

## Local Government and Communities Committee

### Draft Budget 2018-19

#### Submission from the Association of Local Authority Chief Housing Officers (ALACHO)

##### 1. Introduction

1.1 As the representative body for Scotland's Local Authority Chief Housing Officers ALACHO welcomes the opportunity to respond to the Local Government and Communities Committee's call for evidence in relation the Scottish Government's 2018/19 draft budget.

1.2 Whilst services to Council tenants are almost entirely funded through the rents they pay Scotland's Council Housing Services have a significant interest in the budget arising from:

- our role as strategic housing authorities with an interest in the functioning of the local housing market and planning to meet housing needs and demands;
- the provision of services to the homeless and those at risk of homelessness including housing options, advice and support services;
- the operation of the welfare system and the assistance available to households on low incomes or with particular needs;
- our role in improving the energy efficiency of Scotland's homes and in reducing fuel poverty;
- our role in the regulation of the private rented sector and in particular our efforts to improve standards for private tenants;
- the availability and effectiveness of health and social care services and in particular the effectiveness of services designed to support living at home, including housing adaptations.

1.3 The Local Government and Communities Committee has indicated that committee members:

*"..want to hear your view on the three-year RPAs and how this will help local authorities to plan to meet affordable housing needs in local areas and also the Scottish Government's 50,000 affordable homes target.*

*We want to hear your views on any other aspect of the housing supply budget.*

*The Local Government and Communities Committee also considers' matters relating to communities, planning and regeneration and other aspects of the housing budget including energy efficiency and housing support.*

*We also invite views on any of these aspects of the Local Government and Communities budget 2018-19.”<sup>1</sup>*

14. In preparing our response we have looked back at our submission to the Committee's budget discussions in 2016 and tried to build on these comments as well as respond to the specific questions the Committee has asked. As with last year we have not tried to address every issue that confronts us in the budget but to focus on those where more discussion is most needed whilst acknowledging the overall strength of joint working between the Scottish Government and the housing sector.

In our submission on the 2017/18 budget we raised specific concerns relating to:

- The funding (both capital and revenue) that is available for the provision of high quality temporary and interim accommodation for homeless households;
- The funding for housing support services including housing advice and housing options;
- The resources available to support improved enforcement across the private rented sector; and
- The scope and effectiveness of mental health services available to those facing “multiple exclusion” homelessness.

1.5 None of these concerns were addressed directly by the Scottish Government through the budget process and only limited progress was made in developing improved policy response in these areas. However, the creation of the Homelessness and Rough Sleeping Action Group with a remit to look specifically at rough sleeping, temporary accommodation and further actions to end homelessness in Scotland has provided an opportunity for a properly evidence based review of policy and practice in relation to homelessness and temporary accommodation.

1.6 The commitment of £50m over five years to support the implementation of the group's recommendations is also a welcome step.

---

<sup>1</sup> <http://www.parliament.scot/parliamentarybusiness/CurrentCommittees/106080.aspx>

1.7 ALACHO members are looking forward to supporting the work of this group and whilst we still have many of the concerns we expressed last year we are hopeful that this will go some way to addressing them.

18. Our concerns relating to the resources available to enforce standards in the Private Rented Sector also remain. The Scottish Government has yet to come to a view on fees for landlord registration (which remain unchanged since the introduction of the system in 2006), and it is likely that the new powers, particularly those relating to Rent Pressure Zones set out in the Private Housing (Tenancies) (Scotland) Act 2016 will bring new challenges and costs for Councils. However, in advance of the full implementation of the 2016 Act it is difficult to be precise about the extent of these cost pressures.

1.9 In this context, as well as responding to the specific question the Committee has asked about the affordable housing supply programme we have provided some further evidence and views on a limited number other areas that have a direct impact on housing outcomes for communities and those in housing need.

1.10 As last year, we have not provided evidence in relation to fuel poverty or the development of a welfare system for Scotland. This is not because we regard these as being of less importance than other issues but rather because the Scottish Government is currently in the process of developing its proposals on both and because we are aware that other organisations, including COSLA, will be making more detailed submissions on these issues.

## **2. Resource planning assumptions and the affordable housing supply programme**

2.1 ALACHO was one of a number of organisations that made the case for the Scottish Government to provide resource planning assumptions based on planned expenditure to support better forward planning of investment in new affordable homes.

2.2 We are delighted that the Scottish Government has agreed to this. The information now available to Councils on available funding together with the improvements to the guidance in relation to Strategic Housing Investment Plans mark a significant improvement in the affordable housing planning framework.

2.3 The impact of this can be seen in the strong commitment made by the 26 local authority landlords to invest in new Council homes. Based on recent survey returns from our members we estimate that Councils are now planning to deliver over 14,000 new Council homes during the five years to the end of March 2021.

2.4 This is a significant expansion of the programme delivered during the previous five-year period and together with the planned output from the Housing Associations,

the sector is on track to deliver the Scottish Government's target of 35,000 social rented homes.

2.5 This is, however, being achieved through above inflation rent rises and with 32% of social housing tenants now spending over 30% of their net income on rents<sup>2</sup> there is a significant risk to the affordability of some social housing rents.

2.6 There are also some aspects of the overall programme that still need to be addressed including:

- Planning for investment beyond 2021- work needs to start now to ensure continuity of planning and investment across the sector if the current progress on new supply is to be sustained;
- The extent to which new social housing supply (and other investment to support increased economic activity) in rural and island communities is properly balanced and sufficient to meet the Scottish Government's ambition of "Repopulating and empowering Scotland's rural, coastal and island communities"<sup>3</sup>
- The role of purchasing in the second-hand market in the overall programme;
- The extent to which the current distribution of grant matches housing pressures across Scotland;
- The level of investment in new specialist and supported housing;
- The value of continued investment in "help to buy", its impact on house prices<sup>4</sup> and what else can be done to support investment in new housing for sale; and
- The overall objective of intervening in the housing market and in particular the economic, health and social welfare objectives new affordable housing is intended to achieve.

2.7. Whilst there is general agreement that the housing market in Scotland isn't functioning as well as it should and that many households facing homelessness or living in insecure, poor quality or overly expensive housing as a result, there is no clarity about what overall objective intervention in the housing market is intended to achieve or what a properly effective housing system would look like.

---

<sup>2</sup> Social Tenants in Scotland, Table 5.12, Scottish Government, 2017.

<http://www.gov.scot/Resource/0051/00514007.pdf>

<sup>3</sup> A Nation with Ambition- The Government's Programme for Scotland 2017-18, Scottish Government, page 68. <http://www.gov.scot/Resource/0052/00524214.pdf>

<sup>4</sup> <https://www.theguardian.com/money/blog/2017/oct/21/help-to-buy-property-new-build-price-rise>

2.8 This lack of clarity has recently been reflected in concerns expressed by private developers<sup>5</sup>. Whilst we do not share all the concerns expressed by the private sector we believe that in the long term we need a stronger consensus on investment objectives and the sort of housing system that Scotland needs.

2.9 We also believe that the Scottish Government should be working now to achieve cross party agreement on a 20-year investment programme to end homelessness, improve the condition and energy efficiency of the existing stock and deliver the full range of high quality homes new homes for rent and for sale that a balanced housing system needs.

### **3. Addressing wider housing issues.**

3.1 The links between housing outcomes and wider social policy are now widely understood. The practical implications of this have been increasingly recognised in policy discussions across issues as diverse as Community Justice; closing the educational attainment gap for children from disadvantaged communities and improving public health.

3.2 In general terms, the Scottish Government understands these links and works well with the housing sector to ensure that housing policy discussions keep pace with wider policy debates.

3.3 That is not to say that every housing challenge is being met or that there are no housing problems that couldn't be help by the allocation of more resources. But it is an acknowledgement that the quality of the policy discussions now underway has improved in recent years and that in general the resource issues and the need for better joint working are well understood.

3.4 With these general observations in mind we would want to draw the committee's attention to two specific policy areas where we believe more needs to be done if wider housing and social policy objectives are to me met. These are community mental health services and the funding and delivery of housing adaptations.

**3.5 Mental Health Services:** We would repeat much of what we said in our 2016 submission to the committee. In particular we noted that the then draft ten-year vision for mental health made little direct connection between mental health and homelessness or housing issues more generally.

---

<sup>5</sup> <http://www.scottishhousingnews.com/>

- draft of a proposed ten-year vision for mental health services in Scotland makes no specific mention or contain any actions relating to mental health and homelessness<sup>6</sup>.
- there is a widespread impression amongst those working in homelessness that the current configuration of mental health services fails many of the homeless clients who need these services most; and
- whilst ALACHO has raised this issue regularly in recent years and in particular in the context of Health and Social Care integration there has been little progress in changing service delivery or improving health, including mental health outcomes for those affected by homelessness.

3.6 This situation has not improved over the past year, the funding and configuration, even the clinical practices of most community based mental health services operate in a way that can exclude the most vulnerable homeless clients and add to, rather than reduce the challenges they face.

3.7 There has been little or no effective discussion of these issues through the Health and Social Care integration process and no substantial progress in improving access to mental health services for those facing “multiple exclusion” homelessness.

3.8 It is also worth noting that many of this client group also face significant problems accessing GP services. Another area where little or no progress has been made outside the very impressive work of a small number of specialist GP practices working in Scotland’s poorest communities. The so called “Deep End GPs”.<sup>7</sup>

3.9 As we have already noted we are hopeful that the work of the Homelessness and Rough Sleeping Action Group will include a fresh look at issues around mental health services and housing outcomes. But we are also doubtful that the work of this group or the allocation of £50m over five years to the “ending homelessness fund” will be sufficient to fully address these issues.

3.10 **Adaptations:** The Scottish Government has a long-standing commitment to implement the recommendations of the 2012 report “Adapting for Change”<sup>8</sup>. This is included as Action 28 of the Scottish Governments Joint Housing Delivery Plan for Scotland.<sup>9</sup>

---

<sup>6</sup> <https://consult.scotland.gov.uk/mental-health-unit/mental-health-in-scotland-a-10-year-vision>

<sup>7</sup> <http://www.rcgp.org.uk/clinical-and-research/bright-ideas/deep-end-group.aspx>

<sup>8</sup> <http://www.gov.scot/Topics/Built-Environment/Housing/access/ROOPH/ADWG/finalreport>

<sup>9</sup> <http://www.gov.scot/Resource/0047/00477306.pdf>

3.11 Whilst the evaluation of four “Adapting for Change” pilot projects has now been published<sup>10</sup> the Scottish Government has already moved away from some of the original reports key recommendations. In particular Ministers have required that Council adaptations budgets including the ring-fenced Housing Revenue Account element are transferred to the new Integrated Joint Boards (IJBs) whilst retaining control of funding for adaptations to Housing Association homes (so called “stage three adaptations”) within the Scottish Government.

3.12 The 2012 report contains the following recommendation:

*“Housing adaptations is, and should remain, a partnership service. However, the Group is clear that strategic leadership should unambiguously rest with the local housing authority.”*

3.13 Because of the decisions made in relation to the role of IJBs there is no longer any clarity on strategic leadership and the adaptations programme for Housing Associations is run wholly separately from other adaptations programmes. There is also evidence of significant funding problems arising from the fact that the Scottish Government hasn’t increased its adaptations budget for at least five years. Investment by the Scottish Government simply hasn’t kept pace with demand.

3.14 As a result, there is evidence that RSL tenants are receiving a less effective service. The time taken to complete adaptations is the only area of the Scottish Social Housing Charter where local authority landlords consistently outperform housing associations. A recent survey of ALACHO members provided some anecdotal evidence of RSL tenants waiting months, rather than weeks for some adaptations.

3.16 This is not to suggest that the only area for improvement is in relation to RSLs. The evaluation of the Adapting for Change pilots has provided useful “tests of change” that can be applied across the piece. There is also much to be gained from improved joint working between landlords, Occupational Therapy and Physiotherapy Services.

3.17 To this extent there is clearly a role for the IJBs and given that the Adapting for Change report is now five years old there is scope to look again at where strategic leadership should rest. As things stand however, the Scottish Government is presiding over a service that is declining in effectiveness, is inadequately linked to other related activities through the IJBs and Local Housing Authorities and is increasingly underfunded.

---

<sup>10</sup> <http://www.gov.scot/Resource/0052/00524668.pdf>

## **4. Conclusions**

4.1 ALACHO is aware of the difficult choices that the Scottish Government will face in preparing its budget for 2018/19. We support the current target to deliver 50,000 affordable homes including 35,000 for social rent, during this parliament.

4.2 We are of the view that providing 3-year resource planning assumptions to Councils is an important improvement in the overall planning system and it has supported Councils to be more confident in planning their own new supply programmes and in working with RSLs and the private sector to increase the supply of new homes.

4.3 It is also our view that there remain some important questions to be answered about the objectives behind the affordable housing supply programme, how the resources are distributed and longer-term investment planning. We set these out in paragraph 2.6 above.

4.4 We have also identified two other related policy areas where we think the budget process should provide a platform to reconsider spending, service configuration and overall effectiveness. These are community mental health services, particularly access to these services by homeless people, and housing adaptations.

4.5 We hope these comments are of help to the committee in coming to a view on the Scottish Government's draft budget but in any event, we would be happy to provide further details directly to the committee should the opportunity arise.

**Tony Cain**

**Policy Manager**

**Association of Local Authority Chief Housing Officers**