

Shelter Scotland Evidence to the Infrastructure and Capital Investment Committee on the Scottish Government draft budget 2015-16

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Shelter
Scotland

Summary

Shelter Scotland welcomes the opportunity to submit evidence on the Draft Budget 2015-16 to the Infrastructure and Capital Investment Committee.

The Committee has identified the following National Indicators contained within the National Performance Framework on which it wishes to focus its scrutiny:

- Reduce Scotland's Carbon Footprint
- Reduce traffic congestion
- Increase the proportion of journeys to work by public or active travel

Our response relates to the contribution that investment in new affordable housing and refurbishment and reuse of empty homes makes to helping reduce Scotland's carbon footprint and meeting the Scottish Government's climate change targets. New homes built to modern standards can be easier to heat and insulate than traditional buildings and make a significant contribution towards reducing Scotland's carbon footprint and improving public health. Investment in improving existing housing stock is also vital, and Shelter Scotland is particularly looking to the Scottish Government to promote the reuse of empty homes. We would also urge the Committee to consider how the budget can deliver the new homes that are needed to meet housing need and ensure that everyone in Scotland has access to a safe, affordable and decent home.

In our submission in advance of the publication of the draft budget, Shelter Scotland urged the Scottish Government to make this a budget for homes. There is significant and building pressure in the Scottish housing system, shown by rising house waiting lists¹, fewer lets becoming available² and high numbers of people stuck in temporary accommodation³. We, along with others in the housing sector, estimate that **Scotland needs at least 10,000 affordable socially rented homes a year in order to meet**

¹ Currently 155,100 people are on local authority waiting lists (Scottish Government, 2013) <http://scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/HSfS/HousingLists>

² <http://scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/HSfS/socialhousing>

³ Currently, 10,281 households are in temporary accommodation <http://scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/RefTables>

homelessness commitments and address the backlog of people on housing waiting lists.

We estimate that the combined commitments we are calling for would require around £260m in spending from the Scottish Government. Some of these commitments have already been made in relation to mitigating the welfare reforms in Scotland, but the bulk of the additional requirements would be to fund a major boost to capital investment in socially rented housing.

Investment in new affordable housing

Shelter Scotland urged the Scottish Government to make this a **budget for homes**.

Despite the overwhelming and compelling case for investment in new social housing, the Scottish Government's target of 6,000 affordable homes which includes a commitment to build at least 4,000 socially-rented houses per year for this spending period is insufficient to meet even a conservative estimate of housing need. These annual targets are extremely modest, both in relation to levels of need identified in Local Authority Housing Needs and Demands Assessments, or to the benchmark for new affordable housing need which builds on the Bramley research conducted in 2006⁴. Shelter Scotland, along with other organisations in the housing sector, have long contended that at least 10,000 new social rented homes should be built each year to meet housing need⁵.

We are encouraged that the Scottish Government's current commitment to build 6,000 affordable homes a year towards a target of 30,000 affordable homes over the life of the current Parliament is currently being met and that the Scottish Government has recently indicated that affordable house building targets could well be exceeded over the next year. This is welcome news, and indicates that there is capacity in the sector to build more homes.

Investment in affordable social housing brings multiple benefits and could be the foundation for economic recovery and growth, as well as improving the energy efficiency

⁴ 'Local housing need and affordability model for Scotland (update)' Bramley et al (2006)

www.scotland.gov.uk/Resource/Doc/1035/0085202.pdf

⁵ Given the economic pressures, demographic changes and the impact of welfare reforms, we would welcome updated Scottish Government research on national housing need.

of our existing housing stock. Meeting housing need provides a firm basis for households to thrive socially, economically and educationally. Good quality affordable homes are also a key building block in meeting public health objectives. Capital investment in new affordable social homes fosters economic growth and a house building programme of sufficient scale would bring a much needed boost to the construction industry and provide jobs and prosperity to local communities, including around 32,000⁶ jobs sustained in construction and supplier industries. New social housing is built to the highest energy efficiency standards and, reuse of empty existing private sector homes brings opportunities to refurbish and improve existing housing stock.

The Scottish Government has recently reviewed and increased grant rates for social housing providers which now average at around £50,000 per home. These rates represent at least 50% leverage of new money into the public sector, giving each pound of investment a double impact.

Committing at least an additional £200m in this year's budget to affordable house building would go a long way towards meeting this target. Shelter Scotland would also like to see a renewed emphasis on meeting housing need take centre stage in the comprehensive spending review anticipated in 2015/16.

As well as the emphasis on building new affordable social homes, Shelter Scotland would like to see a long term commitment to making best use of the housing stock that we already have. The Scottish Government funds the Scottish Empty Homes Partnership, which is hosted by Shelter Scotland. Our experience of this work shows it is vital that housing capital investment programmes seek to encourage projects that bring private sector empty homes back into use, as part of a programme of housing supply. It is a mixture of engagement, incentives and enforcement that encourage empty home owners to bring their homes back into use when they otherwise would not have done so. In 2013/14 local authorities reported bringing 278 empty homes back into use, up from 76 in 2012/13⁷.

⁶ "Scottish Government projections show that each new investment of £100 million in the housing sector would support around 1,000 jobs directly, with an additional 600 jobs within related supplier industries." Preparing for Recovery: Update on the Scottish Economic Recovery Programme, Scottish Government, 15 June 2009

⁷ Scottish Empty Homes Partnership, Annual Report 2012-13, http://scotland.shelter.org.uk/_data/assets/pdf_file/0008/684737/ScottishEmptyHomesPartnershipAnnualReport1213.pdf

Shelter Scotland has proposed continued and longer term funding for the Scottish Empty Homes Partnership. Investing in the Scottish Empty Homes Partnership to expand its reach would mean increasing funding from around £50,000 to £150,000 in this budget period, but with a longer term commitment to fund at this level for a period of 3 to 5 years.

Responding to reform of Housing Benefit

Reform of the welfare system, particularly Housing Benefit, is one of the biggest and most immediate challenges facing Scotland over the coming years. A programme of cuts and changes to eligibility will be followed by the national roll out of the most fundamental reshaping of the welfare system in a generation. The impact of these changes is being felt by families across Scotland, and we are pleased that the Scottish Government has taken decisive action in the budget of 2013/14 and throughout the intervening year to protect Scottish households and help Scottish public services prepare for the changes. A proactive and coordinated response by the public and voluntary sector, led by the Scottish Government, has gone some way to mitigate the worst impacts of the changes. We need to maintain momentum and action to support people affected by the changes to the welfare system, as part of a strategic focus on homelessness prevention.

Discretionary Housing Payments funding

The Scottish Government has rightly publicly criticised the 'bedroom tax' and said they would scrap the policy if given the power to do so. In the interim, the Scottish Government should clarify funding for bedroom tax shortfalls incurred in year one (i.e. 2013-14) and commit to continue to plug this gap through the provision of Discretionary Housing Payments until the 'bedroom tax' is scrapped. **We welcome the commitment by the Scottish Government to provide sufficient funding to local authorities to fully mitigate the shortfall caused by the 'bedroom tax'.**

Supporting Advice Services

Changes to eligibility and cuts to the level of support available through the welfare system are hitting individuals and families in Scotland hard at a time when household budgets are already stretched. The voluntary sector has been well placed to respond but it needs to be properly and sustainably funded to enable it to meet the rising demand. Scottish Government investment in national advice and advocacy services has supported people in Scotland to maintain their tenancies and prevent them becoming homeless. We welcomed the £7.6m funding provided to the Scottish Government to support organisations such as Shelter Scotland in offering advice and information to tenants and people directly involved in supporting tenants to help them avoid homelessness and hardship. **The ongoing demand for these advice services will continue as the many of the cuts and reforms begin to bite. We want the Scottish Government to continue to fund these services over the coming year.**

Scottish Welfare Fund

We also urge the Scottish Government to continue to set aside funding of at least the current levels for the Scottish Welfare Fund, which provides a vital lifeline to households in crisis. The ongoing demand for these advice services will continue, as many of the cuts and reforms begin to bite. The Scottish Government should continue to fund these vital services.

We welcome the continuation of extra funding for the Scottish Welfare Fund which has been set at £33 million in both 2014-15 and 2015-16. This fund is a vital lifeline for many people facing crisis, and the level of support should continue to be reviewed against need on an ongoing basis.

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