



Scottish Housing Digest

Housing policy at your fingertips



April 2009

■ The Chartered Institute of Housing

The CIH is the professional body for people in housing and related fields. The Institute has over 22,000 members in the UK and internationally. Our purpose is to maximise the contribution that housing professionals make to the well-being of communities. There are over 2,300 members in Scotland working in local authorities, housing associations, housing co-operatives, Scottish Government and Government agencies, voluntary organisations, the private sector, educational institutions. The CIH aims to ensure members are equipped to do their job by working to improve practice and delivery. We also represent the interests of our members in the development of strategic and national housing policy.



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Welcome to the Scottish Housing Digest

This is the April 2009 edition of a bi-annual policy briefing series prepared for CIH Scotland by Newhaven Research to keep CIH Scotland members up to speed on major developments in housing and related policy areas across the UK.

The digest is structured to give a broad overview followed by consideration of developments in other parts of the UK, then a look at developments in Scotland.

Any views expressed in this briefing are those of Newhaven Research and do not necessarily reflect the position or views of the CIH Scotland.

Overview

- The credit crunch shows no sign of early abatement, and a broad range of housing and mortgage market indicators at national and local levels testifies to its continuing negative impacts. Administrations across the UK continue to take mitigating steps.
- An Office of Fair Trading investigation of property sale and rent back activity has led to proposals for the introduction of new consumer protection measures, but some are concerned at the time being taken to bring these into effect.
- In England, the Government is consulting on measures to achieve zero carbon new build homes from 2016 onwards, and on a heat and energy saving strategy to reduce carbon emissions from the existing dwelling stock.
- From April, sellers in England will have to include a Property Information Questionnaire in their Home Information Packs, and will no longer be able to market their properties for up to 28 days before the Home Information Pack is available to prospective buyers. Transitional insurance arrangements will also be removed.
- The Government in England continues to encourage local authorities to engage in new building, and has published proposals for removing revenue and capital disincentives to local authority investment in new council housing, but these are likely to have a modest impact in the absence of root and branch reform of the Housing Revenue Account (HRA) subsidy system.
- A new strategy for eliminating rough sleeping in England has been published, and will be implemented with the help of £200 million homelessness grant funding over the next three years.
- Comprehensive Area Assessment will go live from April 2009 in England, and guidance on how the assessment process will work in practice has now been published, together with an illustrative example of how findings will be reported in future.
- In Wales, the Essex Review of the way that affordable housing is regulated, funded, assessed and delivered has spawned a major programme of implementation work. Notwithstanding this, the Welsh Assembly Government has published a new National Housing Strategy, a Housing Related Support Strategy, and a Homelessness Plan.
- The Welsh Assembly Government has also published a new Financial Inclusion Strategy, and a Social Enterprise Action Plan.
- In Northern Ireland, a new housing association procurement strategy requires developing associations in the province to organise themselves into four procurement groups in order to secure future access to the Social Housing Development Programme.
- The Department for Social Development in Northern Ireland has scoped a mortgage rescue scheme, but is currently unwilling to implement it because of a lack of funds. Meanwhile the credit crunch is delaying progress on implementation of a policy for securing developer contributions to affordable housing provision.

- A consultation on planning reform in Northern Ireland and a new draft Regional Development Strategy are awaited, but Planning Policy Statement 21, which specifies planning policy on sustainable development in the countryside and replaces the controversial Planning Policy Statement 14, has now been issued.
- A new Community Safety Strategy for Northern Ireland has also been launched, detailing how antisocial behaviour will be tackled in future, and publication of a new draft strategy for the private rented sector is imminent.
- The Scottish Government has made a significant number of announcements regarding support for the housing and construction sectors, and for households in distress because of the credit crunch, but feels that more action is needed from the Government at Westminster.
- The Housing Supply Task Force has now published its final report, but it is rather long on worthy sentiment and short on practical action.
- The Scottish Government has published its proposals on the establishment of a network of lead developers in the housing association sector. These proposals have been met with widespread concern across the housing sector.
- The continuing economic malaise has sharpened the concern of the Scottish Housing Regulator that some associations may be exposed to problems of financial viability, and led it to signal an intention to look carefully into the matter over the coming months.
- The Scottish Government has moved to introduce a new Energy Assistance Package for the fuel poor at the recommendation of the Scottish Fuel Poverty Forum. It has also established a new building standard requirement for homes and non-domestic buildings to reduce carbon emissions by 30 per cent below current standards, effective from October next year.
- On planning matters, the Scottish Government has published for consultation a revised Circular 12/1996, dealing with the thorny issue of planning agreements. It has also published a new National Planning Framework.
- New draft guidance on streamlining equipment and adaptation services has also been published.
- A new framework to tackle poverty and income inequality in Scotland has been launched, which aims to stitch together a multitude of Scottish Government activities into a coherent overall programme bearing on poverty prevention and alleviation.
- New draft guidance on children and homelessness has been issued and Section 11 of the 2003 Act implemented.
- A new antisocial behaviour strategy has been launched focusing more on prevention and support.
- A major review of the private rented sector has concluded with five volumes of work being published.

■ Threats and Opportunities

The Crunch Bites Harder

As winter turns to spring, the credit crunch shows no evidence of following suit. Month follows month, forecasts become gloomier and tales of corporate and personal hardship proliferate. In the February 2009 Inflation Report, the Bank of England projects that GDP will be a full 4% lower in summer 2009 than it was a year earlier. While it sees summer 2009 as the turning point (and a sharp turning point at that, with annual growth becoming positive again from the beginning of 2010) it notes that the balance of risks is heavily weighted towards the downside¹. The CBI economic outlook for 2009 projects a 3.3% contraction in GDP over the year as a whole². Moreover, and of considerable interest to landlords setting rents on an RPI+x% basis, it projects RPI to fall by 2.9% in 2009.

The UK housing market consequences of the crunch continue to unfold:

- House prices fell by around 17% between January 2008 and January 2009³.
- Land prices, housing starts and overall house purchase activity all fell by around 50% during 2008⁴.
- Repossessions in 2008 totalled 40,000, with around 219,000 households in mortgage arrears of more than 3 months by year-end⁵.

1. <http://www.bankofengland.co.uk/publications/inflation-report/ir09feb.pdf>

2. <http://www.cbi.org.uk/pdf/CBI-Forecast-Feb09-Summary&Tables.pdf>

3. http://www.lloydsbankinggroup.com/media/pdfs/research/05_02_09HousePriceIndexJanuary2009v2.pdf

4. <http://www.savills.com/research/content.asp?content=%5Cuber%5Fresearch%5C10289%2Ehtm&subcategory=one&contenttype=research&Section=uk>

5. <http://www.cml.org.uk/cml/media/press/2108>

- No new net mortgage lending is expected in 2009, (compared to £108 billion in 2007)⁶.

Michael Parkinson and colleagues have recently explored the implications of the credit crunch for regeneration activity⁷. Their findings confirm that lack of credit availability and the wider recession are also having serious impacts on urban regeneration efforts. City centre apartment sales, buy to let markets and volume house building have been particularly badly hit. Specifically with respect to housing they note:

“There will be pressures to change and renegotiate Section 106 (S106) agreements. Many developers do not feel there is sufficient profit in schemes now to deliver numbers agreed in more optimistic times. Probably there will be many fewer affordable homes built by the private sector in future through this method than has been the case in recent years”.

Mortgage Meltdown

As time has passed, the UK Government has shown an increasing appetite for directly addressing the dearth of mortgage lending that is currently strangling the owner-occupier market. In his final report to the Treasury on mortgage finance, published in November 2008, Sir James Crosby concluded:

“I believe the banking system is going through three years of major restructuring. During that time this is likely to cause pain and risk to consumers and risks accelerating the weakness in the housing market. A large injection of funding into the banking system, delivered in a way that feeds directly through into mortgage lending and real activity in the housing market, would

6. http://www.hm-treasury.gov.uk/d/pbr08_mortgagefinance_1010.pdf

7. Parkinson, M., Ball, M., Blake, N., and Key, T. (2009) *The Credit Crunch and Regeneration: Impact and Implications, January*, <http://www.communities.gov.uk/publications/citiesandregions/creditcrunchregeneration>

ameliorate the economic consequences of the shortage of mortgage finance and deliver tangible benefits to consumers”.

His specific recommendation was for Government to provide around £100 billion of guarantees in a form that could be attached by lenders to AAA tranches of mortgage-backed securities issued to fund new lending. To the surprise of many, the Chancellor accepted Crosby's recommendation and in January announced that a new guarantee scheme for asset-backed securities will be introduced in April, subject to EU state aid approval⁸.

Welfare Reform

Crunch notwithstanding, the UK Government is steadily progressing the welfare reform agenda. It notes in the White Paper published in December:

Some people have argued that now is not the time to press ahead with welfare reform. We believe the opposite is true. The current economic climate means we must step up both the support we offer to people on benefits and the expectations of them to get themselves prepared for work⁹.

The White Paper takes forward the proposals made in its July Green Paper¹⁰, mooting a simpler benefits system, and signposting changes to Housing Benefit based on promoting work incentives, easing the transition into work and ensuring fairness between families on benefit and those in work. Detailed consultation on Housing Benefit reform will follow later in 2009.

8. http://www.hm-treasury.gov.uk/press_05_09.htm

9. Department for Work and Pensions (2008) *Raising expectations and increasing support: reforming welfare for the future*, December:
<http://www.dwp.gov.uk/welfarereform/raisingexpectations/>

10. For details of these see the October 2008 Housing Digest:
<http://www.cih.org/scotland/policy/Scottish-Housing-Digest-Oct-2008.pdf>

Dodgy Dealings?

The Office of Fair Trading (OFT) has been taking a particular interest in housing matters of late. In September it published a market study on homebuilding in the UK, which found little evidence of competition problems with the delivery of new homes, and no evidence that individual homebuilders have persistent or widespread market power, or that they are able to restrict supply or inflate prices. Interestingly, the OFT concluded:

“Apart from the homebuilding firms, the available information suggests that the largest ‘landbank’ may be that held by the public sector. Homebuilders are, to some extent, constrained by the availability of suitable land. If the Government and devolved administrations wish to ease this constraint going forward then one potential way of doing this would be to make more public sector land, which is suitable for development, more readily available to homebuilders”¹¹.

Less sanguine was its view of sale and rent back activity, and it has made a number of specific recommendations in this regard:

- Government programmes to support homeowners in financial difficulty should include advice on the risks involved in sale and rent back.
- DWP should provide greater clarity on the housing benefit implications of sale and rent back activity, as former owners can be excluded for up to five years.
- The sector should be regulated by the FSA.

HM Treasury has accepted these recommendations and published proposals for appropriate consumer protection measures that are currently subject to

11. Office of Fair Trading (2008) *Homebuilding in the UK: A market study*, September:
http://www.offt.gov.uk/shared_offt/reports/comp_policy_offt1020.pdf

consultation¹². The FSA has also published a consultation document on an interim regulatory regime¹³.

■ Policy Developments in England

More Sandbags Over Here!

In England as in other parts of the UK, Government has continued to search for ways to moderate the housing consequences arising from the current economic malaise. Announcements include:

- (October) the first deal to buy unsold homes through the 'national clearing house' initiative to help unfreeze the new build sector. Worth £13m, it involved purchase of 335 affordable homes off the shelf across 19 sites by the housing provider Sanctuary.
- (November) the final allocation of £101m Housing and Planning Delivery Grant "to help councils unlock housing markets"¹⁴.
- (November) the bringing forward of a further £775 million of housing and regeneration investment as part of the pre-budget report¹⁵. The pre-budget report also advised that the Government's mortgage rescue scheme would be extended to include second charge mortgages, and that the capital limit for eligibility for receiving help under the Support for Mortgage Interest scheme would be doubled to £200,000.
- (December) £400m to help first time buyers (£300m of which had already been announced in September) through HomeBuy Direct (equity loans of up to 30% on new dwellings). Some 18,000

12. HM Treasury (2009) *Regulating the sale and rent back market: a consultation*, February: http://www.hm-treasury.gov.uk/d/consult_rent_sale060209.pdf

13. FSA (2009) *Regulating sale and rent back: an interim regime*, February: http://www.fsa.gov.uk/pubs/cp/cp09_06.pdf

14. Provisional allocation was made public in July

15. HM Treasury (2008) *Pre Budget Report*, November: http://www.hm-treasury.gov.uk/d/pbr08_complete-report_1721.pdf

properties have been approved for inclusion in the scheme by the Homes and Communities Agency (HCA), and over 130 developers are involved¹⁶.

- (January) a further £18m deal to buy homes for affordable housing through the national clearing house initiative, this time from Bovis Homes. This deal provided 379 affordable homes on sites across the country and was reported to have increased the overall total of homes brought into use as affordable housing under the clearing house arrangement to 4,800, for a total investment of £160 million.
- (January) accelerated extension of the £200 million mortgage rescue scheme previously announced in September across England. The scheme is expected to help up to 6,000 households over 2 years, by means of equity loans or conversion of mortgage to rent.

Notwithstanding the earnest search for green shoots of economic recovery, there is little sign as yet of market resuscitation on the horizon, and we should therefore expect more announcements in the months to come. Meanwhile, running alongside Government efforts to moderate the impacts of the credit crunch, Government continues to run with a very full agenda of policy reform.

It's the Climate, Stupid

Energy related issues have been well to the fore in recent Government thinking.

An Energy Performance Certificate (EPC) has been required in England for the sale of all homes, and for all properties offered to let, since 1st October 2008¹⁷. To support this, the Department of Communities and Local

16. Loans are free of charge for 5 years and can be used as a deposit. The income threshold is £60,000.

17. Where a tenant has been in occupation since before 1st October 2008 and has continued to be in occupation subsequently an EPC is not required.

Government (DCLG) has published guidance on the regulations applying to EPCs when homes are being sold or let^{18 & 19}.

More fundamentally, the Government has launched two major consultations on policy initiatives aimed at reducing the impact of housing on the environment.

The first is concerned with achieving zero carbon new build homes from 2016 onwards²⁰. Zero carbon status is measured against annual emissions from heating, ventilation, hot water, fixed lighting, and the expected use of appliances.

Proposals on which the Government is consulting include:

- Revising the Code for Sustainable Homes to reflect the zero carbon homes requirement.
- Establishment of a requirement for very high levels of energy efficiency in new residential buildings from 2016.
- Using the Building Control system as the regulatory framework for monitoring and enforcing carbon compliance.
- Setting a minimum level of carbon reduction that developers must achieve on the site of a housing development, such as through providing onsite renewable energy.
- Requiring developers to tackle the remaining carbon emissions of the new homes by choosing measures from a list of 'allowable solutions', such as providing energy efficient appliances with the home or exporting low and zero

18. *Communities and Local Government (2008) Requirements for energy performance certificates (EPCs) when marketing homes for sale or let*, October <http://www.communities.gov.uk/publications/planningand-building/epcrequirements>

19. *EPCs have been required in Scotland for all houses for sale since 1 December 2008 and for homes for rent since 4 January 2008. For more info and guidance see <http://www.sbsa.gov.uk/epc.htm>. CIH Scotland can help organisations to deliver EPCs for their homes.*

20. *HM Government (2008) Definition of Zero Carbon Homes and Non-domestic Buildings*, December <http://www.communities.gov.uk/publications/planningand-building/zerocarbondefinition>

carbon heat and cooling to surrounding developments.

- The role of the Community Infrastructure Levy in delivering zero carbon new homes.
- Setting a limit on the amount expected to be spent on allowable solutions, to provide the house-building industry certainty over maximum costs of policy compliance.
- Reviewing the list of allowable solutions in 2012.
- The delivery role for local planning authorities and building control bodies.

Reducing carbon emissions from new homes is only one part of the equation however, and the Government is also consulting on a heat and energy saving strategy, designed to improve the energy efficiency of and reduce carbon emissions from the existing dwelling stock²¹.

This consultation document sets out an aim for emissions from existing buildings to be approaching zero by 2050. The strategy sets out a number of policy proposals including:

- All lofts and cavity walls insulated where practical by 2015.
- By 2030 all homes to have received a 'whole house' package that includes cost-effective energy saving measures and appropriate renewable heat and electricity measures.
- Development of new ways to provide financial support to households making energy saving and renewable energy improvements.
- Consideration of widening requirements under Building Regulations to carry out energy saving measures alongside certain types of building work.
- A new focus on district heating in suitable communities, and removing barriers to their development.

21. *HM Government (2009) Heat and Energy Saving Strategy: Consultation*, February, http://hes.decc.gov.uk/consultation/consultation_summary

- Encouragement of combined heat and power and better use of surplus heat through carbon pricing mechanisms.

Taken together, the Government expects the policies in this consultation document if implemented will reduce annual emissions by up to 44 million tonnes of CO₂ in 2020.

Home Information Packs

Important changes to the operation of the Home Information Pack (HIP) system, and required content of a HIP, will come into effect in April 2009.

With respect to process, existing regulations allow sellers to commission a HIP and then start marketing their property for up to 28 days before the pack is available. They also permit the use of transitional insurance to protect consumers in the absence of a HIP. These arrangements are to be removed. In confirming these changes the Minister for Housing Margaret Beckett commented:²²

[On 'first day marketing'] *"It is essential that buyers are able to see the information in the HIP as soon as possible. However, with the temporary first day marketing provision, while sellers must order and pay for the HIP, agents may take up to 28 days before making it available...As a result, some buyers looking to move quickly are making decisions about purchases without ever seeing the HIP. Some sellers are paying for a pack that they never receive. And some estate agents are said to be using this period to avoid complying with the relevant regulations on marketing properties. We are therefore ending this first day marketing provision from 6 April 2009 so that all buyers will get the information they need as soon as possible. Under the changes made today, from April 6 sellers will need to have the basic HIP before their home is marketed, which is expected to take 3 to 5 days to compile."*

22. <http://www.communities.gov.uk/statements/corporate/homebuyingandselling>

[On ending transitional insurance cover provision] *"This provision was intended to enable the private sector to conduct property searches in local authorities where access to relevant data was restricted. But in practice, too many search providers are using this provision even where the data is readily available. Lacking the relevant information, in some cases buyers have had to pay for a second search to be carried out by the local authority. This is not acceptable. Where-ever possible, consumers need information rather than insurance; and they should not have to pay for it twice."*

With respect to HIP content, from 6 April 2009 HIPs must include a Property Information Questionnaire (PIQ). PIQs will include information on flood risk, gas and electricity safety, service charges, structural damage, and parking arrangements. For leasehold properties, the PIQ will also have to include a summary of the leasehold arrangements.

Housing Finance Reform

Government continues to mull over root and branch reform of the Housing Revenue Account (HRA) subsidy system, with developments anticipated later this year. In the meantime, it is keen to see councils getting on with building new housing. At the CIH annual dinner in February, the Minister for Housing threw down a challenge:

"The Prime Minister recently indicated that if local authorities want to start building again, we'll get behind them. So what we want to hear is if you're up for it".²³

23. <http://www.communities.gov.uk/speeches/corporate/realhelpnow>

To stimulate this, the Government has now published proposals for removing revenue and capital disincentives to local authority investment in new council housing²⁴.

Under the proposals, councils would be able to have newly built or newly acquired property excluded from the HRA subsidy system. This would mean that councils would keep all the rental income from such properties, rather than it being taken into account in the annual HRA subsidy determination process. However, councils would not have the option to raise income by setting significantly higher rents on these properties, because they would still have to comply with Government requirements on affordability.

CIH has prepared a paper assessing the likely impact of the proposed changes, and has concluded that they would only be likely to have a minor impact overall²⁵.

More generally, CIH has raised important questions as to whether the skills and even appetite for delivering significant new council housing development may now be gone in many parts of England²⁶.

Finally, it is worth noting in passing that in her speech at the CIH dinner, the Minister also indicated that the adoption of a wider range of models for the provision of new council housing, including where suitable the use of a community land trust²⁷ vehicle, would be welcomed by Government. As

24. *Communities and Local Government (2009) Changes to the Revenue and Capital Rules for New Council Housing: Consultation on excluding new council housing from Housing Revenue Account Subsidy and Pooling, January* <http://www.communities.gov.uk/publications/housing/capitalruleschanges>

25. *(CIH (2009) New Rules to Encourage Councils to Build More Homes, Briefing Paper, January* http://www.cih.org/policy/briefingnewruleforLANewbuild_jan09.pdf)

26. <http://www.guardian.co.uk/society/joepublic/2009/feb/04/housing-affordable-councils>

27. A Community Land Trust (CLT) is a local community-controlled organisation set up to own and manage land and other assets in perpetuity for the benefit of the community. The assets other than land may be, for example, affordable housing, workspaces, agricultural facilities, commercial outlets, or community facilities.

the Government has just completed a consultation exercise on community land trusts²⁸, it seems fair to assume it was encouraged by the responses it received.

Initiatives for an Ageing Population

In December the Government announced it was making £33m available to local authorities to help them develop or expand local handy person services over the next two years, as part of the Lifetime Homes, Lifetime Neighbourhoods strategy²⁹.

It also published an update on Lifetime Homes, Lifetime Neighbourhoods, indicating current delivery priorities³⁰, which include:

- 50,000 people receiving advice and information through FirstStop in 2009³¹.
- A significant increase in the numbers of older people receiving handy person services, to over 100,000 per year.
- A review of options for a new funding allocation method for Disabled Facilities Grant.

The update also expresses an aspiration that by 2013 all new homes will be being built to 'Lifetime Homes' standards.

28. *Communities and Local Government (2008) Community Land Trusts: A consultation, October* <http://www.communities.gov.uk/publications/housing/communitylandtrust>

29. In February, DCLG published a report by Foundations (the national co-ordinating body for home improvement agencies) examining handy person services in England, explaining different types of provision, funding models and mechanisms delivery, as a reference for both commissioners and providers of handy person services. *Communities and Local Government/Foundations (2009) The Future Home Improvement Agency: Handy person services report, February*, <http://www.communities.gov.uk/publications/housing/hiahandy personservices>

30. *Communities and Local Government (2008) Delivering Lifetime Homes, Lifetime Neighbourhoods: A national strategy for housing in an ageing society, December* <http://www.communities.gov.uk/publications/housing/lifetimehomesneighbourhoods>

31. FirstStop is a national advice and information service delivering housing, care and financial advice: <http://www.firststopcareadvice.org.uk/>

Homelessness

Statistics released in December showed the number of households accepted as homeless in England had fallen by 60 per cent since 2003/04, a 13 per cent reduction in households accepted as homeless by local authorities in the third quarter of 2008 compared to the same quarter in 2007, and a 29 per cent reduction in the number of households in temporary accommodation since 2004³².

Recorded rough sleeping figures also show a considerable reduction over the last decade, encouraging the Parliamentary Under Secretary of State Ian Wright to launch a new rough sleeping strategy in very self congratulatory terms at the Crisis Annual Conference in November³³.

The new strategy, *No one left out*³⁴, sets out an intention to end rough sleeping by 2012 by ensuring that housing and other support services are available across the country, and emphasises three things - prevention, partnerships, and personalised services.

While recognising that in-migration from eastern Europe and the present turbulence in the global economy could lead to further upward pressure on numbers, the strategy sets out a fifteen-point action plan, which includes:

- Helping rough sleepers get jobs.
- Developing a training programme to build community capacity and skills to support people threatened with rough sleeping.
- Promoting more personalised services, including individual budgets.

32. <http://www.communities.gov.uk/housing/homelessness/>

33. <http://www.communities.gov.uk/speeches/corporate/endingroughsleeping>

34. HM Government (2008) *No one left out: Communities ending rough sleeping*, November <http://www.communities.gov.uk/publications/housing/roughsleepingstrategy>

- Launching a new approach to help councils monitor progress and track people sleeping rough.
- Also launching 'street needs audits' to provide a better understanding of the needs of people on the streets.

Implementation of this strategy over the next three years will be supported through £200 million homelessness grant funding. Introducing the strategy to his audience, the Parliamentary Under Secretary of State also observed with commendable enthusiasm:

"I'm going to work with my colleagues responsible for issues like mental health, social care, and skills, so that you don't face unnecessary bureaucratic idiocy that stops you getting on with the job".

Which will just leave the necessary bureaucratic idiocy to deal with.

National Tenant Voice

The Tenant Services Authority (TSA) and the Homes and Communities Agency (HCA) both went live in December 2008. Establishment of a third new body 'National Tenant Voice' (NTV), which is intended to ensure that tenants have greater influence over the services they receive, is ongoing. The NTV Project Group, which is driving things forward, has recommended to Government that³⁵:

- NTV should work to a wide definition of social tenant, including leaseholders and shared ownership tenants, and speak on behalf of anyone receiving housing services from a social landlord.
- NTV's role and remit should be focused around four key roles of advocacy, research, communications and support for the representative tenants' movement.

35. *Communities and Local Government (2009) Citizens of Equal Worth: The NTV Project Group's Proposals for the national Tenant Voice*, January <http://www.communities.gov.uk/publications/housing/equalworthreport>

- There should be published standards for the key services NTV will provide.
- NTV should be a non-departmental public body.
- NTV should have:
 - o A Council of around 50 tenants to consider policy issues.
 - o A Board to take legal responsibility for and to manage the organisation.
 - o An arms-length Accountability Committee to operate an open recruitment process for the Council, to recruit the Board, and to scrutinise the governance of NTV.
- The Chair of NTV should be a tenant member of the Board and be appointed by the Board.
- NTV should 'go live' in autumn 2009. In the interim, the Project Group/Shadow Board should progress an implementation plan, and fulfill as many of NTV's roles as possible³⁶.

Ministers have accepted these recommendations and the Government will insert clauses into the Local Democracy, Economic Development and Construction Bill currently before Parliament (which seeks to create greater opportunities for community and individual involvement in local decision-making, and provides for greater involvement of local authorities in local and regional economic development) to permit the Government to fund NTV.

Comprehensive Area Assessment

Guidance on how Comprehensive Area Assessment (or CAA, which is the new framework for the independent assessment of local public services in England) will work

36. A detailed timetable for taking NTV matters forward over 2009 has been published as part of an update note DCLG has published specifically for tenants – see *Communities and Local Government (2009) National Tenant Voice plans agreed – an update for tenants*, February, <http://www.communities.gov.uk/publications/housing/tenantvoiceupdate>

in practice from April 2009 has now been published³⁷.

Under the new framework, inspectorates will provide a joint view on the short, medium and long-term prospects for better results for local people, linked to assessments carried out by the relevant inspectorates of the performance and value for money provided by the individual public bodies serving an area. The new guidance document deals in detail with both area assessment and the organisational assessment of local councils. It defines the principles that will be applied, and explains how evidence will be gathered to inform assessments. An illustrative example of how findings will be reported in future has also been published³⁸.

Government has also introduced an updated set of national indicators with respect to the priority outcomes it expects councils to deliver (either alone or with partners)³⁹. CAA will report performance against the national indicator set.

In an interesting nod to current economic circumstances, the new guidance notes:

“We will judge how well councils and their partners understand the local impact of the recession and how well they are responding using the tools and influence available to them to mitigate the impact on their communities and prepare for the upturn”.

37. *Audit Commission/Care Quality Commission (2009) Comprehensive Area Assessment Framework document*, February <http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=63FF7DFA-D1DB-46D0-B72E-39DA12AEF9E1&fromREPORTSANDDAT A=NATIONAL-REPORT>

38. It can be found at <http://www.audit-commission.gov.uk/caademo/>.

39. *Communities and local Government (2009) National Indicators for local Authorities and Local Authority Partnerships: Updated National Indicator Definitions*, January <http://www.communities.gov.uk/publications/localgovernment/updatednidefinitions>

And Finally...

One other new publication worth noting specifies in detail the strategic housing role of local authorities⁴⁰, and lists some of the powers and guidance that authorities can draw upon in delivering the strategic housing role.

It identifies five key elements of the strategic housing role:

- Assessing and planning for the current and future housing needs of the local population across all tenures.
- Making the best use of the existing housing stock.
- Planning and facilitating new supply.
- Planning and commissioning housing support services.
- Working in partnership to secure effective housing and neighbourhood management on an on-going basis.

While there is nothing particularly new in the guidance, with a 15 page table detailing specific authority roles and responsibilities it provides a very handy summary, and serves very effectively to highlight just how extensive and complex the role actually is.

■ Developments in Wales

The Welsh Assembly Government has also been ferreting around in its financial cupboards for some extra money to devote to housing. In December 2008 it allocated £42 million of extra funding for affordable housing⁴¹, an extra £4.5 million for Mortgage Rescue, (taking the total to £9.5 million), and an extra £5.8 million over the next two years to the Home Energy Efficiency Scheme to address fuel poverty.

40. *Communities and Local Government (2008) The Strategic Housing Role of Local Authorities: Powers and Duties, September*
<http://www.communities.gov.uk/publications/housing/strategichousingrole>

41. A subsequent announcement in February covered the distribution of the first £15 million of this extra funding to housing associations

It has also been very active in terms of policy development.

Essex Review Update

The Essex Review report has spawned a policy behemoth. The report highlighted that wide-ranging and urgent changes are required to the way that affordable housing is regulated, funded, assessed and delivered in Wales and made forty-three recommendations for change. An Essex Implementation Programme has now been established, involving a strategic board, which oversees a programme board, which oversees four workstream groups, which collectively oversee 10 sub groups!

The four workstreams (there were five initially, but one has been disbanded) each has responsibility for taking forward a subset of the Essex recommendations, and are entitled:

- Existing Dwellings and Responding to the Credit Crunch.
- Affordable Housing Delivery/Social Housing Grant.
- Regulation.
- Financing Affordable Housing.

All four workstreams have been required to identify the key outcomes they want to achieve, and whether these will be completed in the short term (under 6 months), medium term (6-12 months) or long term (more than 12 months). What these workstreams eventually produce should have a profound effect on the structure of affordable housing provision in Wales. Meantime, there have been other policy developments.

Homelessness Plan

In September the Welsh Assembly Government published a draft ten year homelessness plan⁴².

42. *Welsh Assembly Government (2008) Ten Year Homelessness Plan Consultation Draft, September, <http://wales.gov.uk/consultations/closedconsultations/housing/homelessnessconsult/?version=3&lang=en>*

The plan sets out guiding principles on the general direction that the development and delivery of services should take, and was published on a consultative basis.

The plan offers a fairly comprehensive statement of required outcomes, but is explicitly not a strategy in the sense of offering a route map of how the Welsh Assembly Government intends to achieve them. To deliver the specified outcomes, a series of detailed action plans that prioritise objectives and set target dates for achieving these is to be developed.

One interesting aspect of the published document is that it includes a frank recognition that the current statutory framework is not fit for purpose (in the sense of allowing everyone to receive the level of service they need to ensure that their housing needs can be met).

Although there is no immediate commitment to change the statutory framework, there is a commitment to review key areas of homelessness legislation and the duties placed on local authorities, especially around the areas of priority need, intentionality, local connection and measures to enable the discharge of duty into the private rented sector, and to subsequently consult widely on any specific proposals that may arise for amending the existing statutory framework.

National Housing Strategy

In January a new national housing strategy was issued for consultation⁴³.

The strategy, mindful of the contents of the Essex report, looks at the role of housing in improving the quality of life in Wales and proposes a number of steps to introduce more flexibility into the housing market. It is structured around six principles:

- Providing the right mix of housing.
- Using housing as a catalyst to improve lives.
- Strengthening communities.
- Reducing the 'ecological footprint'.
- Ensuring better services.
- Delivering together.

An action plan, based on 'SMART' principles, will be prepared to supplement the national housing strategy. The action plan will be developed in 2009/10, for the three years until 2011/12, and will include a number of measurable short-term targets.

The strategy document provides a comprehensive assessment of where Wales is now in respect of housing, support and regeneration issues, and outlines several of the key supporting strategies that feed in to this one. Worth noting:

- Action to radically improve knowledge of need and supply is confirmed in the strategy:
 - Local authorities are to be asked to prepare 'affordable housing delivery statements' (it is not clear how these link to the prior requirement to prepare 'affordable housing delivery plans' by 31 March 2009) bringing together local information about housing needs and set out the local authority's planning and housing measures to address that need.
 - At the same time, we are advised that the Welsh Assembly Government "*will be strengthening its evidence base and providing fresh support and coherence to local work on needs assessment.*"
- Consideration of the scope for supporting not for profit and social enterprise nursing homes is floated in the strategy.
- The strategy also advises that a new National Energy Efficiency and Savings Plan will be launched in 2009, together with a major revamp of the Home Energy Efficiency Scheme. A community renewables scheme is also to be launched with European funding

43. Welsh Assembly Government (2009) *Sustainable Homes: A National Housing Strategy for Wales, Consultation Draft, January*, <http://wales.gov.uk/docs/desh/consultation/090128housingstrategyen.pdf>

and support for small-scale renewable energy in the home will be increased as part of a new national energy strategy. This is expected to be especially useful in rural areas where grid access is limited. In terms of new homes, the strategy records that the Welsh Assembly Government is working towards zero carbon new buildings from 2011, and seeking transfer of the responsibility for building regulations to Wales to support this.

The consultation period extends to 1st May 2009, undoubtedly to give time for work being conducted through the Essex Implementation Programme to feed through. The extended period for consultation is however also merited on the basis of the rather meaty consultation questions posed within the strategy document, which include:

- Do we need to develop a comprehensive approach to intermediate market housing?
- What more should social landlords do to improve the life-chances of tenants?
- Are we failing particular groups, for example refugees, migrant workers and Gypsy Travellers, through our existing provision?
- What more can housing do to support area regeneration?
- How do we maximise local employment and training opportunities?
- What would success look like in future rural housing provision?
- What guidance is needed to ensure housing contributes to cohesive communities?
- How do we best ensure tenant and community empowerment?
- Are we doing enough to plan homes with a view to our changing climate?
- How do we make better use of our social rented stock?
- How do we improve access to, and effectiveness of, support services?

Supporting People – Housing Related Support Strategy

A consultative draft Supporting People – Housing Related Support Strategy (HRSS) was issued in February⁴⁴. In keeping with the somewhat skeletal nature of the current drafts of the national housing strategy and ten year homelessness plan, the draft HRSS aims to provide a long-term strategic vision, not a detailed programme of action. A detailed action plan and a monitoring and evaluation framework will be developed after the consultation period ends in May.

However, the HRSS contains much of interest:

- It confirms a requirement to review the present basis for the distribution of funding, which does not reflect need. A working group is currently developing a fairer redistribution formula.
- It acknowledges a wide variation in performance in service commissioning.
- It argues the need for more collaboration between authorities:
 - o *“In view of the differences in capacity which exist between authorities, we believe future provision should be based on collaborative approaches to strategic planning. Ideally arrangements should be capable of purchasing on behalf of all the authorities in the partnerships, both for services which are themselves regional, but also allow for the development of local services where they provide the best solution. In order to achieve this; clear arrangements for accountability to local democracy will need to be developed”.*
- It notes that current revenue funding arrangements are not ideal, but local authority competence to support reform is not yet sufficiently robust:
 - o *“There are currently two Supporting People funding streams. Supporting People Grant (SPG) is paid to local*

44. <http://wales.gov.uk/consultations/housingcommunity/supportingpeople/?lang=en>

authorities to support the funding of services for older people and for the provision of community care services. Supporting People Revenue Grant (SPRG) is paid directly by the Welsh Assembly Government to accredited support providers in respect of all other needs groups and services. Local Authorities as the strategic housing providers have argued for some time that all Supporting People funding should be paid directly to them, and allocated by them on the basis of local priorities. Welsh Assembly Government has taken the position that this will only happen when there is demonstrable competence, capacity and skills within all authorities. A set of criteria for handover were established in 2001. The extent to which these criteria have been met was assessed during a series of 'preparedness visits' to authorities during 2006/2007. While there were many examples of good practice, not all authorities had developed evidence based planning and commissioning arrangements, supported by open and transparent decision making and effective grant administration procedures".

- It also argues a need for more professional tenancy support arrangements:
 - o "We know that tenant support services bring benefits that are greater than the cost of the service provision. However, in order to continue to maximise the benefits there are a number of challenges that need to be addressed. This includes the lack of a professional framework for the sector and the difficulty in recruiting and retaining good quality support staff. As far as the role of support worker is concerned, while it is important to ensure that there are clear boundaries for both parties based upon principles of empowerment, there is increasing pressure to widen the role to encompass the full breadth of demands on support work set out

in this strategy. We want to develop a clear and shared understanding of the boundaries of housing related support. These boundaries should be capable of being applied to the design of services and defining the appropriate level of funding provided by Supporting People. We wish to see contractual arrangements for Supporting People that clearly define the specified housing related support service and the associated level of funding. Together with appropriate outcomes monitoring, this will in turn inform policy development. Clarifying the basis for support coupled with more robust outcomes monitoring will enable a review of regulation in this area".

- Finally, it signals an intention to develop a national outcomes measurement framework for housing related support.

Other Developments

Two other developments are worth noting.

Firstly, in January the Welsh Assembly Government launched a financial inclusion strategy for Wales⁴⁵. The new strategy is based on five core themes:

- Access to mainstream financial services.
- Affordable credit and savings.
- Access to money and debt advice.
- Helping people to improve their financial skills.
- Helping people to maximise their income.

A detailed action plan⁴⁶ accompanies the strategy, which identifies key tasks, indicators and timescales for action under each of the core themes, and who will be

45. Welsh Assembly Government (2009) *Taking Everyone Into Account: Financial Inclusion Strategy for Wales*, January, <http://wales.gov.uk/consultations/socialjustice/fistrategy/?lang=en>

46. Welsh Assembly Government (2009) *Increasing Incomes, Eradicating Exclusion: An Action Plan*, January, <http://wales.gov.uk/consultations/socialjustice/fistrategy/?lang=en>

responsible for delivery. The action plan will also act as a monitoring tool for the strategy.

Secondly, in February the Welsh Assembly Government published a social enterprise action plan⁴⁷. The plan contains 20 key actions to help the sector expand. These include the development of a Community Asset Transfer Fund (an £8 million pot to help social enterprises renovate public buildings and offer services to the community), establishment of a new organisation (Social Enterprise Coalition Cymru) to deliver key parts of the plan, and creation of a new group to advise Ministers on social enterprise matters.

■ Developments in Northern Ireland

In December 2008, the Northern Ireland Executive made an additional £9m available to address housing and housing-related issues: £4m for the special purchase of evacuated dwellings scheme and a further £5m for the Social Housing Development Programme. A further £15m was also made available to address Fuel Poverty⁴⁸.

This largesse did not stop some Assembly members casting a covetous glance at the greater freedom of manoeuvre currently available to other administrations around the UK:

47. Welsh Assembly Government (2009) *The Social Enterprise Action Plan for Wales*, February, <http://wales.gov.uk/docs/dsjlg/publications/comm/090209seactionplan09e.pdf>

48. In announcing the Fuel Poverty payment to the Assembly on 15 December as part of the December monitoring round, the Minister of Finance and Personnel indicated that the money would provide additional help to 65,000 households on income support, and to a further 36,000 on pension credit – some 103,000 in total. A subsequent announcement by the Minister for Social Development on 26 February indicated all 84,000 Pension Credit claimants (excluding those in Nursing Homes) and approximately 64,000 Income Support claimants who are also in receipt of Housing Benefit or Housing Loan are eligible – some 148,000 in total – and that the total for this would be £22.5 million.

*“Does the Minister share my disappointment that, due to the way the Executive cut the Budget, we are not able to do more to accelerate the rate of capital investment in Northern Ireland? Our colleagues in Scotland are investing an additional £100 million in social housing and, in England, the Government are investing an additional £1 billion. Furthermore, in Scotland, an additional £260 million is being invested in capital schemes and, in England, and additional £500 million will be invested in the green economy. Why are pro rata investments not being made in Northern Ireland?”*⁴⁹

The local driver behind this sentiment is of course depressingly familiar. In February the Northern Ireland Housing Executive (NIHE) published its annual review of the Northern Ireland housing Market⁵⁰, which reported:

- An independent forecast that new private housing starts in Northern Ireland will fall to 5,000 in 2009, 70 per cent below their 2006 peak.
- House prices have already fallen more than 15 per cent from their peak and are likely to fall a further 10 per cent at least, before they stabilise in 2010.
- The number of housing transactions in Northern Ireland has dropped by approximately two-thirds.

49. Dr Farry (Assembly member for North Down).

50. NIHE (2009) *Northern Ireland Housing Market review and Perspectives 2009-2012*, February, http://www.nihe.gov.uk/housing_market_review_and_perspectives_2009-12.pdf

- Only 800 Housing Executive properties were sold in 2007/08 compared to more than 5,000 sold annually 2000/01 - 2003/04. In 2008/09 sales of fewer than 100 are anticipated⁵¹.

Social Housing Procurement Strategy

As part of the implementation of the 'new housing strategy'⁵², the Minister for Social Development (Margaret Ritchie) launched a procurement strategy for social housing in October⁵³.

Currently, construction contracts for social housing are procured separately by around 26 housing associations. The strategy will streamline housing association procurement activity into four procurement groups. Efficiency savings achieved thereby will be retained within the housing programme. All housing associations wishing to participate in the Social Housing Development Programme will have to be members of one of the four groups.

It is anticipated that in the future the procurement groups will become involved in a more extensive range of activities, including procurement of repairs and maintenance, fuel and energy, cleaning services and office supplies.

51. NIHE announced in December that it was facing a £35 million shortfall in its budget caused by loss of revenue from house and land sales. (The shortfall had already been reduced from £80 million, by means of re-allocations across Department for Social Development budgets). In January a further £10.5 million was re-allocated to NIHE to partially offset the problem. In the Assembly on 2nd March, the Minister for Social Development indicated the problem may continue into the next financial year: "The collapse in house and land sales has left the Northern Ireland Housing Executive facing a serious shortfall of a magnitude of £100 million in each of the next two years. That could have a devastating effect on the newbuild programme"

52. Northern Ireland Assembly Research and Library Service (2008), *The New Housing Agenda for Northern Ireland*, November, <http://www.niassembly.gov.uk/ior/research/2008/10808.pdf>

53. Department for Social Development (2008) *Procurement Strategy for the Social Housing Development Programme*, October, <http://www.dsdni.gov.uk/hsdiv-procurement-strategy.pdf>

The Department of Communities & Local Government National Change Agent was appointed to assist with implementing the procurement strategy.

Developer Contributions

Another central element of the new housing strategy articulated last year is securement of developer contributions to affordable housing provision, and in October CIH Northern Ireland sought to inform the debate by publishing recommendations on the key principles that should shape these contributions⁵⁴. Initially, the timing of the introduction of a developer contributions policy was seen as dependent only upon progress being made on revisions to Planning Policy Statement 21 (discussed below). However, progress on developer contributions is now likely to be delayed until market conditions are more favourable.

Mortgage Rescue

A consultation document on a proposed mortgage rescue scheme was published in September 2008⁵⁵. The initial proposals were criticised for lacking clarity with respect to scheme aim and objectives, which it was argued could result in some of the elements of the proposed scheme working against each other in practice⁵⁶.

54. Chartered Institute of Housing Northern Ireland (2008) *Developer Contributions in Social and Affordable Housing: Key Principles*, October, <http://www.cih.org/northernireland/policy/developer-contributions-oct08.pdf>

55. Department for Social Development (2008) *Proposed Mortgage Rescue Scheme for Northern Ireland – Consultation*, September, http://www.dsdni.gov.uk/mortgage_rescue.doc

56. Chartered Institute of Housing Northern Ireland (2009) *Response to Proposed Mortgage Rescue Scheme for Northern Ireland*, <http://www.cih.org/northernireland/policy/Mort-Rescue-Resp-Nov08.pdf>

The consultation exercise is now complete. However, launch of the scheme has been delayed by shortage of available funds⁵⁷.

Planning

There are a number of ongoing policy developments in the planning arena.

Comprehensive reform of the planning system announced in November 2007 as part of the Review of Public Administration (RPA) rumbles on. A consultation paper outlining reform proposals is due to be published for consultation in early 2009.

Also shortly expected is a consultative draft of the new Regional Development Strategy.

More immediately, Planning Policy Statement (PPS) 21, which specifies planning policy on sustainable development in the countryside and replaces the controversial PPS 14, was issued in November for consultation, but with immediate effect⁵⁸.

PPS 21 sets out the circumstances under which development will be permitted across rural Northern Ireland, including within Greenbelts and Countryside Policy Areas but excluding a small number of exceptional landscape areas such as the high Mourne and Slieve Gullion. Under PPS 21 applications for new social housing development can only be made where demonstrable need that can't be met within an existing local settlement has been identified by NIHE.

57. In response to a question in the Assembly on 2nd March Margaret Ritchie said "Following consideration of the consultation responses, we had a fully tested scheme ready to go by 21 November 2008. Unfortunately, I am not prepared to launch that innovative scheme without funding. I do not want to raise expectations until I know that I am in a position to help. I have made bids in year during the monitoring rounds, but they have not been successful. When the funds are made available, the scheme will be launched".

58. Department of the Environment Planning and Environmental Policy Group (2008) Draft Planning Policy Statement 21, Sustainable Development in the Countryside, November, http://www.planningni.gov.uk/index/policy/policy_publications/planning_statements/pps21.pdf

Draft PPS 21 is significantly less restrictive than its predecessor, and will be used to assess planning applications for development in the countryside received since March 16th, 2006. This will take some months to complete.

Community Safety Strategy

NIHE launched its Community Safety Strategy 2008/9-2010/11 in November⁵⁹, which contains proposals for addressing anti-social behaviour.

The strategy maps current services available to tenants and sets out a three year action plan to expand these, which places emphasis on the prevention of anti-social behaviour and use of early interventions, such as the use of mediation and Acceptable Behaviour Contracts. The 3 year strategic plan is set out under three key headings:

- Enforcement, which covers existing and proposed new powers to tackle anti-social behaviour.
- Prevention, which deals with existing and proposed services to deliver early interventions.
- Support, which explains existing and proposed services to support victims, witnesses and perpetrators of anti-social behaviour.

A number of key priorities for action are identified in the strategy, including:

- Increasing public confidence in the service provided.
- Development of better partnership and accountability structures.
- Addressing cases where complex needs have been identified.
- Greater use of information sharing.
- Responding more effectively to reports of anti-social behaviour.

59. Northern Ireland Housing Executive (2008) Building Safer Communities: Northern Ireland Housing Executive Community Safety Strategy, November, http://www.nihe.gov.uk/index/about-us-home/media_centre/building_safer_communities.pdf

- Greater focus on early intervention, support and diversionary programmes.

Private Rented Sector Strategy

An updated strategy for the private rented sector is due to be launched for public consultation in April 2009.

The Department for Social Development is hoping to stimulate greater confidence in the private rented sector, and to that end the new strategy is expected to build on the previous one (published in 2004⁶⁰), and to cover security of tenure, housing quality, management standards and the resolution of landlord tenant disputes.

Prospective Legislation

A new Housing Bill is also expected in 2009. Although the details are not yet settled it may include provisions to:

- Create new duties for the Northern Ireland Housing Executive in relation to homelessness.
- Further address anti-social behaviour.
- Amend regulations governing housing associations.
- Amend NIHE governance arrangements.

■ The Scottish Context

The Pain Continues

Closer to home, the most recent slew of Scottish housing statistics offers little hope of any immediate light at the end of the economic tunnel:

- Annual completions to September 2008 were 7 per cent lower than for the previous 12 month period, dropping from 25,220 to 23,400.

60. Department for Social Development (2004) *Renting Privately: A strategic framework*, May, http://www.nihe.gov.uk/renting_privately_a_strategic_framework.pdf

- New build starts fell from 5,590 in the third quarter of 2007 to 3,190 in the third quarter of 2008, a drop of 43 per cent⁶¹.

Housing transactions remain subdued also⁶²:

- House prices in Scotland continue to fall, with the magnitude over the last year somewhere between 3.5% and 8.1% depending on which source one consults.
- Recorded house sales in November 2008 were down by 58% compared to a year earlier.

While according to the Council of Mortgage Lenders⁶³:

- Scottish house purchase lending declined 40% in 2008.
- House purchase loans in Scotland in the fourth quarter of 2008, down 23% from the previous quarter.
- The fourth quarter of 2008 was the eighth consecutive quarter of zero or negative growth in remortgaging in Scotland.

The Scottish Government has continued to respond to developments⁶⁴ since the statement it put out in August 2008⁶⁵,

61. <http://www.scotland.gov.uk/News/Releases/2009/02/24110551>

62. Berry, K (2009) *The Scottish Housing Market*, SPICe Briefing Paper 09/05, January <http://www.scottish.parliament.uk/business/research/briefings-09/SB09-05.pdf>

63. <http://www.cml.org.uk/cml/media/press/2161>

64. *In this context it is somewhat troubling to note that in a Parliamentary debate in January Stewart Maxwell felt compelled to comment: "I would welcome the member's support, and others' support, for our attempts to obtain separate Scottish data on repossessions. Because we do not have such data at present, we act on estimates and guesswork".*

65. Scottish Government 92008) *Responding to the Changing Economic Climate – Further Action on Housing*, August, <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/furtheraction>

making a sequence of announcements, including that:

- (October) the first tranche of accelerated funding from future Affordable Housing Investment programme budgets (£9 million) would be used to finance a number of site starts and land acquisition.
- (October) an extra £10 million would be allocated to the Central Heating Programme.
- (October) the Open Market Shared Equity scheme would be extended on a temporary (one year) basis from 10 local authority pilot areas to the whole of Scotland, with an increase in budget from £24m to £60m.
- (November) the recommendation of the Fuel Poverty Forum (discussed later) to put in place an Energy Assistance Package for the fuel poor would be implemented.
- (November) the range of legal advice and support available across Scotland to help families facing home repossession would be extended. An additional £3m over the next two years has been made available to fund legal advice and representation for people facing repossession and debt problems.
- (November) the arrangements for accessing £25 million previously announced to help fund council house building had been agreed with COSLA.
- (November) a further £9 million of accelerated funding had been allocated for various purposes, including purchase of unsold stock from the private sector by housing associations, site starts and land acquisition. (With perhaps a modicum of lily gilding in evidence, the Deputy First Minister Nicola Sturgeon opined: *“This funding will kick-start site construction across Scotland, which I hope will herald a revival in the fortunes of Scotland’s hard-pressed house-building industry”*).
- (January) an extra £10 million would be added to the Home Owners Support Fund (HOSF), raising the total available to £35 million. The announcement also involved improvements to the existing Mortgage to Rent scheme (which is financed from the HOSF), and a new Mortgage to Shared Equity scheme, both to take effect in March 2009⁶⁶.
- (January) a further £17 million of accelerated investment, again involving housing association purchase of unsold stock from the private sector and land purchase for future affordable housing provision. With the earlier announcements this brought the total of accelerated expenditure actually made to that point in time to £35 million.
- (February) as part of the deals agreed to secure passage of the 2009/10 Budget Bill through Parliament:
 - o A £60 million Town Centre Regeneration Fund.
 - o An area based home insulation scheme funded by £15 million of new Government money and £15 million from other partners.
 - o £16 million in 2009-10 to increase apprenticeship recruitment.
 - o (Less welcome perhaps), that a joint strategic review of public spending in Scotland would be established to prepare for the reducing profile of public funding over forthcoming years.
- (February) the HAG funding efficiencies introduced in spring 2008 (by means of tightening the eligible assumptions for HAG calculation) would be partially

66. *In announcing these developments to the Scottish Parliament in January, the then responsible Minister, Stewart Maxwell said of the changes to the existing Mortgage to Rent scheme: “The changes are designed to improve the effectiveness and efficiency of the scheme by increasing awareness of it with advice agencies, lenders and social landlords; accepting applications to the scheme at an earlier stage; targeting households at the lower end of the market to ensure that support is focused on those who are least likely to be able to trade down; encouraging more registered social landlords and local authorities to participate in the scheme; under normal circumstances, barring people with second homes from applying for assistance; and requiring social landlords to accept the results of the scheme 2 survey carried out by Government-appointed professionally qualified surveyors”.*

reversed⁶⁷. The net effect of the spring efficiencies had been calculated by SFHA at £10,000 of additional private finance required per affordable housing unit⁶⁸. The effect of the February 2009 announcement was an additional average grant of six per cent, or between £4,000 and £5,000 per house, with the new changes in HAG assumptions taking immediate effect and applying until to the end of 2009-10⁶⁹. A very recent study by CIH Scotland shows that the HAG assumption adjustments made in spring 2008 has had a significant effect in reducing housing association development activity.

The Scottish Government brought many of its earlier announcements together with the publication in January of an update on the August statement⁷⁰, which confirmed that the amount of accelerated spending under the Affordable Housing Investment Programme had risen from £100 million to £120 million. The update also noted:

- Guidance had been agreed with the Scottish Federation of Housing Associations on circumstances where Housing for Varying Needs standards can be relaxed, with the support of local authorities, to enable the purchase of unsold properties.
- Government is prepared to provide financial support to housing associations that wish to acquire or develop housing for mid-market rent in areas where such housing would help to meet local need.

67. *The Scottish Government (2009) HAG Financial Appraisal, HIGN 2009/02, February*
<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/investment/guidancenotes/hagallowances>

68. *SFHA (2008) Investing in affordable housing – a consultation: Information Note, December*
<http://www.sfha.co.uk/index.php?pg=50&id=65>

69. *Chartered Institute of Housing Scotland (2009) Arrested Development: The challenges facing RSLs in building affordable housing, March*, <http://www.cih.org/scotland/policy/ArrestedDevelopment-mar09.pdf>.

70. *The Scottish Government (2009) Responding to the changed economic climate: More action on housing, January*, <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/moreaction>

- Local authorities now have greater flexibility in how they use revenue raised from reducing the Council Tax discount on second homes and long-term empty properties.
- Unsold new build shared equity properties can be converted for mid-market or social rent where appropriate.

In truth however, in a world where the Bank of England is injecting £75 billion into the money supply to resuscitate the UK economy, these initiatives are rather small beer, as the Scottish Government well knows. In November, it called upon the Chancellor of the Exchequer to provide additional money for affordable housing investment in Scotland, to apply a permanent reduced VAT rate of five per cent for housing associations repair and maintenance work, and a temporary reduced VAT rate of five per cent for homeowners repairing and renewing their homes. In the February update to the August statement the Scottish Government went further, calling on the UK Government to:

- Stop dragging its feet on introducing regulation of the sale and rent back market.
- Encourage investment in the private rented sector by introducing exemptions from Inheritance Tax where properties are let at affordable rents, and revisiting the rules for residential Real Estate Investment Trusts (REITs) to encourage institutional investment in private rented property.
- Take forward a wider review of the stamp duty land tax system in partnership with the devolved administrations.
- Reduce taxation on the energy bills of households.

And in March it re-affirmed that it is seeking at least £500 million for new housing investment from the Government at Westminster.

The lack of a positive response to these requests explains the rather extraordinary situation in February where, in the Scottish Parliament, Labour proposed the following motion:

That the Parliament notes the growing crisis in Scottish housing with rising numbers of repossessions, the continuing challenge of homelessness and the falling number of houses being built; calls on the Scottish Government to ensure the urgent and effective implementation of the accelerated spending programme, introduce a realistic housing association grant formula and negotiate with the housing association movement a range of flexible models of procurement, and further calls on the Scottish Government to examine, as a matter of urgency, alternative means of expediting the provision of land and infrastructure and the regeneration of communities.

And the Scottish Government supported it! In debating the motion, the Deputy First Minister said:

"We will support Labour's motion today because, thanks to Gordon Brown's mishandling of the economy, the number of repossessions is rising".

The debate on 21 January was also notable for a number of other reasons.

Firstly, an attempt by the Conservatives to extend the motion as follows:

"...welcomes the second-stage stock transfer to local housing associations in Glasgow; notes that housing stock transfer in Scotland would achieve £2 billion of debt write-off from HM Treasury, and therefore urges the Scottish Government to engage proactively with the 26 local authorities yet to transfer their stock with a view to effecting stock transfers to community-based housing associations and facilitating further investment in affordable housing in Scotland."

was rejected by Labour (architect of the community ownership programme under the last administration) and by the SNP, but supported by the Liberal Democrats⁷¹.

Secondly, the debate generated a welcome general reaffirmation of commitment to the 2012 homelessness target, much less consensus on the merits of the idea of lead developers for new affordable housing (discussed below), and considerable disagreement over the acceptability of the speed with which the (by now) £120 million of accelerated spending of Affordable Housing Investment Programme funding is being spent. In the heat of political battle, it also threw up a couple of comments worthy of passing comment:

Johann Lamont (Lab): *"Given the absolute certainty about previous HAG assumptions, perhaps the minister could clarify what consultation took place with the housing sector on the new assumptions. I fear that they may have been plucked out of the air in a panic".*

Mary Mulligan (Labour): *"I accept that the Scottish Government has taken action to try to get better value for the public pound, but the principle was wrong and the timing was absolutely wrong".*

Ms Mulligan probably didn't mean to say that the principle of getting better value for the public pound was wrong, but Ms Lamont raises an interesting point given the prior recent history of consultation on amendment of HAG assumptions!

71. Laying aside the politics of the issue, David McLetchie raised an interesting point in terms of the financial implications of not promoting community ownership: "It seems extraordinary to us on this side of the chamber that, at a time when it is constantly warning of the impact of forthcoming cuts to Scotland's block grant from the Treasury, the SNP Government should wilfully turn a blind eye to the £2 billion that the Treasury has put on the table to wipe out the accumulated housing debt of local authorities, in return for them transferring their stock to community-based associations".

Housing Supply Task Force?

One aspect of the housing motion discussed in Parliament in February was an encouragement to the Scottish Government to respond to the recommendations of the Housing Supply Task Force (HSTF), which had just published its final report⁷².

Over the 18 months over its life to February, the HSTF had reflected, cogitated and digested all manner of information, but many will think the end results from the process in terms of action are somewhat disappointing⁷³.

In the final report, the HSTF recommend:

(Infrastructure):

- The Scottish Government considers appropriate options for new models of financing infrastructure provision.
- Local Government considers the scope for using accelerated funding to support up-front infrastructure development.
- All parties investigate existing models of infrastructure delivery co-ordination within the UK to support development plan action programmes.

(The Planning System):

- Local Authority political and executive leadership ensures that efforts to modernise the planning system result in:
 - o Improvements to the efficiency and effectiveness of planning processes.
 - o The implementation of the new housing and planning delivery framework embodied in the new SPP 3, Housing Need and Demand guidance and local housing strategy guidance.

72. *Housing Supply in Scotland: A report by the Housing Supply task Force, February 2009*
<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/housing-supply-task-force/HSTFreport>

73. *To be fair, the final report notes its original purpose was somewhat overtaken by economic events, and claims a behind the scenes role for the HSTF in helping to formulate the content of many of the announcements made by the Scottish Government over the last few months to mitigate the impacts of the crunch.*

- Relevant parties work together to ensure that the planning modernisation package results in genuine improvements to the planning process.
- Everyone involved in building new homes and communities assists the wider public's understanding and acceptance of the need for development and its potential benefits.

(Capacity of the house-building sector):

- The house building sector works with others in support of the industry, including through support for skills development, the development of graduate entry programmes, management development and the promotion of careers at all levels in construction.
- Construction Skills:
 - o Undertakes a detailed analysis of the house building sector's skills and training requirements in order to help assess its ability to make a swift return to full capacity.
 - o Keeps track of the individuals leaving the industry and maintains contacts to enable efforts to be made to attract them back into the sector once the market has recovered.
 - o Considers new models for apprenticeship programmes.

(Public sector land):

- Scottish Government and Local Authorities give further consideration to how the sale of surplus public sector land can comply with Best Value requirements.
- All public sector agencies investigate mechanisms to share information on the release of surplus public sector land, with the Scottish Government and Local Authorities exploring ways to begin this process.

In addition, the Task Force made two other recommendations:

- The Scottish Government should take steps to improve the processing of Compulsory Purchase Orders to ensure that they are used as efficiently and effectively as possible.
- Local Authorities should consider whether there is scope to provide enhanced support for enabling activity in their area or to establish a Housing Alliance or Landbanking Fund.

In conclusion, the HSTF report says:

"We see an ongoing need for the Task Force to continue, with a new remit focused on these areas... The members of the Task Force are committed to building on the relationships that we have developed since our first meeting, and to continue to work together and hold each other to account, to ensure the best possible outcome for the housing supply system in Scotland".

On the basis of delivery to date however, not everyone may find this commitment entirely reassuring.

Lead on...

In December the Scottish Government published a consultation document containing its proposals for affordable housing investment reform, raising the sensitive issue of lead developers. The Government insists a network of lead developers is necessary to increase the efficiency of the housing association movement and to maximise the supply of new homes⁷⁴.

The key aspects of the proposed new approach to investment are that:

- Investment priorities would be determined on a regional basis.
- Regional priorities would be set out in prospectuses based on strategic housing investment plans.

74. Scottish Government (2008) *Investing in Affordable Housing: A consultation, December*, <http://www.scotland.gov.uk/Publications/2008/12/08094715/0>

Prospectuses may provide guidance on maximum rent levels.

- Lead developers would operate within agreed regions, with scope for more than one lead developer in each region.
- RSLs would be encouraged to form development consortia.
- Each consortium would be led by one RSL, which would bid for subsidy on behalf of the consortium as a whole.
- There would be two stages in the process of moving to the new approach:
 - o The first stage would be pre-qualification and only pre-qualified RSLs would be able to move on to the second stage.
 - o The second stage would involve bidding for subsidy and for appointment as a lead developer.
- All pre-qualified RSLs, whether acting on their own behalf or as heads of a consortium, would be able to compete for subsidy for short-term costed projects.
- Appointment as a lead developer would secure a conditional guarantee of programme funding for up to five years.
- Subsidy would only be awarded to projects offering the most competitive price and best matching other funding criteria⁷⁵.

The Island authorities are to remain outside these arrangements.

75. Four further standard criteria are proposed: *Deliverability* - The pre-qualified RSL or other consortium member must have ownership or be able to secure ownership of the land; there should be a clear and timetabled plan for developing the units; and the RSL must be in a position to confirm the total amount of subsidy required; *Quality* - The proposal must meet the quality requirements set out in the Prospectus; *Local authority endorsement* - The proposal must contribute to the local authority's strategic plans for the region and reflect the investment priorities as set out in the Prospectus; *Ownership and management* - The eventual owner and manager of the new homes must be specified. Where this is another consortium member and not the pre-qualified RSL, then the arrangements for handover or transfer of the completed properties must be part of a formal agreement between the parties.

The consultation document records that subject to responses received the Government is working to the following timetable:

- June 2009: Regional structure confirmed, pre-qualification prospectus issued and RSLs start to make provisional plans for joining consortia and applying to become a Lead Developer.
- September 2009: deadline for applications for pre-qualification.
- October 2009: appointment of pre-qualified RSLs.
- November 2009: regional prospectuses published and all pre-qualified RSLs invited to apply for subsidy and for appointment as lead developer.
- Oct 2009 – Feb 2010: RSLs finalise both their consortium membership and investment proposals.
- March 2010: Deadline for applications from pre-qualified RSLs/consortia for funding of specific projects over 2010-12 and for appointment as lead developer.
- April 2010: Competitive awards of subsidy for 2010-2012 and appointment of lead developers for 2010-2015.

There is much of interest in the detail of the proposals. One option floated for the future is to allow local authorities to become members of RSL led consortia in order to pool development expertise and participate in joint procurement, but this would surely involve the potential for strong conflicts of interest to arise. Another detail of note is the advice that consortium leadership will not be open to non-registered bodies *“that have been set up by groups of Scottish-registered RSLs for the purposes of more efficient and effective development of new homes”* in order to ensure that all organisations receiving HAG funding are registered with the Scottish Housing Regulator. While understandable in its own terms, this does rather limit the scope for building on the successes of the Highland Housing Alliance.

The proposals have been given a cautious welcome in some quarters, with for example the view of the Council of Mortgage Lenders Scotland being that it may facilitate greater co-ordination in borrowing and more sophisticated risk management by associations. The association sector itself is less minded to welcome the proposals.

Already disgruntled by the less generous HAG assumptions introduced in spring 2008 at a time when the availability and costs of private borrowing was becoming more restricted and expensive, SFHA⁷⁶ has noted that some aspects of the proposals require clarification and further development, and has asked:

- What would be the advantages/benefits for a lead developer given the potential level of risk the role will carry?
- How would it be ensured that other consortium members have appropriate input into the procurement process?

More fundamentally, the SFHA refutes the assumption underlying the reform proposals that housing associations are inefficient developers the practices of which have contributed to rising HAG levels over the last 5 years. It argues that:

“the supply of sufficient, affordable, and serviced land with planning permission will have a greater impact on costs than a procurement initiative which is predicated simply on bulk and competition. Previous attempts to introduce this kind of approach foundered as a result of inflexible competition rules and the insignificant economies emanating from large scale collective procurement”.

76. SFHA (2008) *Investing in affordable housing – a consultation: Information Note, December*
<http://www.sfha.co.uk/index.php?pg=50&id=65>

The Glasgow and West of Scotland Forum of Housing Associations (GWSF) have forcefully echoed SFHA views⁷⁷, commenting:

The Government has not published any detailed evidence in support of the specific measures it is proposing. This is a basic principle of effective and accountable policymaking. The absence of evidence means that many will continue to be sceptical about how the proposals will address the root causes of increasing subsidy levels... GWSF calls on the Government to show its commitment to transparency and policymaking based on evidence, by making public the evidence base on which its proposals are based.

GWSF has also expressed concern at the potential for the new framework to increase housing association risk:

The proposals would reduce the control that non-developing housing associations (i.e. the vast majority) can exercise over housing for which they will have long-term responsibility... This aspect of the proposals will reduce community accountability, and create increased long-term risk for ownership housing associations. It is completely at odds with the values, traditions and successes of most of the Scottish housing association sector.

The view that larger-scale lending and greater concentration of treasury management functions are desirable is not proven. It will involve real financial risks to housing associations and their tenants. The proposals set out in the Consultation Document do not reflect these risks and realities.

77. Glasgow and West of Scotland Forum of Housing Associations (2009) *The End of local Control?* http://www.gwsf.org.uk/cms/_documents/GWSFbriefingpaperfinalJanuary2009_001.pdf?CFID=6060770&CFTOKEN=f1492911dfc50f9f-9B37C619-3048-2C8C-52A62F82081E65D4

CIH Scotland said it supported much of the thinking behind the direction being taken but said it raised a number of questions about:

- Whether the current economic climate is the right time to bring in largely untried and untested measures.
- The relationship between consortium members, pre-selected RSLs and Lead Developers and to what extent the current proposals have got this right.
- The timescale for implementing consortia and Lead Developers.
- Issues of conflict of interest and the need for commissioning organisation and contractor organisation separation.
- The future role of local authorities in the funding and decision making process⁷⁸.

Too Risky?

Risk is exercising the Housing Regulator too⁷⁹. In December it advised RSLs that:

"In response to the changing times, we anticipate needing greater assurance from some RSLs about their short term liquidity and financial planning. The regulator plans to examine RSL business plans (particularly RSLs with whom we have high and medium engagement) to assess their quality and underpinning assumptions".

The Regulator has published a briefing paper setting out expectations about the sort of activities and planning it expects RSLs to be undertaking in response to the current environment, specifying in particular a need for RSLs to keep financial forecasts, exposure to prevailing housing and financial market conditions, short term liquidity and compliance with financial covenants under active review.

78. CIH Scotland response at <http://www.cih.org/scotland/policy/resp-AffordableHousing-mar09.pdf>

79. Scottish Housing Regulator (2008) *Financial Risk and Viability, December* http://www.inspection.communitiesscotland.gov.uk/stellent/groups/public/documents/webpages/shr_financial-riskviabilitylett.pdf

It advises all RSLs they should be 'stress testing' assumptions and playing out a number of different scenarios to see how they may be affected:

"We expect each RSL to assess how it is placed to withstand the combined effect of adverse changes in the macro-economic environment alongside more expensive private finance. Remaining solvent and having sufficient resources to meet the many calls on an RSL's funds is essential at this stage in the economic cycle but is even more so given the added uncertainties of the credit crunch... The evidence from the most recent set of five year cashflow forecasts submitted to us leads us to recommend that RSLs now test their assumptions in [a number of] key areas, either because the projections look unrealistic in the current environment or optimistic given the sector's historic performance trends".

The key areas concerning the Regulator are:

- Rent arrears ("The collection of rent arrears has shown only modest improvement over time – and most of the improvement relates to the recovery of arrears caused by delays in housing benefit administration. But many RSLs are projecting continued improvement in the collection of rent arrears").
- Operating costs ("Increases in operating costs are likely to pose one of the greatest threats to the viability of the sector going forward... The sector's current predictions on cost control look ambitious given previous trends").
- Deflation (given the widespread use of RPI+x% as a rent setting formula)
- LCHO ("given the state of the housing market and the fall in property values, we expect to see realistic assumptions feeding into the next round of projections in terms of income generated (and allowed to be retained) from right to buy sales receipts and any exposure to low cost home ownership").
- Meeting the SHQS.

- New development (given ongoing amendment to HAG assumptions and the possible effect of lead developer implementation).

The Housing Regulator offers the comfort of confirming its view that *"the sector overall is relatively stable financially, and continues to represent a good investment opportunity for lenders, and to provide good investment partners for Government"*, but also cautions:

- Private finance is now more expensive and it would not be prudent to assume a return to cheap and easy to secure private funding for the foreseeable future.
- Lenders are looking more closely at the risks presented by individual organisations when determining whether to lend, and at what price.
- There has been a hardening of attitude by lenders towards covenant compliance.
- RSLs that hold land or other property or commercial assets should assess whether reduced value needs to be reflected in annual accounts or may cause breaches of financial covenants in loan agreements.

Fuel Poverty, Energy Efficiency and Climate Change

Latest results from the Scottish House Condition Survey (published in November⁸⁰) show that half of all Scotland's homes are now rated as "good" in terms of energy efficiency. However, much of the good work done by energy efficiency investment in the housing stock has been undone by rising fuel prices when it comes to the incidence of Fuel Poverty. The Scottish House Condition Survey Annual Report 2007 also estimated there were 569,000 households in Scotland living in fuel poverty with 163,000 of these households extremely fuel poor.

80. Scottish House Condition Survey (2009) Key Findings 2007, November, <http://www.scotland.gov.uk/Publications/2008/11/26094921/8>

As already noted, in November of last year the Scottish Government accepted the recommendation of the Fuel Poverty Forum that it replace existing fuel poverty programmes with an Energy Assistance Package (EAP) for the fuel poor that would address both the property and householder issues and include tariff, welfare benefit, and tax credit advice, and energy audits, as well as providing access to grants and loans to improve energy efficiency⁸¹. The Government has also indicated that from April 2009 low income families with a child under five or a disabled child under 16 will be eligible for assistance from fuel poverty programmes.

However, the Scottish Fuel Poverty Forum, which was established to advise the Scottish Government on how it could improve progress towards the target to eradicate fuel poverty as far as is reasonably practicable by 2016, also felt compelled to comment:

“while it is our remit to work within existing resource levels, it should be recognised that in light of rising energy costs, it is difficult to see how sufficient progress can be made within these constraints... Current investment levels, both from Government and other sources, are wholly inadequate, given the growing scale of the problem. Substantial further investment will be needed to meet the statutory 2016 target”.

Other recommendations made by the Scottish Fuel Poverty Forum to the Scottish Government that it is still considering include⁸²:

- All emerging carbon reduction schemes and other building-related policy changes should take into account how they can help reduce fuel poverty.

81. *Towards 2016 - The Future of Fuel Poverty Policy in Scotland A Report by the Scottish Fuel Poverty Forum September 2008*, <http://www.scotland.gov.uk/Publications/2008/10/09155649/0>

82. *The Scottish Fuel Poverty Forum report also contains a number of recommendations for the Westminster Government, for Ofgem and for energy companies*

- An Energy Efficiency Finance Scheme consisting of low interest loans should be made available to those more able to pay, and to landlords of those in fuel poverty through the Scheme of Assistance.
- There should be a significant increase in the level of Government investment devoted to tackling fuel poverty at the next spending round.

One subsequent important step the Scottish Government has now taken in this policy area has been to establish a new building standard requirement for homes and non-domestic buildings to reduce carbon emissions by 30 per cent below current standards. This requirement will be effective from October next year, and flows from the recommendations of the Sullivan Report⁸³. There will be a detailed consultation over the summer on the best way to implement the new requirement. In announcing the new policy position, the Climate Change Minister Stewart Stevenson said:

“The Sullivan report recommended a 50 per cent reduction in carbon for non-domestic buildings in 2010 and I recognise there will be a cost associated with these improvements. In light of the economic situation, I have taken the view that a 30 per cent reduction is an appropriate level that strikes the right balance as we look to ensure our long term climate change targets are met.”

Planning Matters

The Council of Economic Advisors has opined that the Scottish Government will find it difficult to meet its 2050 carbon emissions target, and has recommended that the Government identifies cost-effective options for reducing energy demand, with particular attention to better insulation of existing housing stock:

83. *The Sullivan report was discussed in the March 2008 Digest*: <http://www.cih.org/scotland/policy/Scottish-Housing-Digest-March-2008.pdf>

“The Council urges the Scottish Government to explore ways to defray the up-front capital costs of energy efficiency measures, perhaps by finding ways for consumers to pay back the capital costs over a number of years, for example, through their energy bills. We would encourage Scotland’s banks and energy companies to work with the Scottish Government to explore ways of delivering transformational levels of home insulation”.

The greater part of the first annual report of the Council of Economic Advisors to the Scottish Government (published in December⁸⁴) focused on other matters however. Of particular interest, the Council expressed concern at long-term under-investment in Scottish infrastructure, and further commented:

“The Council believes that the inefficiency of the planning system is an obstacle to economic growth in Scotland; it is currently a barrier to be overcome rather than a service that enables high quality development in the right places and which contributes to Scotland’s comparative advantage”.

It recommended that the Scottish Government:

- Offers financial incentives to local authorities to promote and facilitate sustainable development projects.
- Changes the culture of planning and reforms the planning system so that planners see themselves as facilitators rather than regulators.

Whether the Government chooses to take up these challenges remains to be seen, but meantime it has been actively engaged in planning matters.

84. Scottish Council of Economic Advisors (2008) First annual report of the Scottish Council of Economic Advisors, December <http://www.scotland.gov.uk/Publications/2008/12/04092147/0>

Important in this regard has been publication of a revised Circular 12/1996, dealing with the thorny issue of planning agreements⁸⁵.

A review of planning agreements was scheduled under the Planning etc (Scotland) Act 2006, but this was postponed in August 2008 in order to avoid additional burdens on the development industry during the current period of economic difficulty, and attention was switched to the more modest goal of making the current system of planning agreements operate more effectively.

The consultative draft update of Circular 12/1996 was published in December, and provides new guidance on the circumstances in which planning agreements should be used and on how they can be efficiently concluded. This circular places a strong emphasis on:

- Achieving a more open and transparent process.
- More effective management of the process of developing, negotiating and concluding agreements.
- The role of the Strategic Development Plan or Local Development Plan in setting out a clear understanding of infrastructure requirements.
- Early identification of expected contributions.
- Clear presumption that planning agreements should only be used where they meet the policy tests set out in the circular.
- Early and appropriate identification of heads of terms.
- Swifter issuing of planning permission following finalisation of planning agreements.
- The importance of monitoring to ensure that agreements are implemented.

85. The Scottish Government (2008) Revision of Circular 12/1996: Planning Agreements, December <http://www.scotland.gov.uk/Publications/2009/01/12105731/9>

Further changes to the development planning process will follow from implementation of the provisions of the Planning etc (Scotland) Act 2006, and further guidance will be prepared in due course to reflect this, but the underlying policy and approach to planning agreements will remain largely as set out in circular 12/96.

The other main planning development was publication in January of National Planning Framework 2 (NPF2)⁸⁶. NPF2 builds on the first NPF, identifies key issues and drivers of change, sets out a vision to 2030, and identifies priorities and opportunities for each part of the country in spatial perspectives for the Central Belt, the East Coast, the Highlands and Islands, Ayrshire and the South-West and the South of Scotland.

The first NPF is a non-statutory document and there was no legislative process for its adoption. However, the Planning etc (Scotland) Act 2006 provides a statutory basis for NPF2. The Act requires the NPF to include a strategy for the spatial development of Scotland and a statement of Scottish Ministers' priorities for that development. The NPF may also list any number of "national developments"⁸⁷.

The national developments listed in NPF2 as laid before Parliament are:

- Replacement Forth Crossing
- West of Scotland strategic rail enhancements
- Strategic Airport enhancements
- Grangemouth Freight Hub
- Rosyth International Container Terminal
- Port developments at Loch Ryan
- Scapa Flow Container Transhipment Facility

86. The Scottish Government (2008) National Planning Framework 2: Proposed Framework, December <http://www.scotland.gov.uk/Publications/2008/12/12093953/0>

87. Rehfish, A (2009) The National Planning Framework for Scotland 2, SPICe Briefing Note 09/15, March <http://www.scottish.parliament.uk/business/research/briefings-09/SB09-15.pdf>

- New power station and transshipment hub at Hunterston
- New non-nuclear baseload capacity at other existing power station sites
- Electricity grid reinforcements
- Metropolitan Glasgow Strategic Drainage Scheme
- 2014 Commonwealth Games facilities

NPF2 was laid before Parliament on 12 December 2008, and the Local Government and Communities Committee was chosen as the lead Committee for its consideration. The Committee published its report into NPF2 on 25 February 2009⁸⁸, and made 15 recommendations for consideration by the Scottish Government, predominantly with regard to process issues for future NPF preparation, but also asking for clarity on funding and delivery timetable for the national developments.

The Scottish Government is committed to establishing a NPF2 monitoring and evaluation process from spring 2009 and beyond, and anticipates the publication of an action programme once the NPF2 is finalised.

Homelessness

The Scottish Government is continuing to burrow away behind the scenes developing guidance and policy in the area of homelessness.

Eagerly awaited are the revised Code of Guidance, the outcomes from the s32 consultation on the use of the private rented sector, and guidance on homelessness prevention. Draft guidance on the best interests of children facing homelessness has been issued⁸⁹ and Section 11 of the 2003 Act is introduced from April⁹⁰.

88. [Local Government and Communities Committee Report (2009) Report on the national Planning Framework 2: proposed Framework, LGC/S3/09/R5, February <http://www.scottish.parliament.uk/s3/committees/lgc/reports-09/lgr09-05-00-vol1.htm#4>

89. <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/access/homeless/futurework/homelesschildren>

90. <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/access/homeless/s11>

Private Rented Sector

The results of some very detailed research into the role of the private rented sector have been launched by the Scottish Government. New Minister Alex Neil did this at the Scottish Association of Landlords, National Landlords Day conference. Five volumes of research are now available making it the most extensive study of the sector ever undertaken in Scotland⁹¹. The review of the Private Rented Sector was announced in Firm Foundations. It includes research and analysis commissioned externally, as well as a range of analytical work carried out within the Scottish Government. It has:

- Undertaken a general stock take of the private rented sector.
- Looked at the role of the sector in housing low-income families and individuals on benefits, including those presenting as homeless.
- Considered best practice in relation to strategic engagement between local authorities and the private rented sector; explored options for increasing engagement; and examined ways that advice and support is provided locally to raise standards in the sector.
- Looked at bringing empty homes back into use.
- Gathered views of landlords and tenants.

Antisocial Behaviour

The Scottish Government and COSLA have published a shared vision for how antisocial behaviour should be tackled⁹². They have drawn together a framework with 4 pillars: prevention, integration, engagement and communication. This follows a review the main findings of which were the need to:

- Place prevention and early and effective intervention at the heart of approaches to tackle antisocial behaviour.

91. <http://www.scotland.gov.uk/News/Releases/2009/03/24103223>

92. <http://www.scotland.gov.uk/Publications/2009/03/18112243/0>

- Address the causes of antisocial behaviour such as drink, drugs and deprivation and not just the symptoms.
- Promote positive behaviour and the work of role models and mentors, as well as punish bad behaviour in an appropriate, proportionate and timely manner.
- Create more choices and chances for people to succeed, reducing the likelihood of them being involved in antisocial behaviour.
- Work better together locally to meet the needs of individuals and communities by integrating services.

Launching the new framework Community Safety Minister Fergus Ewing said:

"This new Framework is aimed at promoting positive outcomes, preventing antisocial behaviour before it occurs, resolving such behaviour effectively when it does occur and helping agencies work together more effectively."

"It is not about abandoning what went before but about being smarter in how we tackle the problem. We should be focussing on tackling the symptoms of the problem and working together better to achieve shared outcomes."

Other Developments

Two other recent developments are worth highlighting:

The first of these concerns Government support for independent living. In December the Public Health Minister Shona Robison launched a consultation on draft guidance intended to streamline equipment and adaptation services across Scotland⁹³. The draft guidance sets out responsibilities for the joint provision of equipment and adaptations, and states the Scottish Government will:

93. *The Scottish Government (2008) Equipment and adaptations guidance for health and local authority partnerships – consultation on draft guidance, December* <http://www.scotland.gov.uk/Publications/2008/12/03120911/0>

- Develop key Government websites to provide a useful resource for users and carers to access information on equipment and adaptations.
- Produce a good practice guide for equipment provision that will allow partnerships to benchmark services against.
- Commence work to establish a good practice model for provision of major adaptations.
- Develop a guide for practitioners, service users, and carers through the different funding streams available for housing adaptations.

The guidance stipulates that local partnerships are expected to:

- Incorporate equipment and adaptations into mainstream community care services.
- Agree the range of equipment and adaptations that will be provided, and funding arrangements.
- Jointly produce and publish information on equipment and adaptations provision.
- Review the benefits from currently adopted models of delivery and consider the advantages from an integrated approach across services and agencies.
- Ensure future service arrangements include clear protocols for access, information provision for service users, equipment catalogue review, equipment maintenance and recycling, staff training, service quality assurance, and service performance management.
- Target occupational therapy services more effectively.

The second development worth noting was publication in November of a framework to tackle poverty and income inequality in Scotland⁹⁴.

94. *The Scottish Government (2008) Achieving Our Potential: A Framework to tackle poverty and income inequality in Scotland, November, <http://www.scotland.gov.uk/Publications/2008/11/20103815/0>*

The strategy is based around the Scottish Government's 'Solidarity' target to "increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017".

With more references to Solidarity than one might have expected to hear in a Gdansk shipyard in the 1980s, the document purports to set out further priorities for action and investment to deliver improvement across four main areas:

- The extent of income inequality.
- The effectiveness of long-term measures to tackle poverty and the drivers of low income.
- The effectiveness of support for those experiencing or at risk of falling into poverty.
- The effectiveness of tax credits and the benefits system.

However in reality there is very little that is new in the document, which for the most part restricts itself to marshalling many existing (and important) Government activities into the semblance of a coherent overall programme of activities bearing on poverty prevention and alleviation. Interesting new developments floated in the document that will be worth looking out for include:

- An analysis of the scope for further action on income inequality in Scotland through pay across the public sector, taking into account the interaction with the tax and benefits system (to be published in 2009).
- Legislation to extend entitlement to free school meals to all primary and secondary school pupils whose parents or carers are in receipt of both maximum child tax credit and maximum working tax credit, which is expected to increase entitlement to an additional 44,000 pupils.

- Further legislation to enable local authorities to provide free school meals to all primary 1 – primary 3 pupils by August 2010.

More generally, the strategy document notes:

“The success of the Framework should be judged by the extent to which it influences investment decisions and action in all parts of the public sector in Scotland, and engages with and supports action by other parts of Scottish society”.

To which we can only say quite so, and wish it well in this regard.



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