Housing in Scotland

Additional information for the Public Audit Committee

At the Public Audit Committee on October 2 the Committee requested additional information from Audit Scotland on:

- affordable homes
- funding streams for new homes.

Affordable homes

Targets

- Our understanding is that the Scottish Government did not have a formal target for affordable homes prior to the 2011 target ‘to deliver 6,000 affordable homes each year, at least 4,000 of which should be for social rent’.

- In 2007, the Scottish Government introduced the National Performance Framework which set out a number of performance targets for the government and the public sector to work towards in the form of 15 national outcomes and 45 national indicators. One of these indicators was to ‘increase the number of new homes’. This related to all types of housing in the private and public sector. In it’s national discussion paper on housing in 2007, the Scottish Government set the sector the goal of providing 35,000 new homes a year – this also relates to all types of homes.

Definitions

- The Scottish Government uses the term ‘affordable home’ in two different contexts. Firstly, in a general sense, the vision is that everyone should have an affordable home by 2020. This term ‘affordable housing’ has not been defined by the Scottish Government. However, the UK Department for Communities and Local Government has defined a home as affordable if it costs no more than 3.5 times a person’s salary.

- The Scottish Government has also set a target ‘to deliver 6,000 affordable homes each year, at least 4,000 of which should be for social rent’. In terms of its target, the Scottish Government means any home delivered through the Affordable Housing Supply Programme (AHSP). The AHSP is made of a number of different funding streams which have changed overtime. Exhibit 10 in our report illustrates the funding streams included in the AHSP in 2011/12. This includes traditional subsidy funding for council and RSL homes for rent plus a number of different shared equity arrangements to allow people to buy homes and new mid-market properties which are sometimes available to buy after a number of years renting.
Evaluation of funding streams

Changes

- The Committee has asked how many housing funding streams changed significantly or closed between 2008/09 and 2012/13. Our audit looked at the housing sector from 2010/11, and the information we have on changes to funding streams relates only to the period 2010/11 to 2012/13. Exhibit 9 in our report illustrates the changes to Scottish Government funding streams between 2010/11 and 2012/13. This shows that:
  - two funding streams were discontinued (special needs capital grant and rural homes for rent)
  - the Scottish Government has plans to discontinue a further three funding streams (greener homes innovation scheme, Grants to improve the physical and social environment and elements of the National Housing Trust)
  - one new funding stream was created (empty loans fund).

Evaluations

- The Committee also asked how many funding streams were evaluated prior to being changed or discontinued (between 2008/09 and 2012/13). We do not hold this information. Our audit report notes that the Scottish Government does not always evaluate the effectiveness of schemes or the impact changes will have on the sector. In our report we provide an example of a change and the impact that had on the sector. The lack of evaluation was also picked up by the Infrastructure and Capital Investment Committee in its report on the Scottish Government draft budget for 2013/14. Witnesses to the Committee expressed concern that the Scottish Government were not evaluating the effectiveness of spending programmes on new affordable housing supply and, in response, the Committee recommended that the Scottish Government publishes an overall evaluation of its affordable housing programme.

- We understand the Public Audit Committee has asked the Scottish Government for information on changes to funding streams for new homes between 2008/09 and 2012/13 and details of any evaluations which informed these changes.