greater proportion of the future social rented programme

than the current expectation of around 1,000 units annually, through their ability to use Housing Revenue Account funds and Public Works Loan Board finance – sources of cheaper loan and subsidy that housing associations cannot access.

Social rent – overall capacity

The uncertainty over future capacity across the sector as a whole suggests that it may be an appropriate time for the Scottish Government to review and update the research work carried out by Heriot Watt University in 2010. The review should take on board the reservations and concerns expressed by some stakeholders about the approach taken by the original research.

On 12 March Housing and Welfare Minister Margaret Burgess announced the setting up of a working group to discuss how a strong supply programme can be maintained in the future. The group, which will comprise ALACHO, CIH Scotland, CoSLA, the Glasgow and West of Scotland Forum of Housing Associations and SFHA, will include in its work consideration of affordable rents, financial capacity and subsidy rates. The establishment of this working group is something we welcome.

Shared equity

New supply and open market shared equity programmes continue, although demand may be affected by difficulties in obtaining mortgages and deposits as well as lenders' attitudes to the programmes. The February 2013 announcement of an additional £20m for shared equity is a signal that the Scottish Government is confident that demand will be sufficiently high.

Mid-market rent

We would expect momentum in the increased supply of mid-market rented housing to continue in areas where there is clear demand. Much of this will be based on the National Housing Trust model, or variations on it, which requires sale of the property within 5-10 years and a 30% equity investment by the developer. While this has been successful and accounted for an expansion in the provision of mid-market rent properties in line with the key pledge, industry information suggests that it may not be sustainable because of the 30% equity investment – more than the value of any free land.

A minority of mid-market rent provision may still attract grant subsidy: this normally allows the properties to remain as mid-market rent rather than

requiring to be sold off after a fixed period. Our understanding is that this provision is mainly concentrated in Edinburgh at the current time.

Introduction of three-year programming

The Scottish Government committed to this shortly after the announcement of the outcome of the Innovation and Investment Fund, and has fulfilled that commitment. However, it is currently too early to assess (a) outputs and (b) process issues in terms of the extent to which genuine joint working between councils and housing associations has been fostered.

Whether the new system can operate as a three-year rolling programme is of crucial importance but progress toward this is as yet unclear. Our understanding is that Scottish Government officials recognise the importance of at least some minimum guarantee of funding at least in the early part of the period 2015/16 to 2017/18 (making commitments which go into the period of the next administration – after May 2016 – is particularly problematic politically). The Scottish Government's expectation is that plans for houses outlined in Strategic Local Programmes (SLPs) will be carried through from approval to completion by the end of March 2015.

Without a rolling programme, the fear among housing bodies is that this might lead to an understandably cautious approach to making further approvals prior to March 2015 (for completion during 2015/16-2017/18) which are additional to those contained in current SLPs. This would, by default, suppress the size of the Scottish housing budget 2015/16 to 2017/18 because pay out can only be made on projects previously approved and started. Such an approach would result in a dramatic slow down in housing supply. It is to be hoped that the announcement by the Scottish Government of minimum Resource Planning Assumptions for the period 2015/16-2017/18 will go some way to addressing this issue.

Investment in empty homes

The Scottish Government has funded the Scottish Empty Homes Partnership since June 2010. The Partnership, hosted by Shelter Scotland, works with councils to help them develop their policies and processes in relation to private sector empty homes.

As of April 2012 the Scottish Government has also been co-funding two empty homes shared services projects to provide empty homes staff within seven partner councils. A third shared service project covering another three councils is due to begin in April 2013.

Last year also saw the introduction of a £4.54m Empty Homes Loan Fund to bring private sector empty homes back into use as affordable housing. The fund is now closed for bidding and 17 projects were announced in December 2012. This fund was welcomed and will enable councils and others to bring certain types of empty homes back into use as affordable housing. However, it is worth noting that the loan fund in Scotland is smaller than the funding available for empty homes in England (£100m – a combination of grants and loans) and Wales (£10m for an empty homes loan fund)⁴.

In October 2012, the Scottish Parliament approved the Local Government Finance (Unoccupied Properties etc.) (Scotland) Bill, which will give councils the power to remove vacant property discounts and charge increased council tax on long-term empty homes. Shelter Scotland and the Scottish Empty Homes Partnership are encouraging councils that take up this power to recycle some of the money they collect to provide help, advice and incentives to owners of empty homes.

Identification of new funding sources

Progress towards the development of new funding sources for housing associations and local authorities seems extremely slow, because of the relatively small size of the sector and its limited attraction to traditional investors. Models involving pension funds and investment bonds have been worked on for a substantial time in Scotland and may now be making progress, but the complexity and terms of new sources of funding may count against uptake by all but the largest of Scottish housing associations. The sector would welcome a progress report from the Scottish Government on how it sees developments in new private finance options.

It is hoped that, as with traditional private finance, new sources of private finance will sometimes complement grant and be used to facilitate social rented housing. But with some newer financial products the commercial returns required mean that without additional subsidy, they will be appropriate only for higher rent provision such as mid-market or market rent (and in a few cases, local authority-run temporary accommodation).

The target date of 2021 for the establishment of a Housing Investment Bank seems extremely long term and provides no optimism for any finance provision in the next three years when the requirement is greatest.

⁴ For comparative purposes, the amounts made available for tackling empty stock can be set against overall stock numbers of 2.37 million in Scotland, 1.35 million in Wales and 23 million in England.

There is also no sign of any large-scale institutional investment in the private rented sector, although a few larger housing associations with free reserves are making or intending to make market rent provision as an investment to complement their own development programmes (the use of free reserves for this purpose will generally mean that this money is not available for investment in new social housing).

There is a commitment that where funding is required to stimulate growth in leasing arrangements or other innovative activity, the Scottish Government will consider making new catalyst investment available. Despite this commitment, funding for leasing arrangements is even more difficult to predict in terms of mainstream delivery and so far, no projects have emerged.

New private sector supply

This report does not seek to cover issues relating to private housing supply. The Scottish Government noted (in *Homes Fit for the 21st Century*) that at least 20,000 new homes a year were needed across all sectors just to keep up with the creation of new households. Whilst this might or might not be seen as a target, we recognise that the Scottish Government is not in a position to control the output of the private house building industry. For the record, overall new housing supply in 2011/12 fell for the fourth year running – to 16,882 homes. This compares with 27,594 in 2007/08.

However, working with the industry and lenders, the Scottish Government has supported the development of a mortgage indemnity guarantee scheme to help prospective purchasers of new build property obtain a mortgage of up to 95% of property value, and this is a welcome step.

Summary of performance on housing supply

- New money, raising supply budget to around £820-£830m, has been very welcome.
- Performance against the supply target is so far on track, but current completions relate to the previous, more generous funding regime.
- Publicly available information on housing supply needs to be improved to bring greater transparency to how the housing supply budget is spent and the breadth of the programme as well as the numerical output.
- Constraints – most notably lower grant rates, availability and terms of private finance, and welfare reform – will have a significant impact on capacity beyond the current programme and could affect delivery of plans under the current programme.
- The pledge to expand mid-market rent provision is being fulfilled, but there are doubts over the sector's capacity to expand at the pace wanted by the Scottish Government.
- The £4.5m Empty Homes Loan Fund is very welcome but proportionately smaller than equivalent funds elsewhere in the UK.
- Progress towards bespoke new 'funding opportunities' for Scotland has been slow, but some new forms of private finance are beginning to emerge. It remains to be seen what these will/can produce.

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Homelessness

Key pledges

1. To meet the legislative commitment to abolish the 'priority need' rationing of homelessness services by December 2012.
2. To further develop the housing options approach in order to prevent homelessness wherever possible.
3. To commence the housing support duty to homeless households as prescribed by the 2010 Act no later than June 2013.

Homelessness 2012

During 2012 the majority of local authorities proactively removed the 'priority need' test ahead of the December 2012 deadline. As at February 2013 all local authorities are meeting the commitment, ie they no longer distinguish between which homeless households are in priority need and which are not.

The ongoing delivery of the 2012 commitment means ensuring that there is a decent supply of social housing in each local authority area so that people are not stuck indefinitely in temporary accommodation. An additional challenge will be the impact of welfare reform – particularly the risk of increased homelessness from the private rented sector – and how the commitment is delivered in spite of these. Whilst the 2012

deadline was a watershed, it is critical that on an ongoing basis the right housing support, advice and information, and partnerships are in place to maintain delivery.

There is an obvious connection between meeting the target and the nature of a local authority's approach to preventing homelessness. The best homelessness services in this post-2012 era will combine the most effective, measurable and sustainable homelessness prevention approaches with the strong legal safety net of the 2012 commitment for those who do find themselves in housing crisis.

Housing options and homelessness prevention

Latest homelessness figures show a 13% reduction in the number of homeless applications in the period July to September 2012, compared with the same period in 2011. From September 2011 to September 2012 the number of households in temporary accommodation has reduced by 5% and the number of households with children in temporary accommodation by 10%.

The reduction in homelessness applications is generally attributed to the application of the housing options approach, facilitated by continued central funding for the Housing Options Hubs. While nationally there has been a reduction in applications, there remains a varied picture across the 32 individual authorities, ranging from a 40% drop in applications in one authority to an increase of 85% in another. The housing options advice and information approach is still at a developmental stage in some authorities, but this wide spectrum of statistical change in the past year suggests significant variation in approach and outcome – something that can best be addressed at a strategic level.

The very significant reduction in homelessness in some areas suggests that useful lessons could be learned from in-depth, independent evaluation of what has led to the fall. As well as enabling good practice to be shared beyond the Hubs themselves, such evaluation would be able to address anxieties in some circles that a 'robust' housing options approach may sometimes lead to people being too strongly discouraged from applying as homeless.

It is also important, as the policy develops, to understand more about which alternatives to making a homelessness application are sustainable and affordable and are helping to prevent homelessness in the long term. The Scottish Government has convened a statistics user group to

develop a prevention framework that will capture this information in a useful way, to complement the mandatory homelessness data that is already recorded.

Homelessness support duty

The 2010 Act introduced a new duty on councils to assess the housing support needs of homeless households and provide any support assessed as being needed. After a long lead time, this new duty commences on 1 June 2013 and, in practice, allows a degree of local flexibility in how it is carried out. It is crucial that the commencement of this duty is accompanied by detailed non-statutory guidance from the Scottish Government.

Summary of performance on homelessness

- The 2012 commitment is being met by local authorities.
- Homelessness presentations and use of temporary accommodation are on downward trends, but more analysis of the data is required.
- The housing options approach is continuing to develop, and has had further Scottish Government support; monitoring of the approach will be essential and will need to keep pace with policy development.
- Implementation of the new housing support duty has been slow to happen, but is due to commence in June 2013.

3 Making best use of existing social sector stock

Key pledges

1. To consult on reforming the preserved Right to Buy.
2. To give councils and housing associations greater flexibility to diversify their activities and to legislate to provide greater flexibility on allocations and tenancy matters.
3. To introduce the Scottish Social Housing Charter, which will set the outcomes that social landlords should be aiming to achieve for their tenants, homeless people and other customers.
4. To introduce a new, higher standard of energy efficiency in the social rented sector.

Right to Buy

The outcome of the consultation held in 2012 is still awaited (and is now expected around May 2013). The consultation took a progressive and generally welcomed approach, proposing, as one option, the outright abolition of the Right to Buy. Abolition was widely supported by 92% of social landlords and their representative bodies, and by 75% of tenants and their representative organisations, and we would therefore expect the Bill to propose abolition.

Whilst sales have fallen to historically low levels, abolition will bring to both local authorities and housing associations certainty and stability,

at a time when little else is stable in terms of landlord income and expenditure.

Flexibility on tenancies and allocations

The proposals in the 2012 consultation on flexibility within the tenancies and allocations regime in the social sector went further than expected, particularly the proposals to introduce initial Short Scottish Secure Tenancies (probationary tenancies). The current indications are that all the key proposals will be included in the Housing Bill in 2013. There are likely to be some differences of opinion among housing bodies on some of the proposed changes, perhaps particularly on initial tenancies.

Flexibility for landlords to diversify their activities

Also under consideration for inclusion in the Housing Bill is the creation of a new type of short tenancy for intermediate (mid-market) rents. This is being designed to (a) enable councils to directly manage such provision if they wish to and (b) avoid the need for housing associations to establish a subsidiary company to build/manage intermediate stock. There appear to be stumbling blocks in the legal wording and status of such a short tenancy. It is important for the Scottish Government to persevere with this proposal and remain open minded about finding a resolution to the issue.

Scottish Social Housing Charter

This came into effect as intended in April 2012, and was the product of extensive consultation. The Scottish Government took on board many of the comments from our organisations and others, with the final version far more concise and measurable than initial drafts. With the Charter now in place, it falls to the Scottish Housing Regulator to use the Charter to assess the performance of the sector and in October 2012 it published the indicators it will use to do so.

The Government's aim of putting the Charter in place has been achieved, but how it works in practice remains to be assessed, with key dates being:

- Organisations will begin collecting data on the Charter in April 2013, and submit their first Annual Return on the Charter in May 2014
- In August 2014 the SHR will publish a report about each landlord's performance

- By October 2014 each landlord must report its performance to tenants
- By March 2015 the SHR will report on the sector's performance in achieving the Charter.

Each of the above mechanisms will provide an indication of how the Charter is working in practice, and the sector will develop further mechanisms for meaningful customer input and influence during this period.

Scottish Ministers will begin a review of the Charter in April 2014, with a view to making any necessary revisions to the Charter for April 2017. This process is essential to ensuring the Charter is as effective as possible, and all of our organisations are keen to engage in this process.

Energy efficiency standard for the social rented sector

This was the subject of consultation in 2012. Proposals have been developed through a working group, and a final Energy Efficiency Standard for Social Housing is likely to be published around spring/summer 2013. The proposals have been broadly welcomed, with social landlords agreeing that fuel poverty and climate change are major concerns both for themselves and their tenants. There are some concerns, however, about where funding for the improved standards, which will generate significant costs, will come from.

At the same time, the Scottish Government has consulted on proposals for a Sustainable Housing Strategy, which looks at energy efficiency in all tenures (see Section 5 of this Housing Report). A fund to pay for the retrofit of existing homes, the National Retrofit Programme, has been unveiled.

Other policy initiatives have included a review of the Fuel Poverty Strategy, the set up of the Warm Homes Fund (fulfilling a Manifesto pledge to support renewables in fuel poor communities) and a Commission on District Heating.

Overall, there has been significant work to develop a policy framework to increase energy efficiency and support renewables in social housing. The major issue, however, is ensuring that sufficient funds are made available to meet the targets set to end fuel poverty and to achieve the reductions in carbon emissions required by the 2009 Climate Change Act.

Summary of performance on making best use of existing social sector stock

- The consultation on the Right to Buy proposed abolition, and the consultation report showed widespread support for that option. The Scottish Government response to the consultation has been delayed.
- Plans to increase flexibility in social sector allocations and tenancies have been consulted on, were broadly welcomed and are being progressed towards the Housing Bill later in 2013.
- The Scottish Social Housing Charter has been introduced as promised.
- A new energy efficiency standard for social housing has been consulted upon and broadly welcomed, though with significant reservations over funding.

4 Housing, health and social care

Key pledges

1. To publish a national strategy on housing for older people.
2. To ensure the needs of older and disabled people are better reflected within national and local planning and housing investment processes.
3. To build on the introduction of the Change Fund to ensure that housing, health and social care needs are addressed more holistically.
4. To simplify arrangements for the funding of adaptations.
5. To develop a national register of accessible housing.

National strategy on housing for older people

The national strategy on housing for older people 2012-2021 was published late in 2011, and was followed up with a Delivery Plan which is regularly updated and is available on the Scottish Government's website. This shows that steady progress is being made in a number of areas, perhaps most notably in relation to housing's relationship with health and social care (see overleaf).

A range of initiatives is being undertaken as part of the Delivery Plan for the national strategy on housing and older people. These include:

- A report on preventative support services, the recommendations of which the Housing and Welfare Minister has agreed should be taken forward
- The commissioning of a guide to dementia-friendly refurbishment of existing mainstream housing stock.

The Scottish Government's Joint Improvement Team funded two projects about the contribution made by housing associations to supporting people to live at home independently:

- Research for the Scottish Federation of Housing Associations on the contribution of housing associations and co-operatives to supporting older people to live at home⁵
- An event hosted by the Glasgow and West of Scotland Forum of Housing Associations to discuss how community-controlled housing associations and co-operatives could help shift the balance of care for older people from hospital and residential care to home and community settings⁶.

Housing supply

In the absence of dedicated capital funding to realise the objectives of the strategy and in light of the reductions in recent years to the affordable housing budget, there is significant concern within the sector as to how providers can make a meaningful contribution to meeting the demographic challenges ahead.

This is particularly the case for specialist housing and care provision that seeks to offer a modern, housing-based alternative to traditional residential care. Such provision will normally rely on capital investment from health and/or social care as well as from housing, and also requires to be complemented by guaranteed revenue funding for the associated care and support. The financial climate, combined with low grant rates for housing provision, seem likely to make such provision extremely challenging at the current time. At this stage it is not clear how much specialist provision is being funded within the current Affordable Housing Supply Programme.

In the meantime, the Scottish Government's Joint Improvement Team has funded CIH Scotland to prepare a report, based on case studies, on different ways in which specialist housing-based provision is being used to meet the needs of older people with significant care needs.

It will also be important to monitor the proportion of the Affordable Housing Supply Programme, and associated provision such as intermediate rent through the National Housing Trust, which comprises housing built to wheelchair standard, as this is one of the most obvious ways in which the mainstream investment programme can support the needs of our ageing population.

Housing's relationship with health and social care

The consultation on the proposed integration of health and social care (initially in relation to services for older people) made some general statements about the importance of housing but contained little in the way of specific changes designed to maximise housing's ability to influence health and social care agendas. Housing bodies have made some proposals in their joint response to the consultation and the outcome is awaited.

In the meantime, the sector is working with the Scottish Government to improve the way in which the housing and related needs of older people are assessed locally, for example in local housing strategies and housing need and demand assessments. The requirement to include a Housing Contribution Statement within Strategic Commissioning Plans by the end of February 2013 is a very positive step forward, and the proposed review of this process will identify areas for further improvement.

Other positive progress includes the establishment by the Scottish Government (in late 2012) of a case study website to highlight examples of effective joint strategic needs assessments and of best practice examples of housing support provision. Work is also ongoing to support local health and social care partnerships to identify and address the housing-related needs of older people, in tandem with work to support local authorities on better identification of the needs of older people within Local Housing Strategies.

After the minimal involvement of housing in the first round of the Change Fund in 2011, the Joint Improvement Team has indicated that in the 2012/13 Change Fund submissions there is a greater engagement with housing bodies than was evident in the first year's plans. This is a positive step.

There is also a need for health and social care partnerships to recognise that housing associations inherently have a lot to offer Change Fund Partnerships and their ability to realise their objectives, but that any

⁵ Supporting Older People to live at home – the contribution of housing associations and co-operatives in Scotland (SFHA, 2012) http://www.sfha.co.uk/component/option,com_docman/Itemid,82/gid,2824/task,doc_download/

⁶ Presentations from the event can be seen at: <http://www.gwsf.org.uk/index.php?id=48> and a complementary video No Place Like Home was also produced by GWSF: <http://vimeo.com/43100622>

involvement and engagement with associations needs to be on a sound, realistic and proportionate basis.

Also, there needs to be recognition that housing engagement at the strategic and service delivery levels necessitates the allocation of discrete funding support to enable that to happen.

Adaptations

The 2012 consultation on options for streamlining the adaptations system across the different tenures included some radical options for change. The final report of the Adaptations Working Group was published in late 2012⁷ and has been welcomed by the Minister. The Scottish Government issued its response at the beginning of March 2013 and is now set to take forward the Group's recommendations. This might be a particularly difficult agenda to push forward, as there can always be expected to be challenges in any reform agenda where the aim is to make improvements but not lose existing good practice in specific tenures.

National register of accessible housing

This register seeks to record details of adapted and accessible housing across all tenures so that it is easier for disabled people to find housing that suits them and easier for landlords to let property when it becomes available. Development of the register is being actively pursued through a working group set up by the Scottish Government and facilitated by the Glasgow Centre for Inclusive Living.

Summary of performance on housing, health and social care

- The national strategy on housing and older people has been published and is accompanied by a Delivery Plan that includes a range of initiatives being progressed, primarily under the auspices of the Scottish Government's Joint Improvement Team. A robust framework for monitoring delivery of the national strategy is still required.
- At this stage it is not clear how much specialist housing for older people (eg housing with care) or housing built to wheelchair standard is expected to be provided as part of the current three-year Affordable Housing Supply Programme
- Much progress is still needed to enable housing to feature more prominently on health and social care agendas, but there has been some welcome progress, including the requirement to include a Housing Contribution Statement in Strategic Commissioning Plans.
- The shape of the future adaptations system has been consulted on and the final report of the Adaptations Working Group published; the Scottish Government's response is awaited.
- A national register of accessible housing is being progressed.

⁷ Adaptations Working Group, (November 2012), Adapting for Change: Final Report of the Adaptations Working Group. Available at: <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/access/ROOPH/ADWG/finalreport>

5

Improving standards in the private rented and owner-occupied sectors

Key pledges

1. To create a more focused regulatory system for the private rented sector and enhance consumer rights and choice.
2. To develop a Strategy for Sustainable Housing.
3. To ensure that property owners are aware of their responsibilities for the quality of their properties and that they receive support in fulfilling them.

Better regulation of the private rented sector

Legislation on both tenancy deposits and the charging of premiums by letting agents has been or is being actively pursued, and this is very welcome.

Significant doubts remain, however, about the Scottish Government's appetite for making regulation of the private rented sector more effective. Whilst the 2010 Act increased fines for landlords failing to register, the main concern is that some local authorities, under extreme pressure in terms of resources, may not be getting to the stage of being able to impose fines because they are not putting, or cannot put, sufficient resources into investigating reports of poor standards in particular properties: landlord registration is about the person, not the properties he or she rents out.

The 2012 consultation on a strategy for the private rented sector focused on the important balance/trade off between adequate forms of redress (for both tenants and landlords) and length of tenancy. It did *not* address the lack of an effective system for enforcement of standards, or the resources that would be essential to delivering such a system. Arguably, the nature of the relationship between central and local government seems likely to mean that it will continue to be left entirely up to local authorities to come to their own view about what degree of priority to give to regulation of the private rented sector.

Letting agents remain outwith the registration system and so even this flawed and minimal means of regulation does not apply to the agents through which so many landlords conduct their business.

Development of a Strategy for Sustainable Housing

This was the subject of consultation in summer 2012. Effectively this related to energy efficiency in the private housing sector, and at its heart was the issue of whether, and when, minimum standards for private housing would be introduced.

The issue of minimum standards requires to be considered in different ways for the owner-occupied and private rented sectors respectively. This is partly because there is a powerful argument for more strongly regulating conduct and conditions in property that someone chooses to rent to another household (as will be the case in England from 2018). It is also because there would be differences in how minimum standards would be enforced: point of rental in the private rented sector occurs more frequently than point of sale of owner-occupied property, but for the latter there is a clear conveyancing process through which minimum standards could be enforced, whereas the position for rental property is less obvious.

There will also be complexities to overcome in relation to enforcement of standards in tenemental property and mixed tenure blocks, but these particular challenges should not delay the introduction of standards to property that does not share communal responsibilities.

All of these challenges, taken along with what might be termed a traditionally cautious approach to telling homeowners how to run their affairs, makes it quite possible that the Scottish Government will find it difficult to take the tough decisions required. It will therefore be especially important for housing, fuel poverty and energy efficiency

bodies to monitor progress closely. Our understanding at this stage is that minimum standards for the overall private housing sector are intended to come into force in 2018. We believe that standards could and should be introduced sooner than this.

Whatever the chosen implementation date, major questions remain over whether the right incentives and right financial products can be made available to support owners (including private landlords) to improve their homes. There is no evidence that private financial institutions will seek to provide such products and we therefore believe that government intervention is essential here.

Promotion of property owners' responsibilities

Our view is that the Scottish Government has not been proactive on this. Its progress report on *Homes Fit for the 21st Century* states that all local authorities have published statements of assistance to support homeowners in looking after their properties. This is a fairly passive approach to driving this policy forward. One reason for this may be that the Scottish Government knows that neither central nor local government has much in the way of financial incentives for homeowners to maintain their properties.

Additionally, whatever the approach for private housing in general, a separate approach would be needed for tenemental and mixed tenure property, where the lack of any requirement on owners to either get their property surveyed or put money into a building reserve fund makes it all but impossible to make meaningful inroads into improving property standards.

The Property Factors (Scotland) Act 2011, which came into force on 1 October 2012, may have a small impact on improving standards in the private sector. There are three main elements: the Register of Property Factors, a Code of Conduct and the establishment of the Homeowner Housing Panel to settle factoring disputes. The Act may well contribute to the promotion of homeowners' responsibilities, albeit this was not the primary driver behind its introduction. However, it is too early yet to make a judgement on its effectiveness.

Summary of performance on improving standards in private housing

- There have been some welcome improvements in protection for private renting tenants (eg on tenancy deposits and premiums), but little sign of progress toward more effective regulation of the private rented sector.
- A Sustainable Housing Strategy has been consulted upon, and there are now clear commitments to a National Retrofit Programme and minimum standards for private housing. However, the timetable for introducing minimum standards is too long.
- It does not appear that much meaningful progress has been made on giving support to homeowners to improve their homes, with little progress having been made in encouraging a culture of investment and good asset management among private owners.

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Conclusion

Overall, our view is that the Scottish Government has so far performed quite well against the majority of its pledges. Commitments on homelessness and on making best use of stock have largely been met, albeit with much work still ongoing to fully meet commitments.

On housing supply, additions to the original 2012/13-2014/15 budget have been widely welcomed, and have provided some reassurance that Ministers see housing investment as critical to Scotland's economy. Supply targets for affordable housing look like being met in the shorter term, benefiting as they do from measuring completions of homes funded under a more generous grant regime. But low grant rates, welfare reform, borrowing and other constraints will impact – potentially very seriously – on capacity in the longer term and may even affect delivery of homes planned under the current programme.

On housing, health and social care, there has been some promising progress, particularly on taking steps to enhance health and social care's engagement with the housing sector and in progressing adaptations reform. The extent to which the current Affordable Housing Supply Programme is meeting the needs of older and disabled people is unclear at the time of writing.

There has been a mixed performance on improving standards in private housing. Despite welcome legislative improvements in some specific areas, much progress remains to be made before we can say that there is effective regulation of the private rented sector. There have been some important commitments to raising energy efficiency standards in private housing, but the real measure of commitment will be the pace at which meaningful progress towards implementation takes place.

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Next steps

In future reports, the four bodies which have produced this first Housing Report will look not only at progress against existing commitments but also at what further commitments and policy developments we would like to see from the Scottish Government. This will be the subject of consultation with our members and stakeholders, and we will produce a further report in autumn 2013. This second report will also seek to set out how the housing sector can contribute to the achievement of existing and new commitments.

Information about ALACHO, CIH Scotland, Shelter Scotland and SFHA

Association of Local Authority Chief Housing Officers (ALACHO)

ALACHO is the voice for local authority housing in Scotland. The aims and objectives of the organisation are primarily (but not necessarily limited to):

- Promoting the interests of Scottish local housing authorities
- Promoting the sharing of information and good practice within Scottish local housing authorities and between local authorities and other agencies
- Promoting positive and productive relationships between Scottish local housing authorities and other agencies.

Further information is available at: www.alacho.org

Chartered Institute of Housing Scotland

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant.

CIH is a registered charity and not-for-profit organisation. We have a diverse and growing membership of more than 22,000 people who work in both the public and private sectors, with over 2,500 in Scotland.

Further information is available at: www.cih.org/scotland

Shelter Scotland

Shelter Scotland helps over half a million people a year struggling with bad housing or homelessness – and we campaign to prevent it in the first place.

We're here so no one has to fight bad housing or homelessness on their own.

Further information is available at: www.scotland.shelter.org.uk

Scottish Federation of Housing Associations (SFHA)

The SFHA is the national representative body for Scotland's housing associations and co-operatives. We exist to support the work of housing associations and co-operatives through positive influence on Government policy and promotion of the work of our members.

Further information is available at: www.sfha.co.uk





