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Maureen Watt MSP
Convener, ICI Committee
Scottish Parliament
Edinburgh
EH99 1SP

Your ref:

Our ref:

Date:
18 January 2013

Dear Ms Watt,

Infrastructure and Capital Investment Committee - Report on Draft Budget 2013-14

Thank you for your e-mail of 19 December 2012 asking for a response to your budget report to be sent to you in advance of the chamber debate scheduled at the end of January. Your recommendation for the provision of more level 4 figures across the transport budget to assist you in identifying where the additional money for active travel could be found has been explicitly included in the main body of the Finance Committee report on Draft Budget 2013-14. You will therefore find Transport Scotland's response to this specific issue in the overall Scottish government's response to the Finance Committee report.

Please find the following response to your other recommendations/issues:

1. Active Travel

The Committee report makes a number of recommendations around the refresh of the Cycling Action Plan for Scotland, including a recommendation that the Scottish Government again uses the opportunity afforded by the CAPS refresh to identify and direct realistic and appropriate levels of funding to its delivery from other areas of the transport budget. The re-refresh exercise is currently underway, with contributions being sought from a wide range of key stakeholders to inform the drafting of the updated document this spring. A letter sent on 21 December invited comment on areas including CAPS priorities, suggested actions, roles in delivering these actions, resourcing and monitoring arrangements. Scottish Government officials have commenced development of the National Walking Strategy and Transport Scotland will be contributing to this process, making linkage to CAPS where appropriate.

With regard to the call to the Scottish Government to identify additional funding from elsewhere in the transport budget, additional investment of £3.9m over the next two years has now been announced to enhance cycling infrastructure for tourists, commuters and schoolchildren in areas throughout Scotland, as part of the "shovel-ready" economic stimulus spending announced last year by Finance Secretary John Swinney. In the Highlands and Argyll & Bute, we are committing £3 million to fast track the National Cycle Network route 78 between Oban and Inverness, the iconic Great Glen cycle path. The £2.6 million Corran Ferry to Inverness section will be managed by Transport Scotland in partnership with Highland Council and will deliver much-needed safe cycle routes linking remote communities and taking cyclists off the trunk road network by 2015. We are also committing £400,000 for the Oban to Appin cycle route to link a remote community off the main Oban to Fort William section of the larger route. £0.5m will go to

improving access to stations on the successful Airdrie to Bathgate railway and contribute to the "greening" of the route currently being taken forward by Central Scotland Forest Trust. £400,000 will be spent on increasing cycle parking at schools, helping encourage more children to cycle and linking to the Community Links programme delivering safe routes to schools throughout Scotland.

There are no current plans to increase the Cycling, Walking & Safer Streets funding to local authorities in 2013-14; this funding is of course part of the Local Government settlement.

2. National Roads Maintenance Review

The National Road Maintenance Review looked at how the road network could be more efficiently managed and maintained in the future. It concluded on 27 July 2012 with a final report and the Minister issued a letter (attached at **Annex A**) on this date advising the Committee of this point.

The final report set out a framework and 30 initiatives to shape how all 33 road authorities maintain Scotland's roads more efficiently in the future. It also recommended the creation of:

- A Group to oversee the implementation of outcomes flowing from the Review, and continued deployment of the framework across the road maintenance industry; and
- A central resource to encourage the sharing of services between roads authorities.

A group has since been established and involves a range of stakeholders, including user groups, to ensure the direction of road maintenance reflects users aspirations. It met for the first time on 12 December 2012 and agreed its priority for the 2013 would be to evaluate the implementation of the 30 initiatives to ensure anticipated savings are being delivered. A Shared Capacity Shared Service Improvement Board (SCSSIB) has also been put in place to encourage the design and delivery of shared service schemes for road authorities. This group met for the first time on 15 January 2013.

3. Climate change

The Committee is already aware that the forthcoming scrutiny by the Parliament of the second Report on Proposals and Policies (RPP) in early 2013 presents a suitable opportunity to review progress on reducing emissions from transport and to identify what further action might be appropriate and feasible to deliver the change necessary.

4. Edinburgh-Glasgow Improvement Project / High Speed Rail

The announcement on planning for an Edinburgh-Glasgow High Speed service by 2024 is completely consistent with the revised EGIP programme. It builds on, and is complementary to, the EGIP scheme announced by the Minister for Transport and Veterans on 4 July 2012.

We intend to phase the EGIP delivery programme, this will enable a more affordable and achievable implementation plan which will still deliver the programme's aims and ensure the best value for the public purse.

Phase 1 delivers the electrification of the Edinburgh Glasgow lines and the redevelopment of Queen Street Station with longer platforms enabling the operation of longer electric trains and maintaining currently timetabled services.

Without current EGIP investment, patronage on peak Edinburgh-Glasgow services would exceed capacity by the end of this decade. The demand for rail in Scotland is set to rise to around 100 million passenger journeys per year in 2024. High speed rail presents one option for dealing with future capacity demands.

Completion of EGIP Phase 1, enabling longer trains, will provide sufficient capacity to meet demand until mid-2020s and also deliver significant journey time improvement. The proposal delivers 80% of the benefits at 60% of the cost of the original programme.

A phased approach to EGIP that delivers capacity when it is needed and doesn't preclude high-speed maximises the returns from any investment and avoids the risk of stranded investment.

Decisions regarding the timing and specification of future phases of EGIP will take account of our proposals to take forward planning for a High Speed Rail link between Edinburgh and Glasgow. A new High Speed Rail link between the cities will have knock on benefits for the rest of the rail network in the central belt; it is therefore right and proper that we fully consider these along with wider capacity and demand requirements of our rail network.

Taking forward the larger EGIP programme in the next few years would have cost £350m more and provided capacity into the 2030s but would have ruled out a high speed option and the economic benefits that would bring.

Moreover, a high-speed route would free up existing services to focus more on improved accessibility. This would also have been the case with the original EGIP 6tph proposal, although the high speed rail proposal also includes a link to the existing West Coast Main line. If realised, this means that existing cross border services to Glasgow would be entirely separated from local rail services through North and South Lanarkshire. This would release significant rail capacity in this area to support the development of better local and commuter rail services (a benefit not delivered by the 6tph EGIP proposal).

A new high speed line between Edinburgh and Glasgow would become the principal passenger choice for end-to-end journeys. In effect this would change the characteristic of the rail market on the other Edinburgh to Glasgow lines (Falkirk High, Airdrie-Bathgate and Shotts). Services on those routes could be recast to better meet the needs of commuter and local markets, and the release of capacity through key junctions (Greenhill, Polmont, Newbridge, Haymarket West) could support improved services from Stirling and Fife to Glasgow and Edinburgh. The detail of those secondary benefits will be explored during development of the high speed rail business case.

The business case for high-speed between Edinburgh and Glasgow would be enhanced by accelerated delivery of High Speed from England. The Fast Track Scotland report found that the case for high speed rail in the UK is stronger with Scotland's inclusion. There are also significant economic benefits to Scotland. However, the Fast Track Scotland group considered that failure to connect to a UK high speed will create relative economic disadvantage for Glasgow and Edinburgh (when compared to other competitor city regions).

5. Major Projects

A copy of the regular update on Major Projects that is provided to the Public Audit Committee is also provided to the Infrastructure and Capital Investment Committee, and this will continue. In addition, the Scottish Government Infrastructure Investment Unit is also exploring ways to provide additional information across all projects at more regular intervals, and this will be shared with the Committee in due course.

I hope this is helpful.

I am copying this reply to the Minister for Transport and Veterans and Deputy First Minister.

Yours sincerely



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27 July 2012

Dear Maureen

NATIONAL ROADS MAINTENANCE REVIEW

This letter updates you on developments regarding the National Roads Maintenance Review.

On 29 June 2012 a Final Report to mark the formal conclusion of this Review was considered at COSLA's convention. I can advise that all recommendations for improving how we maintain our road network in the years ahead through maximising and making best use of available resources were agreed.

These recommendations will now be taken forward as set out in the Final Report, which is available at:

<http://www.transportscotland.gov.uk/road/maintenance/roads-maintenance-review>

Kind regards

KEITH BROWN

Deputy First Minister
and Cabinet Secretary for Infrastructure, Investment and Cities
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January 2013

ICI COMMITTEE DRAFT BUDGET 2013-14 REPORT - SG RESPONSE

Please find attached our response to the ICI Committee report on the draft budget 2013-14.

My colleagues in Transport Scotland will respond separately to the transport comments.

If you require anything further, please let me know.

NICOLA STURGEON

Housing

SG Ref	Recommendation	SG response
HAR 1	<p>Page 11</p> <p>35. The Committee notes that witnesses argued for the restoration of affordable housing spending to the average cuts faced on capital spending – this would mean an overall cut of 33% rather than 45% over the spending review period. The Committee, recognising the progress made with levering-in extra private resources, agrees with this proposal and calls on the Scottish Government to consider the case for prioritising the closing of that gap during the current spending review period.</p>	<p>As the Committee recognises (ref para 38 of the Committee report), Housing is and will remain a priority for the SG. We have already confirmed that at least £760 million will be invested in the Affordable Housing Supply Programme over the next three-years [which includes £260 million for Glasgow and Edinburgh within the Local Government settlement.] and will confirm shortly how we will allocate the additional £50 million which has recently been added to the housing supply budget for 2013/14.</p> <p>The Scottish Government have therefore already added nearly £200m to the housing budget but will of course continue to look to strengthen housing expenditure, where possible, within the financial constraints that we are working.</p>
HAR 2	<p>Page 11</p> <p>36. The Committee also agrees with witnesses that it would be helpful for the Scottish Government to publish the following range of additional information and data to support the affordable housing agenda—</p>	<p>(see a-e below, and HAR3)</p>
HAR 2a	<p>Page 11</p> <p>a clear statement of the expected relationship and assumptions by the Scottish Government about the timing of approvals, starts and completions.</p>	<p>The Scottish Government does publish the approvals, starts and completions for the Affordable Housing Programme as part of the quarterly housing statistics and we will continue to do this. We are also happy to meet with stakeholders to reassure them that our programme to deliver 30,000 homes over the lifetime of this parliament is currently on track For example, all of the approvals we plan to make through the three year RPAs to local authorities are expected to complete by March 2015.</p>

SG Ref	Recommendation	SG response
HAR 2b	Page 11 a sufficiently detailed breakdown of assumed and delivered elements within the programme (e.g. urban v rural, regeneration outputs, brownfield v other, 'standard' v 'greener', social v intermediate, etc.), which they can then be held to account over	<p>The Scottish Government has confirmed that it aims to deliver at least 30,000 affordable homes over the five years of the parliament. And has confirmed that two thirds of these homes will be for social rent, including 5,000 council homes. We do of course wish to see a range of housing developed that addresses the important issues of e.g. the regeneration of communities, housing for particular needs and housing for intermediate rent.</p> <p>However, we also have to respect that the balance of the programme locally should be determined by local authorities on the basis of their Housing Need and Demand Assessments and their strategic priorities. Therefore, it would be inappropriate for the SG to commit to targets for particular types of developments, beyond the basic commitment to social housing which is fundamental to our policy.</p>
HAR 2c	Page 11 an assessment of the affordability of new council rents and intermediate or mid-market rents implied by new supply.	The levels of rents, both social and mid-market, are at the discretion of the developing landlords, within the constraints of SG guidance. In due course we will publish an analysis of the levels of social and mid-market rents from new build completions arising from the current programme.
HAR 2d	Page 11 a comprehensive assessment of mid-market or intermediate demand for affordable rented housing across Scotland.	This will be available as part of the work being undertaken to refresh the Housing Need and Demand Assessment (HNDA) guidance and produce a tool to make the process easier for local authorities. The CHMA will produce a paper assessing intermediate demand for affordable rented housing across Scotland by end April 2013.
HAR 2e	Page 11 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.	The Scottish Government is committed to evaluating the impact of our housing supply programme, initially through statistical information on the number of homes delivered, and associated statistical information. We will consider commissioning a wide-ranging study but also require to consider when any such study would best be conducted, so that the full effect of the SG's housing supply initiatives can be adequately assessed.
HAR 3	Page 11 37. The Committee calls on the Scottish Government to develop an appropriate means of producing and publishing the material requested above. (links to 2a-2e above)	The material will be produced and will be made available to the Committee in an appropriate manner. The default position for each item is that the information will be formally published on the Scottish Government website. We will be happy to discuss with the Committee on an ongoing basis the best form of providing the information.

SG Ref	Recommendation	SG response
HAR 4	<p>Page 14 48. The Committee welcomes the Scottish Government's intention to do more to provide greater transparency of the budgetary information on housing. It considers that the Government should provide a clear comprehensive explanation of the purpose and multi-year impacts of any in-year spending revisions. A consistent effort is also required by the Scottish Government to provide timely publication of Level 4 spending in the draft budget.</p>	<p>The Scottish Government provided level 4 information for all budgets where such detail forms part of the budget analysis below the published budgets at level 3. In so doing, the Scottish Government has provided a more detailed breakdown than has been the case at any time previously, under any Scottish administration. As the Scottish Government has made very clear when providing this information in the past, there is no single definition of Level 4 and there is a wide variation across programme areas, including where significant resources are allocated to delivery partners for deployment.</p> <p>Where there is a specific request from the Finance Committee or the Subject Committee for additional information to support discussion of the Draft Budget, the Scottish Government will endeavour to provide additional detail where possible.</p>
HAR 5	<p>Page 14 49. The Committee acknowledges the concerns expressed by some witnesses that the receipt of grant on completion can create problems for site acquisition. It therefore calls on the Scottish Government to look again at providing an element of upfront support through either making an early payment of a proportion of grant for that purpose or by supporting innovative ways of alleviating problems of acquisition and development finance, for instance, through establishing revolving funds in circumstances where these arise.</p>	<p>All Scottish Government grant payments to Registered Social Landlords and to councils for the council house building programme are now made on the basis of "payment on completion". In practice this means that payments may be made either on completion or – if the budget permits - at an earlier point in the project. This flexibility in the date when grant is payable allows the Scottish Government to ensure that each year's budget is spent. For example, following the additions to the budget this year, officials contacted councils and RSLs and agreed several payments in advance of completion. This has been welcomed by our stakeholders.</p> <p>The Scottish Government liaises regularly with councils and housing associations to monitor the progress of projects to completion, to ensure that all projects progress timeously and to ensure that sufficient budget will be available to pay grant when this becomes due. The level of approvals in any year is also controlled, taking account of the level of the budgets for the forward years.</p>

SG Ref	Recommendation	SG response
HAR 6	<p>Page 17 63. The Committee acknowledges the concerns expressed about the sustainability of the financial capacity of parts of the housing association sector to attain its implied target of new social supply over the life of the Parliament. It notes in particular the view of housing associations who gave evidence that grant levels of £40,000 are not sustainable. It calls on the Scottish Government to review that grant level and to set out explicitly what alternatives there are to meet the social housing share of the target, should housing association development fall below the planned level.</p>	<p>The Scottish Government aims to produce as many homes as we can within the funding available. At the same time, we have consistently made clear that what we build should be determined by local assessments of housing need. We need to build the right numbers of homes – but we also need to build the right homes.</p> <p>The Scottish Government is aware that there are different housing needs and cost factors that apply across Scotland including the relative works costs between different council areas. We have therefore applied some flexibility to take into account the impact of additional procurement costs particularly in remote/rural areas. We are also aware that the financial capacity of different RSLs and councils varies considerably from one organization to another, for a range of reasons, including its historic debt levels and its rent policy.</p> <p>Let me also put on record my appreciation of the commitment of housing associations and councils across the country, in finding new ways of delivering new homes, and supporting us in our drive to lever in more resources for the limited capital resources available to Government. There can be no easy return to the unaffordable subsidy rates of the past. But we are mindful of the financial pressures on landlords – including from welfare reform and bank lending conditions – and will continue to monitor this and to listen to associations' concerns.</p>

SG Ref	Recommendation	SG response
HAR 7	<p>Page 17</p> <p>64. The Committee also recommends, in the light of the controversies surrounding the earlier research and subsequent developments overtaking its findings, that the Scottish Government should undertake a new and inclusive financial capacity review, on the assumptions and prospects for sustainable financial capacity in the sector, given the changing environment and risks facing the sector. To be credible, this will require co-operation and buy-in from the whole housing sector, including housing associations who did not participate in the 2010 study.</p>	<p>In late-2011, SG began an ongoing project to assess the financial capacity of social sector landlords in Scotland. This involves identifying key financial capacity indicators, gathering data, and analysing and interpreting it. We are currently gathering data to allow us to track key financial indicators over time. The Scottish Government would be happy to meet representatives of the RSL sector to explore how they might be involved in it and would very much welcome that involvement.</p>
HAR 8	<p>Page 18</p> <p>65. The Committee further recommends that additional specific work should be carried out to investigate the scope for voluntary use of ‘free’ reserves, including creative ways to recycle such funds for development finance and otherwise keep them within their local communities.</p>	<p>RSLs are free to use their reserves as they see fit but subject to the views of the Regulator. The Scottish Government would encourage the sector to come up with proposals for using reserves constructively but also prudently.</p>

SG Ref	Recommendation	SG response
HAR 9	Page 19 76. The Committee reiterates that, although the evidence suggests that land availability is not a general constraint, more needs to be done to alleviate financial problems associated with (1) site purchase and land remediation by housing associations and (2) the wider problem of securing development finance. The financial capacity review recommended under Theme 3 of this report would assist in providing a clearer assessment of development finance capacity this regard.	Linked to HAR 5 & 6, see above
HAR 10	Page 19 77. The Committee noted the evidence on Section 75 agreements and subsequent market developments. The Committee recommends that the Scottish Government should work with councils to ensure that flexible negotiations are forthcoming to unlock any sites held back by out of date (compared to the current market) Section 75 agreements.	The Scottish Government will continue to work with local authorities to ensure a flexible and realistic approach to the use of planning obligations.
HAR 11	Page 20 78. The Committee also recommends that the Scottish Government should prioritise readiness to work with local authorities to ensure that they are best placed to facilitate land supply and efficient planning decisions when the upturn arises.	The Scottish Government is committed to improving the performance of the planning system and ensuring a generous supply of effective land is available for housing.

SG Ref	Recommendation	SG response
HAR 12	<p>Page 22</p> <p>89. The Committee welcomes the efforts of the Scottish Government to challenge and mitigate negative impacts of aspects of the welfare reform legislation, particularly regarding reforms relating to Housing Benefit. The welfare benefit reforms may well put future housing investment at risk. The Committee notes the evidence presented by SFHA and Shelter and recommends that the Scottish Government should do all it can to maximise resources for tenancy sustainment work and for benefit advice services.</p>	<p>The Scottish Government cannot mitigate all of the impacts of the UK reforms but we will do all that we can, within our existing powers and resources to support people and organisations in the transition to the new system.</p> <p>This includes working with key partners to ensure that publicly funded advice services are targeted, well co-ordinated and of high quality.</p> <p>We established the Scottish Government - COSLA Housing Benefit Reform Stakeholder Advisory Group - to understand, influence and seek to mitigate against the reforms. Our work with stakeholders to understand, influence and, as far as possible, mitigate against the impacts of welfare reforms is set out in Scottish Government – COSLA Housing Benefit Reform Action Plan, published on our website.</p> <p>Actions include investment in training, guidance and support for local authorities and social landlords to help them prepare for the reforms, constituting £160,000 investment in ‘preventative spend’. We are ensuring the housing sector is closely involved in our and DWP’s work on financial and digital inclusion for tenants.</p> <p>Impacts on housing will also be mitigated by our response to elements of social security benefits which have been localised. We are bolstering spend on the new Scottish Welfare Fund (the successor arrangements for the Social Fund) by £9.2 million in the next financial year. We and our partners in local government will commit a total of £40m in 2013/14 to ensure that vulnerable people in Scotland currently receiving Council Tax Benefit are protected from the 10% cut in funding imposed by the UK Government for localised Council Tax support next year.</p> <p>Pre-action requirements for rent arrears cases which we brought into force on 1 August 2012 will also help to mitigate against the impact of welfare reforms by strengthening the protection for tenants in the social rented sector against eviction for rent arrears.</p> <p>The achievement of the 2012 homelessness target means that we have a strong legislative safety net for those that become homeless in Scotland, but welfare benefit reforms have the potential to undermine the progress we have made. The Scottish Government recently announced a further £300,000 funding for two years to the five regional local authority led housing options hubs which are addressing the prevention of homelessness and mitigating the effects of welfare reform has been an important part of this approach. June 2013 will also see the implementation of regulations in relation to the assessment and provision of housing support for homeless households by local authorities and we will be developing non statutory guidance in this regard. Additionally, we have recently announced the funding awards to third sector organisations under the Housing Voluntary Grant Scheme including an advice service provided by Shelter in partnership with the Citizens Advice Direct.</p>

SG Ref	Recommendation	SG response
HAR 13	Page 24 99. The Committee recommends that the Scottish Government identifies what capacity exists to provide the earliest possible notice for local councils to help them plan for the next three year period after the present RPA in line with the timing of the next spending review. This would be of benefit in helping to avoid ‘cliff face’ spending problems and bottlenecks in housing supply approvals by councils nervous about falling budgets in the next spending review.	The Scottish Government is aware that councils and RSLs want early confirmation of working assumptions on future funding beyond the current three year programme, so they can plan for the future and so that housing has a rolling programme, including projects that may take several years to plan and deliver. We are looking carefully at this issue. Obviously this raises questions about the extent to which resources can implicitly be committed beyond the current Spending review period.
HAR 14	Page 25 100. The Committee agrees with the evidence presented that steps should be taken to allow the Scottish Government to have sufficient close monitoring of the system to vire underspends to local areas that can use extra resource.	The Scottish Government does not see this as an issue, because the SG has retained the overall control of the AHSP programme as suggested by the Committee. Money which is not able to be spent in one area can indeed be moved elsewhere to ensure that we fully utilise our annual budgets
HAR 15	Page 25 101. The Committee recommends that the Scottish Government monitors the effectiveness of the new system with a view, among other things, to evaluate whether there is need for a larger bottom-up element to the system reflecting the previously valuable strategy development funding plans by individual housing associations.	The Scottish Government believes that the correct place for the “bottom-up element” is at the early stage of planning, ie when councils consult housing associations in order to draw up their strategic local plans. The Scottish Government expects all councils to maintain and develop strong links with housing associations when developing their plans and will monitor this valuable element of the AHSP.

SG Ref	Recommendation	SG response
HAR 16	<p>Page 26</p> <p>108. The Committee recommends that the Scottish Government should provide a clear statement about how it envisions the medium to long-term future and structure of the housing association sector in Scotland.</p>	<p>The Scottish Government's vision for the future of housing associations, and housing co-operatives and all other registered social landlords (RSLs), is focussed on the outcomes these bodies can achieve rather than on their structure as a sector. This reflects the Government's recognition that associations and other RSLs are independent bodies that constitute a diverse and varied sector. Each body is responsible for determining its own priorities and objectives within the framework of independent regulation by the Scottish Housing Regulator that the Housing (Scotland) Act 2010 established. The structure of the sector is a matter for the association and other RSLs to determine in light of the regulatory framework. The Government does not believe that it could or should have a particular vision of what that structure might be in the future; rather it should encourage, and work with, all parts of the sector to achieve good housing and other outcomes for communities across the country.</p> <p>Against that background, the Government envisages associations and other RSLs continuing to play a critical role in providing high quality, sustainable homes that tenants can afford and that meet their needs. This includes contributing to the new supply of affordable housing; managing as efficiently and effectively as possible the housing stock they own already; and making significant and valuable wider contributions to their communities, for example through regeneration, community safety, supporting vulnerable people, and promoting employability and skills</p> <p>In terms of new homes, <i>Homes Fit for the 21st Century</i>, the Government's strategy and action plan for housing in the period 2010-20, identified associations and other RSLs as key partners - with councils, developers, lenders and private landlords - in maximising supply. Given reduced Scottish Government subsidy levels, this will include their participation in the development of innovative delivery models and new sources of finance. In terms of managing their existing stock, the <i>Scottish Social Housing Charter</i> set the standards and outcomes that all social landlords - i.e. RSLs and local authority landlords - should be delivering for their tenants in the period 2012-17. In effect, it is the Government's medium term vision of what social landlords, including associations and other RSLs, should be achieving by managing their existing stock to provide continually improved value for tenants.</p>

SG Ref	Recommendation	SG response
HAR 17	<p>Page 29 121. The Committee recommends that the Scottish Government should rapidly move to meet its commitment to provide an update of national housing needs estimates last conducted in 2006 and this should include a clear disaggregation into social and affordable housing requirements (as well as specific groups and remote rural need, etc.).</p>	<p>Work is underway to develop revised guidance to support the next round of Housing Need and Demand Assessments (HNDA). This will be complete over the course of 2013.</p> <p>A key element of the proposed methodology is the production of an HNDA tool which will result in the ability to produce a national estimate of housing need and demand across all tenures that is consistent with locally determined assumptions.</p> <p>The tool will eventually be capable of looking at the age profile of households and is designed to be able to deal with geographical issues (such as remote rural need) at a local level.</p> <p>The tool will be ready for use by Spring 2013 but it will require all local authorities to complete a robust and credible HNDA in line with the revised guidance to produce national estimates that are consistent with local assumptions.</p>
HAR 18	<p>Page 29 122. The Committee welcomes the parallel bottom up national estimates of local housing need, based on the new methodologies on spatial allocation of spending to meet need currently being developed with the support of COSLA, SFHA and others. These local estimates should be rapidly developed, quantified and published. For consistency, these should also include need estimates for Glasgow and Edinburgh (who are not currently part of the process).</p>	<p>In November 2012, the SG and COSLA agreed a formula for allocating housing supply resources between council areas. This formula applies to the 30 councils other than Edinburgh and Glasgow. While the TMDF budgets for Edinburgh and Glasgow are negotiated separately, the SG believes that in principle, they should also be informed by relative need.</p> <p>Robust and credible Housing Need and Demand Assessments (HNDA) are in place for all Local Authority areas of Scotland. The HNDA sets out the estimated current and future housing requirements for area covering all tenures.</p> <p>Local authorities are required to include these assessments as part of their Local Housing Strategy and Development Plans.</p>

SG Ref	Recommendation	SG response
HAR 19	<p>Page 31 131. The Committee notes the concerns expressed about the sufficiency of the funding for domestic home energy efficiency and fuel poverty contained within the budget. However, it also notes that the Scottish Government is currently developing its Sustainable Housing Strategy, which provide more detail on how it intends to deliver its proposed national retrofit programme, as well as other related initiatives. It would hope that this would include detailed information on the funding contributions to be made by both the Scottish Government and the private sector to deliver the retrofit programme. The Committee will take evidence from the Minister when the strategy is announced in 2013.</p>	<p>The Scottish Government notes that the Committee awaits publication of the Sustainable Housing Strategy later this year.</p> <p>As to specifics points in the Committee report.</p> <p>At paragraph 123, the report states that the Scottish Government is committed to a 36% reduction in emissions from the Homes and Communities sector by 2020 (from a 1990 baseline). As a point of clarification, we would note that the Climate Change (Scotland) Act 2009 sets targets to reduce Scotland's emissions of greenhouse gases by 42% by 2020 and 80% by 2050. There are no legally binding targets or commitments on the level of reduction from particular sectors. The first Report on Proposals and Policies produced in 2011 gave an indication of what an ambitious implementation of policies and proposals in the Homes and Communities sector could achieve and highlighted milestones against which progress could be measured. A second RPP which will provide an update of emission reduction actions in all sectors in the context of the new annual targets out to 2027 will be published shortly.</p> <p>At paragraph 124, our planned spending on home energy efficiency is in line with the recommendations of the Economy, Energy, and Tourism Committee report into fuel poverty in February 2012, which recommended a budget of at least £200m a year from both Government and energy company obligations.</p>
HAR 20	<p>Page 31 132. The Committee is also likely to take evidence on the second Report on Proposals and Policies (RPP) on climate change in early 2013 when it will look in more detail and the policies and associated funding which will be necessary to ensure that the housing sector makes the necessary contribution towards meeting the Scottish Government's climate change targets.</p>	<p>At paragraph 131, the Committee notes that it wishes to take evidence from the Minister on the National Retrofit Programme and the Sustainable Housing Strategy when the strategy is published. The Scottish Government is currently developing the strategy, with input from key stakeholder bodies on the Sustainable Housing Strategy Group, and we expect that it will be published in the first half of 2013. The Minister will be pleased to provide evidence on this at that time.</p>