

Unknown

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Sent: 28 January 2008 11:55
To: Smith B (Becky)
Subject: ALACHO and SHBVN Firm Foundations response

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Becky,

I attach the response from ALACHO (Association of Local Authority Chief Housing Officers) and SHBVN (Scottish Housing Best Value Network) to Firm Foundations. Could you please confirm that you have received this,
thanks,

Fanchea Kelly.
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ALACHO and SHBVN response to “Firm Foundations: the future of housing in Scotland“

Introduction and context.

The Association of Local Authority Chief Housing Officers in Scotland (ALACHO) is pleased to respond to the Scottish government’s discussion paper, ‘Firm Foundations: the future of housing in Scotland’. This response is done jointly with the Scottish Housing Best Value Network (SHBVN). ALACHO and SHBVN members have demonstrated many successful outcomes over the years through their commitment to progressive housing policy and partnership delivery. We welcome this discussion paper, and the fact that it aims to be wide ranging in the policy areas it covers. We are concerned currently that there is not a clear enough vision for how the housing system should operate and where government support is needed, so see this as a good opportunity to get this right. We are aware through the everyday operations of our member councils that many housing circumstances are getting worse rather than better, despite best efforts, with resultant impacts on the lives of individuals, on communities, and on the economy, and therefore considerable challenges remain to be addressed. We think that it is vital that resultant action is taken forward following the consultation to maintain confidence and credibility in government and the housing profession. So although the paper is flagging up areas for long term impacts, particularly in relation to supply, the route map for short and medium term action must be developed at a timely pace to increase confidence and ensure success. We have identified areas for further discussion with government arising out of this consultation to help in that essential process.

Many -though not all - of the currently problematic issues are due to shortages of supply and therefore it is very welcome to see the intentions set out in the paper to begin to rectify this deep-seated problem. Our response focuses strongly on this aspect. Right through from target setting to letting either new or existing high quality houses it is important that all of the component parts of the chain are scrutinized and understood to make processes as effective and efficient as possible. ALACHO and SHBVN acknowledge the importance of working across local authority boundaries where that is useful for increasing supply and improving understanding of where new supply is needed. They do however also stress that regeneration activity will continue to be important across Scotland, as renewal of neighbourhoods and stock is often as critical as new supply. This is not put into context in Firm Foundations but will require balance to be achieved in what kind of government support is required.

‘Firm Foundations’, and concurrent planning consultations, raise critical issues for the interface between planning and housing in Scotland. We support the need to further integrate and improve the outputs and outcomes from this key relationship to ensure that there is robust evidence for housing strategy and planning over the coming years. This is essential if ambitious aims to increase supply are to be achieved. While there are existing good examples to be drawn upon, there is also a need to enhance the culture of joint

working, and clearly articulated aims from government, along with practical support, should underpin such a growing culture at local and housing market area levels.

However, while welcoming renewed focus on issues of supply, we do not want to lose sight of the need continually to improve services, for current and future customers, - in essence to ensure that a modern housing service is developed - one which aims to give tenants, homeless people, owners and other customers what they want from their housing service provider in 21st century Scotland, and so that housing assets are conserved and maintained for the benefit of future generations of housing customers. SHBVN has long experience in benchmarking across local authorities, and ALACHO, with COSLA, have worked with the Regulator and the Scottish Federation of Housing Associations, on issues of inspection and regulation to ensure that there is a transparent and accountable set of standards across the social housing sector. This response comments on these and related issues and suggests that government could also focus on the role of housing services for customer, community and neighbourhood over the coming years, looking for new ways to do this with local government in tandem with community planning and outcome agreement approaches to performance management.

We are also keen to stress our commitment to working in partnership with registered social landlords (RSLs), where there is a long and diverse tradition in Scotland of aiming to find high quality local solutions. While we fully support the need for change in how solutions are conceived and delivered we believe that RSLs and local authorities together can take the necessary steps with the right government support to create a better housing environment in Scotland. The Local Housing Strategy (LHS) system is key to this, as well as other critical factors such as resources and agreement on standards. We envisage that the system should evolve further so that all providers purposefully define their role in local housing provision over the planning period, and can measure and account for their success, under the auspices of the LHS. Better alignment of the delivery framework will be fundamental to this success.

There are many other key players with whom our members work – the private sector, whether in financing, developing, building or renting homes; health organizations; police; social work and education, without whom housing solutions alone would not sufficiently meet expectations within modern day Scotland. Much could be written here but it is helpful for us if government becomes increasingly joined up in order to deliver its strategic objectives, and has the same expectation for local government, the police, and NHS, so that the thematic aims for a wealthier and fairer, healthier, smarter, greener, and safer and stronger Scotland are translated into meaningful housing aims and targets, which can be established and measured at national and local level over the next three years. This will help local authorities identify where their housing functions contribute to national prosperity.

Other professional groups such as the Chartered Institute of Housing, Shelter, Scottish Council for Single Homeless are important partner organizations for ensuring that there is an accountable, responsive, and fit for purpose housing system in Scotland.

There appear to be hopeful signs that there is understanding of how local government contributes effectively to improving the housing prospects for many people across Scotland, and along with COSLA, we emphasize the need for further synergy between the proposals in Firm Foundations and the direction of the Concordat and outcome agreements, so that effective and efficient continuous improvement can happen.

Last, but certainly not least, it is important to us that an open and respectful dialogue is developed with government, including ministers, parliament, civil servants and regulator, to ensure that the correct levers and resourcing are in place to make good and innovative solutions happen at both strategic and operational levels.

We raise a number of important delivery issues below across all of the questions set out in Firm Foundations. This is followed by the detailed answers to the questions.

Key Issues

Supply and Resources.

We strongly support the need for a substantial increase in supply, and also want to be clear that the associated resources – including efficiencies – must be available for delivering that ambition. While we agree that there are many ways to maximize resources to use existing supply effectively and at the same time to aim for the increase suggested in Firm Foundations, we do not think that the ambition will be achieved without increased resources. We are disappointed with the outcome of the Spending Review and the current housing budget, where the unanimous view of the profession is that the budget will not achieve sufficient progress towards such a target, given the target is a 40% increase on now, and the resources are a reduction. While we understand the Minister's emphasis on achieving efficiencies to support the aim of increasing supply (more supply for less subsidy) there simply is not yet the current confidence that the necessary scale can be achieved, given that it is not clear just how useful the measures to drive efficiencies, whether in competitive large scale procurement, or in maximizing borrowing capacity, or in delivery, management or maintenance, will in fact turn out to be, and how long they will take to achieve. It is critical that detailed work is done quickly to share understanding of what can be realized. Otherwise this will lead to suspicion that the aim of a significant increase in supply is good, but there is not strong enough will to make it happen. It would also be useful to learn explicitly how the housing sector is intended to contribute to the government's economic target for raising growth to the UK level by 2011.

It is of course important to remember that there is a shared responsibility to ensure existing stock is performing well for current and future customers. Over the last few years setting and meeting the Scottish Housing Quality Standard has rightly been a strong focus and this must continue. Most transactions will be within this part of the market, and changes can generally only happen over the medium to long term. Regeneration will continue to play an important role in many communities in support of the local economy. Therefore there is a responsibility that support and subsidy is properly distributed across both new and existing supply to enhance quality and ensure sustainability.

Delivery Framework

We wish to emphasize how important it is to get the delivery framework right. It is particularly important because of the ambitious nature of the target for new supply and the other deliverables within Firm Foundations, the constrained resources to deliver, and the need for clear communication. We also believe that it is important because the lessons from the past show that when there is confusion or duplication in roles and responsibilities and the framework then Scotland's housing policy does not benefit from a most efficient and effective set of delivery mechanisms.

We welcome the recognition in Firm Foundations for the local leadership role of local authorities, particularly manifest in the statutory requirement to deliver the Local Housing Strategy. This is further emphasized in the consultation on SPP3, where the LHS and the Development Plan are identified as twin components underpinning the planning system. This leadership role has to be implemented through partnership with government, and others. We see government's role as setting the policy and broad strategic direction, making decisions on the topline resource distribution, and, together with the regulator, setting and monitoring standards. Local authorities properly have to make evidence-based strategic decisions, with their customers, and in discussion with partners, on the relative roles of enabling and delivering, including what roles they themselves should play. Registered social landlords, as independent regulated organisations, with expertise and resources, contribute specific purpose within the LHS, as well as helping to meet the national policy targets, and also bring innovation to the sector. We welcome this contribution and are also keen to engage in further discussion on how the delivery role of RSLs might evolve in relation to increasing supply. While there are many other stakeholders these players are important in delivering affordable housing across Scotland and therefore a clear framework of roles and responsibilities is essential.

It is widely perceived that there is duplication of effort currently which the change to Communities Scotland status can help address. At the time of this consultation it is not yet clear how this change will help and we would therefore welcome assurances that government does not intend to replicate or maintain the existing regional arrangements. We believe that there is no need for a regional structure on an institutional basis, although we are careful to emphasise our commitment to cross-boundary, formal co-operation, and wish to discuss the practicalities of support for delivery at this level, as the changes to Communities Scotland move ahead.

In the responses to the questions we also comment on national roles in relation to research and information, and in relation to relative roles of the Regulator.

So in summary it is very important to us and to local government generally that the delivery framework is considered alongside the policy intentions of Firm Foundations, to ensure efficient and accountable roles. There is currently a major opportunity to get this right with the change to Communities Scotland beginning to take place.

Local authority strategic options

We welcome the recognition in Firm Foundations of the continuing role of local authorities as major landlords and service providers in Scotland, including directly developing new supply, depending on circumstances and what decisions are properly taken locally. Local authorities may decide that it is in the best interests of their customers to directly or in partnership deliver both or either supply and services. We see this as a milestone in putting the often sterile debate on stock transfer firmly in the past. They are keen however that the playing field on options should be a level one, so that local authorities can decide on the best way forward. There is still a problem of debt on existing stock which the possible options – such as ALMOs - in Firm Foundations are not yet able to positively resolve so that the SHQS can be met. Further discussion will be needed on this issue.

In the meantime we welcome the acknowledgment that stock ownership is not per se the issue to focus on, and solutions must be sought which are acceptable to tenants. This acknowledgement helps to renew focus on the fact that housing in local government often is in a very strong position to give a lead to other community planning partners to deliver sustainable communities and neighbourhoods. This is an important role and contribution to both central and local government aims to develop compatible and coherent ‘place’ and ‘people’ strategies and services, with associated funding arrangements and key indicators for success. So we strongly encourage Ministers to offer further support along these lines for the future contribution of local government housing services to sustainable communities. It is encouraged that the change in the approach to the issue of ownership can allow focus on these kinds of outcomes, and help local authorities find strategic solutions with the backing of government.

Customer Focus

As in the introduction we are keen to promote our own and others’ recognition of the changing needs of customers and communities, and responsibilities of providers to get it right with and for them. Given the prevalence of mixed tenure circumstances this is of great importance to both rent and taxpayers, as increasingly both owners and tenants – as well as homeless people and migrants, look to local authorities to provide housing services for them, in the context of wanting to live in well managed sustainable neighbourhoods and communities.

We stress the importance of providing customers with routes for influence, access, choice, affordability, so that services can be designed with them in mind and so that resourcing arrangements are developed which are fit for purpose across tenures. We have referred to the need to integrate place-making with ‘people’ services, and other neighbourhood services, and believe that there is still fragmented thinking in government on the delivery arrangements which might be pursued. While this is a complex agenda it is important to stimulate and encourage new thinking and new models at local level, in ways which involve and are accountable to local people. We believe that there are many circumstances where more joined up provision, even between housing providers in a locality, would enhance community sustainability, and if this was also better aligned to services for keeping areas healthier, stronger and safer, there is little doubt that customers could be better served. While there are good examples of such work this is relatively unrecognized at national level, and support frameworks are not prominent enough within

the housing policy context.

We also see further potential for housing, particularly in its high volume services, to fit better with emerging strategies and performance frameworks for customers in local government more generally - eg in Customer First programmes, with relevant indicators linked into outcome agreement frameworks. It is the case that many authorities have had opportunity constraints on doing this as they sought stock transfer solutions. While we have already referred to the difficult debt issues, and do not underestimate the considerable challenge in solving these issues, it is important to define the strategic goals for future housing provision within the kind of parameters referred to here.

So although we think that Firm Foundations is surprisingly light on this whole area of customer influence, or how this might work in the future, we do think there is enormous potential for much more progressive work on a sustainable community agenda within housing policy alongside the wider local government developments. Given housing's well respected traditions of involving tenants there is more to be built upon within a modern framework for responsiveness to customers/consumers. Where increasingly many customers do not fit within traditional descriptions and cultures it is also important to ensure that equality requirements are fundamental to such frameworks.

Diversity

We have already noted the diversity of circumstances across the country in this response. The important point here is that this relates to the diversity of the local population and demand and supply, and therefore to the range of appropriate solutions and subsidy provision which is needed. Equalities impact assessments on the LHS will become increasingly important to ensure proper provision is made for the full range of the population, either in relation to specific services or in relation to shortfalls in physical qualities of the stock. It is important that individual areas, or groups of local authorities across Scotland can build up a delivery, funding, and performance framework suitable to their own circumstances and within their obligations, which stands up well to such assessment. This response encourages government to support this bottom up approach to delivering for all groups of people.

Existing national policy priorities.

Although Firm Foundations does not ask for comment on the existing national policy priorities we think it is worth commenting on some of the related issues. We support the current policies for meeting the Scottish Housing Quality Standard, and for solving homelessness. We are however very mindful of the challenges in meeting the critical outcomes, in homelessness by 2012, and the SHQS by 2015, and want to ensure that these are kept under review. Fulfilling these policies must be a visible focus of local strategic perspectives over the next decade. Most local authorities do not underestimate the difficulty in meeting the homelessness targets, and want to flag this in the response. We feel strongly that the 2009 target for monitoring will provide a public opportunity to consider the timescale for full compliance. We want to be clear that they are committed to these goals, and in the case of homelessness it goes without saying that the evidence and experience of dealing with homelessness within local authorities leads us to emphasize the need for an increase in supply before the middle of the next decade.

Responses to Questions 1 to 34.

The above key issues are what drive our response, and which begin to identify the issues for further discussion following the conclusion of the consultation. The detailed response to the individual questions is set out in the table below.

	Question	Response	
	<p>1. Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?</p>	<p>We strongly agree that there is a need to substantially increase the supply of housing in Scotland and welcome the intentions within Firm Foundations to set a direction for doing so. So the aim of having the increased annual supply as a national target by 2015 is good, and we agree it is essential to set a political context for acceleration in supply.</p> <p>It is difficult to say whether the target of 35,000 completions per annum by 2015 is realistic and achievable because of the lack of detail in how the target has been set, and in more detail what it is intended to achieve. It is clear that the broad purpose is to help increase supply so that affordability becomes less of an issue, drawing on the propositions set out in the 2007 Scottish Housing Market Review. This would suggest that the intention of setting the target is a medium to long term strategy to help deal with affordability. But the target does not include a focus on the short to medium term issues which are evident within social housing tenures and for homeless people now, which could potentially get worse over the next few years, given the declining budget, market conditions, and general economic uncertainty.</p> <p>We recognize and support the work of the Task Force to help increase the efficiency of the housing system in Scotland. But even if planning issues/constraints are eased through the work of Task Force, and through the new planning guidance, it is doubtful whether these alone will compensate for the issues above, particularly in an uncertain market. Local authorities are also likely to detail their own constraints in their individual responses, but these include transport and water infrastructure, as well as land availability.</p> <p>We believe that it will be important to make more distinction between tenures within the target. So in effect it is important to have a political context which recognizes the need to have increased social housing supply as well as to increase the overall housing supply. Otherwise it is theoretically possible for the target to be met without enough impact on the issues faced by those who are most vulnerable within the housing system, and whom local authorities are dealing with in increasing numbers.</p> <p>The fundamental variations across the country from islands to pressured areas within both urban and rural communities, to areas of declining demand and surplus stock, must of course be accommodated within the methods of assessing need and demand and setting targets. So the links with the housing market operation and with government support, where it is needed, are critical to ensure that the aim of a growing economy is supported by suitable local housing provision, and to ensure that people are living in good conditions. We agree therefore that it is best to set targets locally, with guidance from government.</p> <p>While much of the consultation relates to target setting at housing market area, and cross-boundary, further consideration has to be given to establishing the social housing targets.. The current evidence is that in most, if not all, local authorities social housing targets are most appropriately set at LHS level, in effect that most social housing transactions happen at that level because that is where demand is and this is the evidence base. Recognition of this would be a welcome outcome of the consultation, given the critical link with resource</p>	

		<p>distribution. This does not prevent further development of new sources of evidence for greater social housing customer mobility– Firm Foundations suggests cross-boundary choice based lettings approaches – and we are willing to discuss the potential for such development. This is an important issue on which medium to long term direction must be established through dialogue, research, and innovation rather than through an assumption that social housing targets and the rest of the housing market targets can be modeled in the same way.</p> <p>And while we are pleased to see the consultation on SPP3, including the annex on the future guidance on establishing Strategic Housing Needs and Market Areas, we think that the guidance itself should be subject to consultation and discussion, given its huge importance in getting agreed methodologies for target setting and consequent use as the evidence basis for planning processes.</p> <p>We want to see how progress towards the increased national target could be measured over the life of this current parliament so that there is an accountable housing supply policy for Scotland and so that local authorities and partners are clear on what additional, incremental progress they can contribute to the national target during that period of time. For example, we would welcome an opportunity to see how targets to be set within Local Housing Strategies will be considered at national level. The emergence of the planning guidance in the same timeframe as this consultation means that there are a number of interdependent issues for social housing targets with the delivery arrangements for monitoring of the LHS and the Strategic Housing Investment Framework which must be clear before delivery can be successful.</p> <p>In the wider housing market it would also be useful to know how the link to the government’s economic target for 2011 will be established.</p> <p>In summary, while the idea of the target is welcome problems lie ahead in agreeing the target without knowing how we’ll get there. We recognize that the rest of the consultation response is vital to building up a direction of travel to implementing the target. We note that signs in the market just now are not encouraging though, - in terms of making practical, incremental, year-on year progress towards the target - given the widespread disappointment with the housing budget, and given the uncertain market conditions which may lead bigger housebuilders to batten down their development programmes over the next few years.</p> <p>It would, in our view be essential to follow up the consultation with a more detailed route map for getting there.</p>	
	<p>2.Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the delivery of these targets? If so, what arrangements should be put in place to support and provide incentives for such co-operation between relevant local authorities?</p>	<p>We agree that local authorities should co-operate across boundaries to set targets for HMAs, and of course there is an established and growing practice in cross boundary co-operation. Anything which happens at this cross boundary level must however be predicated on the LHS system and relate to the planning system.</p> <p>The current planning consultations amplify what is being proposed here, and the SPP3 consultation sets out a useful diagram on page 15 of the component parts of how housing requirements are identified. This includes the role of the LHS alongside the Development Plan for any local authority area. We would wish to further develop this model to consider the implications of how a number of LHSs and Development Plans come together on a cross-boundary basis, which may be different within city regions than in other non-city and rural areas. While both consultations are running on slightly different timeframes and consideration is currently being given to the SPP3 draft guidance, ALACHO and SHBVN think that there are some different ‘messages’ about cross boundary or ‘regional’ working in the two documents . The statutory LHS responsibility lies at local authority level and ALACHO sees that as the primary unit of decision making and accountability. So from that statutory basis cross-</p>	

		<p>boundary work is essential and should be established on the basis of agreements between local authorities, taking into account local stakeholder and partner views. Firm Foundations asks an open question on how support and incentivisation for co-operation can be identified, but the SPP3 consultation refers to 'Housing Market Partnerships as a 'given' (para 22 – 'Whilst it is recognized that there are established practices which work well in some parts of the country, local authorities should adopt a Housing Market Partnership approach to undertaking all housing and planning related work, including a SHNMA (Strategic Housing Needs and Market Assessment). A Housing Market Partnership should involve adjoining authorities working together where functional housing market areas cross local authority boundaries.....') This appears to be much more prescriptive than Firm Foundations, and it is unclear to us currently where the lead role lies in government for taking cross-boundary work ahead. However we believe that cross-boundary co-operation will work best with clear incentives and clear understanding of the benefits of doing so. The further guidance on LHS is yet to be issued and we would strongly suggest that discussion and information will be needed to align thinking and maintain trust in how the component parts of the system will work, from local authority level to government guidance functions across housing and planning. It is helpful to set this out in relation to a three to five year timeframe, alongside the Strategic Housing Investment Framework and programme</p> <p>In relation to enabling the delivery of the targets we are keen to avoid much of the duplication which has gone on over the last years where Communities Scotland had a set of regional roles. While there was much useful work done and local authorities respected the expertise and professionalism of colleagues in Communities Scotland there is a strong agreement across the country that the benefits of this regional approach were often outweighed by a confusion of roles and responsibilities and lack of clarity on key roles in practice. Clearly the Scottish Government has also recognized this and has confirmed its intention to absorb the functions of CS into government.</p> <p>We therefore agree with the view incorporated into the question which is that as well as target setting, co-operation across housing market areas should also enable delivery. This more rounded purpose makes it more useful and potentially more cost-effective to have a permanent/standing cross-boundary framework where such arrangements are required. But we emphasize that local authorities should take the lead role rather than government.</p> <p>We also fully understand that the national practice on LHS and cross boundary co-operation has much further to go. We further understand that the LHS system itself is still in its development stage, particularly in how it relates to Community Planning, and to the emerging Outcome Agreement framework. It would be extremely helpful over the next few years to have good exemplars of how groups of local authorities could further build on current best practice, and to have a good national focus on how well the system is developing. We would like, along with COSLA, to engage in creating the national performance system linkages within the outcome agreement framework, and also to develop benchmarking across LHSs to identify challenge and scope for improvement of standards.</p> <p>Therefore we welcome the approach in Firm Foundations which does appear to support local authorities in their lead role for the LHS, and sees this as a primary part of the framework for the housing planning system. We want to see this translated into a set of arrangements which make it a reality, so that local authorities make decisions based on their own area for what is the best way of engaging with partners. We would prefer to see this spirit maintained rather than risk the danger of abolishing Communities Scotland and then creating, or appearing to create, replacement organizations, or imposing an institutional, regional framework, which local authorities would see as lacking accountability.</p>	
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	<p>3. Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What expertise do you think this function would require?</p>	<p>As above we welcome the government's stated intentions to have as decentralized a system as possible. In effect if the right delivery framework is put in place, starting from the local authority level, and building up cross-boundary arrangements, which none-the-less remain accountable to the local authorities which sponsor them, it is then simpler to see what the essential functions of central government are. ALACHO and SHBVN see this as setting policy, providing guidance, high level resource distribution, monitoring, and providing national information and research. We welcome support to ensure that standards are high rather than a centralized prescription and control.</p> <p>For example this response has already commented on the continuing need to improve the LHS system, and to have guidance for establishing social housing targets. The previous guidance on LHS was very welcome and useful. The current work on planning consultation and guidance is also helpful, and ALACHO and SHBVN look forward to constructive discussion on how to interpret and implement the expected new guidance on housing need and demand.</p> <p>And it is extremely important that ministers and civil servants continue to establish short-to-medium term groups such as the Task Force to progress understanding of specific issues and functions. Another example of where local authorities would welcome LHS support is in the national function to provide high quality statistical info, to underpin and anchor</p>	

		<p>information systems which must nonetheless be further developed at local level to add to market intelligence. –For example local authorities successfully used the research budgets of Communities Scotland to help with market analysis and it is helpful to maintain such a fund, as well as to have direct data and analysis provision.</p> <p>It has also been suggested that land supply, including valuations, could be assisted through programmed release of public bodies’ surplus land such as health board and MOD land, in support of meeting agreed targets.</p>	
	<p>4. Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could, accelerate development on land with planning permissions to help ensure that future housing supply targets are met?</p>	<p>We hope that the Task Force will examine this in detail and make recommendations which will be helpful. However it may also be useful to consider whether greater flexibility of when social housing investment is used can be helpful. This causes current problems when for example developers and RSL financing is out of line.</p> <p>However many local authorities do make the point that developers control the pace of their building programmes and local authorities have little influence on this aspect.</p> <p>We do expect the responses to the current planning consultation will also be of help here.</p>	
	<p>5. We have proposed that much expanded or new, stand-alone settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland’s landscape and environment?</p>	<p>This section of the paper also invites views on the role of a Scottish Sustainable Communities Initiative, although it isn’t mentioned in Q5. The proposal is set out in the National Planning guidance and the aim of the SSCI is to use government levers/influence to give status and recognition to such initiatives so that they get the best chance of planning and other success. There is a strong link to ecological issues. While there is no direct funding attached, there would be government support as above.</p> <p>Existing proposals – ie anything already in structure plans- and new ones would be welcomed.</p> <p>We would support such initiatives as a chance to develop a vision of sustainable housing and community in 21st century Scotland. We would expect such proposals to come through the LHS and Development planning system so would also expect the local authorities to take the interests of all parties into account before progressing such proposals. We see this as the best way to proceed rather than have a stand-alone initiative.</p>	
	<p>6. How should different types of assistance within LIFT be targeted?</p>	<p>We are comfortable with the idea of targeted assistance for first time buyers, using a range of initiatives, and of a Housing Support Fund to expand shared equity through private investors, and since this consultation paper was produced the minister has announced the expansion of the scheme.</p> <p>There is little doubt that many people who do aspire to own good quality homes cannot currently achieve their aim. While shared equity has traditionally been a relatively difficult tenure to make work recent developments in Homestake have shown that there is further potential. It is very helpful if new interest, and leverage from the private sector is brought to bear, as well as learning from RSL experience.</p> <p>The real risks lie in the detail of when, where and how such a fund is useful as conditions vary either between areas, or over time. And we would want this to be part of LHS and SHIP before any assistance is distributed.</p> <p>We do not believe that it is helpful to offer grant of £2000 to all prospective first time buyers. Given the high annual cost it must be seriously questionable whether this will in fact achieve better affordability. It is most likely that developers are most likely to benefit rather than first time buyers or the local market for starter homes. There</p>	

		are also many issues of parity of help relative to local markets. £2000 in some housing market areas would have a different impact than in others, and if indeed such a scheme was to go ahead it is possible that much more than £2000 per household would be needed to actually make a difference in some areas.	
	7. How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?	<p>There are a number of issues associated with Loan-To-Value ratios and insurance requirements which might also be considered in detail in how they affect first time buyers and whether there is an area of support which could sensibly be offered.</p> <p>We, like CIOH, would support the idea of longer term products for low-income, or first time buyers, rather than short term products which then can leave households stranded if the market conditions worsen for them at the end of their fixed period.</p>	
	8. Should the Government provide direct cash grants to first-time buyers?	As in our response above we do not see that this is likely to be useful, unless there is a very specific and targeted proposal brought forward for consultation, which complements the current range of grants, and which may be available for local authorities to use under the LHS.	
	9. How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?	We believe that the answer to this question is most likely to be answered by the sector itself. We think there probably is scope for improved system building and technological advances in volume building which will reduce building costs and make lower priced homes more attractive to developers. But it seems to us this is a detailed and technical area with complex interdependencies which would require greater deliberation, so that innovation can happen while maintaining quality.	
	10. What issues do you consider should be taken into account when considering the increased use of private sector lets to house low-income and homeless households?	<p>We think that there is potential for further structured contributions from the private rented sector to house low-income and homeless households, and welcomes the government's consideration of using such provision, where it is of suitable quality. There are mixed views across the country about exactly where this is likely to help most, depending on the current state of the private rented market.</p> <p>There are however a number of risks which must also be mitigated. The main issues are;</p> <p>(1) getting a shared recognition that it is a useful and flexible tenure, so that there is a positive culture and a shared understanding that this depends on high standards being maintained. This can be helped through the government role of providing information and advice at national level. A number of issues have been raised by members that while the registration process is underway many landlords do not regard their relationship with the local authority as at its most positive from their perspective. This has brought home to local authorities that this is not a homogenous sector and people become landlords for very different reasons with very different expectations of the relative responsibilities of landlord and tenant. It is to be expected therefore that it will be just a part of this sector that will be helpful with supply problems in the social rented sector, and time and attention has to be focused on finding those landlords and cultivating the correct product.</p> <p>(2) where people are directed to the private rented sector by advice providers or by local authority assessment processes then standards must be assured, including contractual/tenancy types. There is a question on how best to do this- for example should it be through the regulation of providers/accommodation, as in social renting? – There is a view that it should be if government finance is provided, and that there is not a real logic in accepting lesser standards in many respects in the private rented</p>	

		<p>sector. This does not however equate to a proposal for 'excessive regulation', as it could be a risk- based approach.</p> <p>(3) There has been some concern expressed that this use of the private rented sector encourages a revolving door of previous RTB houses/low cost supply in poorer areas, which might mitigate against some of the other intentions in Firm Foundations to increase supply and affordability of supply for first time buyers. Do we know how the growth in this sector often of Buy-To-Let, impacts on affordability and housing market inflation? Is it in effect helping landlords and investors mainly, rather than those who want to buy their homes?</p> <p>(4) most local authorities do see it as useful, or potentially useful for temporary accommodation and think it realistically will be needed to help them meet the 2012 homelessness target. They are willing to look at ways of how they could discharge duty, while still giving homeless people on-going help if they should need it.</p> <p>(5) local authorities see that there is a need to ensure adequate support arrangements for many people, which means that new sources of funding or mechanisms for funding support should also be explored, tested, identified where they do exist as good practice. There is anxiety that this issue of support will become increasingly difficult if there is a greater use of the sector, - and although it is not exclusively linked to Supporting People funding the reduction in this funding will exacerbate such problems over the next few years- and that it needs to be sorted to ensure that supply is maintained with high quality physical and management standards and with a good reputation within communities.</p>	
	<p>11. How should we ensure an appropriate balance between safeguarding tenants' rights and encouraging the private rented sector to achieve its full potential in Scotland's housing market?</p>	<p>We welcome the intended review and think this should help focus on the answers to this question. We believe that landlords should be encouraged to provide choice for customers, and to be accountable to either a regulator or to the local authority for the standards of tenancies. While many authorities are worried about a reduction in security for tenants who might otherwise wish to be a tenant of a local authority or RSL, many are also aware that shorter term tenancy types are often what could suit many customers. Shelter is suggesting a new type of tenancy which could be tailored in this part of the private rented sector and we would welcome hearing further proposals in this vein.</p> <p>In broad terms we would want to make sure that there are clear tenancy types and standards, good advice standards for tenants and landlords, good relationships with landlords, and any representative groups, and possibly risk based regulation where public money or homelessness referral routes are used. It could be that there is a need for dissemination of good practice in contract/procurement and monitoring, and this will be important in the next stage of developing the use of the sector more specifically.</p>	
	<p>12. Do you think there is sufficient engagement between the public sector and private landlords? If not, what else should national and local government be doing?</p>	<p>We think that there is a need for both strategic and operational engagement, and that there is a role for government in helping set standards, provide information, and in promoting a culture of responsible landlordism. At local level it is important – though difficult in some areas because of the diverse nature of the private rented sector- for local authorities to involve landlords in their LHS preparations, as well as having good advice services for landlords and of course for tenants. Local authorities can aim to involve private landlords in their reviews of local services requirements, and for example anti-social behavior strategies and neighbourhood management arrangements should take private sector landlords and cross tenure requirements into account, so that multi-tenure buildings, streets, and communities are all seen as opportunities for building up sets of responsibilities and accountability for both landlords and tenants.</p>	

	13. What other options should we consider for increasing the supply of private rented housing for low-income and homeless households?	<p>In this and the following question there are significant Housing Benefit changes which would be needed to help increase the supply, and in some cases this appears to be the opposite direction to that of current housing benefit policy. In effect Firm Foundations proposes to let HB take the strain of increased supply, but HB policy as a reserved area aims to tighten the availability and ceilings on using HB in many areas. The Local Housing Allowance proposal will cause some problems in using the private rented sector in more expensive areas, and therefore could have effects of concentrating where the sector will be of practical use. This could also cause issues for local communities unless support for landlords and tenants in fulfilling their responsibilities is also available. The current single room rent for people aged under 25 will prevent much use of the sector for them, and many councils refer to this issue. There are a number of other problems including the fact that leased properties have tended to house people on benefits and then they cannot afford to work because of the impact of steep tapers in their benefit level. So while we realize that this response to the question is not a positive proposal for increasing the use of the sector we find it difficult to see beyond these fairly intractable housing benefit issues.</p>	
	14. How could more private landlords be encouraged to let to tenants on benefits and homeless households?	<p>The Housing Benefit issues are likely to require a significant change to be supportive of increasing supply for tenants in the private rented sector. There also appears to be little confidence that an accredited tenant scheme will do more than add a little help, and that support systems are much more likely to be useful if resourcing arrangements can be found.</p>	
	15. What other schemes or incentives might help us to recycle empty properties more effectively?	<p>We have no problem with what is being suggested in Firm Foundations. However many councils do not see this as other than a marginal help in increasing supply, and with provisions in the 2006 for giving owners help to bring empty properties back into use, it is not clear exactly what further incentives are being suggested. We would be willing to discuss the proposed consultation in more detail however to give positive help to where this sits within the overall set of priorities.</p>	
	16. Do you agree that we should exempt new build social housing from the RTB?	<p>We support the exemption of new build social housing, although we note that the current legislation allows for a ten year exemption – with possibility of further extension. In practice this proposal may not make a great difference to the supply of housing, particularly if people who move to new properties from demolition schemes preserve their right to buy. We believe that it is more useful to vary discounts, and to have flexibility locally for doing this, so that people could buy where it makes sense locally and where it does not require more from the public purse than is needed for helping with replacement.</p>	
	17. Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?	<p>What is proposed is a competitive basis for those authorities in areas of need who can demonstrate the most efficient and effective use of their borrowing capacity. We agree in principle with this, and strongly welcome any support for local authorities to build new supply where there is agreed need. We do however want to understand what the proposal might mean in detail. For example it is unclear what the benchmarks for 'the most effective and efficient use of their borrowing capacity might be, and how these would be demonstrated. It is also the case that in some of the areas of need identified in Firm Foundations, it would be difficult for see how prudential could be used, where councils have high outstanding debt and difficulties meeting SHQS. It also seems unclear whether the proposal is that subsidy could be used to make a scheme viable, or to add</p>	

		<p>to an already viable scheme. We would welcome further discussion on this.</p>	
	<p>18. Do you agree that we should introduce large-scale competitions for subsidy?</p>	<p>Broadly we agree that it is helpful to have some large scale competitions for subsidy, so long as quality is still at the heart of all programmes. It is not entirely clear to us what is being proposed and how this would progress from the current arrangements for distribution of HAG funding. It would appear to be a fundamentally different method of distributing a large part of the housing budget, which would have implications for the system of SHIF and SHIPs, recently put in place. We do therefore welcome the further discussion that we believe will take place on this, and emphasise the need for local authority involvement to ensure the system from LHS to delivery is transparent and aimed at meeting local and national targets. The advantages of scale and of programmes which could run over longer timescales should be well worth doing. However there are of course issues which might still mean that major efficiencies are difficult to achieve through this route. It will take time to develop a suitable regime for this approach, given it is quite different than the current one. Issues such as land value, the costs within the procurement chain, as well as the scale of individual developments, whether houses or flats are needed, the skill base of RSLs, or building costs in rural areas, are the kind of factors which play a part in explaining why relative costs are likely to be different than in England. It would be worth testing a couple of levels of procurement, aligned to Housing Market Areas over the next few years to see where the real mileage lies in this aim of having large scale competitions. We also want to distinguish between large scale competitions – which would then put a programme of development in place, - and large scale single developments resulting from such a competition. While it appears sensible to run larger scale competitions and there is widespread support for more efficient procurement, there are concerns that this would mean the loss of local sensitivities, or of areas losing out altogether.</p> <p>If this goes ahead it will be important to build in clear principles on quality, diversity and parity, so that large scale competition does not equate in a simplistic way to large scale development, or even to a similar housing product for every situation. It would also be important to build in financial arrangements which ensure future management and maintenance standards.</p> <p>We are keen to ensure that social housing in Scotland is of high physical standard, and is suitable for the range of households who require it, in locations where they want to live. It may be then that the costs in Scotland will remain higher than in England, and therefore while we support the Minister’s aim of getting more social housing for every pound spent, we want to reinforce that the commitment to high standards must not be diluted within that.</p>	
	<p>19. If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?</p>	<p>In some areas where local authorities can also build it may well be useful to procure on a partnership or lead partner basis so that the average subsidy is as low as possible, and as cross-boundary arrangements do move to a new level over the next few years it would be worth thinking about how procurement could work under the auspices of those arrangements.</p>	
	<p>20. Do you agree that we should subsidise the development of mid-market rent?</p>	<p>In principle we have no problem with this and believe that it relates to Q23, so that landlords can look at means of adjusting their stock mix, and where appropriate their tenure mix. However there are questions about the practicality of where this works given that people could be living in similar houses but paying very different rent levels. In our view this would always be a minor part of any subsidy regime rather than a main component, and should only be considered where it is clear that such</p>	

		<p>provision cannot be successfully developed without subsidy. It would also be important to make sure that any surpluses are recycled into the provision either of more mid-rent, or contribute to the supply of houses for social rent.</p> <p>As with other tenures, we believe that a need for subsidised mid-market rent should be incorporated into the LHS and SHIP.</p>	
	21. If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?	We would be content for this to be the case.	
	22. If not, how would you increase variety in social housing?		
	23. Do you agree that we should encourage landlords to look at means of adjusting the mix of their stock in the interests of achieving more sustainable mixed communities?	<p>As above we believe that this is fundamental to a vision of good housing provision, and welcome further thinking on how it might be achieved and how safeguards might be built in for housing the most vulnerable people. It is very valuable for landlords to review their strategic approach to their stock mix on a regular basis, and this kind of encouragement could also help trigger such reviews, linked to preparations for LHS.</p> <p>It is extremely important to radically alter the view that social housing is for people with no other choice, and, in tandem with this that there are new ways of ensuring that neighbourhoods are mixed tenure but well managed. The stock mix including a spectrum of publicly supported tenure mix, is vital to do so.</p> <p>We also make the point that while there are many tensions currently in fulfilling obligations to homeless people, we would not want such a proposal to move the sector in the wrong direction of choosing to exclusively house particular households rather than the full mix of households who need and want a house within a community. So the phrase 'more sustainable mixed communities' would require a much greater degree of shared understanding and agreement, backed up by obligations on landlords and with public accountability.</p> <p>The important point for us is that all of this should be strategically driven, based on evidence of need/demand, and set out transparently in the LHS, and in individual landlord's strategic planning documents, and through that in the SHIP.</p>	
	24. Do you think that subsidies for development should be provided to bodies other than registered social landlords?	<p>We do not have any in-principle opposition to this and would welcome further discussion. The principle of providing more social rented housing is more important than who does it, but equally we would not wish to see uncertainty by lenders in how to assure themselves of good investment prospects and there is no doubt that the regulatory system for RSLs helps maintain that confidence. So the regulation system would need to adapt for this purpose if it was to proceed. Hand in hand with this goes the issue of high standards and good quality, and again we would only welcome an opening up of subsidy provision if systems of assurance on these issues are in place, and of course on all procurement matters. Perhaps the main questions to be teased out here are;</p> <p>(1) what is the value of providing subsidy to an organization which is not regulated rather than to one which is,</p> <p>(2) who is the client and how do they ensure quality and standards?</p> <p>(3) who eventually owns the houses and who is the landlord, rather than simply who develops.</p> <p>(4) where does the risk for accountability for public money lie in any such proposal?</p>	
	25. What sort of protections should be offered to tenants in these circumstances?	As above it is important that the contract for the tenancy is clear, and accountability is clear. When public money is involved we believe that the	

		<p>rights and protection should be on a par with the social rented sector generally, and find it difficult to see why RSLs or local authorities would not be involved either as client or as final landlord.</p> <p>If not this would be a very different proposition than is currently the case and all these issues of value and accountability relate to the protection needed for not just current, but also future tenants.</p>	
	<p>26. Do you think that the Scottish Government should vary the RTB discounts by (a) locality and/or (b) type of property?</p>	<p>As above, we believe that the RTB itself is less the problem than the level of discounts and that the help for individuals to access home ownership has to be balanced by the responsibility of landlords and the government to ensure adequate supply. We welcomed the reduction in discounts established in the 2001 Act for this reason, as the balance prior to that was clearly too far in favour of the individual. At that time there were arguments to exclude particular types of property which were in short supply – such as ground floor flats, or some rural types of properties, and we can see how that could still be a sensible proposition, depending on local circumstances.</p> <p>We also welcomed the pressured area status provisions, and would welcome further discussion on how discounts could be varied by locality. It must be recognized that the relative simplicity of the current system of discounts does make sense to customers/consumers across the country, and that this would potentially become more confusing for them.</p> <p>However until supply is in better balance with demand in many areas there is little doubt but that many authorities would welcome more flexibility on RTB. It should of course also be acknowledged that there may well be implications for SHQS or other capital programmes which are predicated or partially dependant on RTB receipts, and for many authorities this is the most compelling argument for them keeping flexibility on RTB to see if it is sensible for their longer term strategic purposes.</p> <p>In broad terms we welcome flexibility but would also like to see some system whereby the LHS can take account of high levels of sales in its funding proposals for SHIP.</p>	
	<p>27. Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?</p>	<p>While we are open to discussion on ALMOs we think that the concept of ALMOs as it is presented here does not clearly enough provide benefits or solutions to the big issues facing local authority landlords. The fact that Firm Foundations does not spend any time on regeneration solutions further disjoints potential thinking on the way ahead for communities in Scotland. And there may be a way of considering the potential for 'Scottish Futures Trusts,' with associated services companies, (possibly with ownership or high stakeholding by customers and community) akin to ALMOs or leisure trusts, which could better serve the needs of some communities.</p> <p>We are aware that Firm Foundations talks about discussions with the treasury to see if debt can be written off in ALMOs, but at present they do not ensure debt write-off. If they are to have a strategic use it is essential that they can bring enough leverage on the overall funding for any landlord to make the effort worthwhile, particularly for tenants or elected members.</p> <p>At the same time Firm Foundations does use the English model of improvements in performance driving any additional subsidy for the ALMO to work. While there is clear room for discussion on efficiencies it is not the case in many local authorities that there is a direct relationship between poor performance and failure to meet the SHQS, which in essence appears to be the central proposition for using ALMOs. We believe it is difficult to see how local authorities would volunteer to set up an ALMO in the above circumstances.</p> <p>We are clear that tenants would need to be convinced of the benefits and</p>	

		<p>that statutory consultation would be required. There is also no doubt that the experience of stock transfer has been mixed in Scotland and many elected members will be reluctant to embark on an equally time-consuming strategic route without a very clear prospect that there are real benefits for tenants. If on the other hand there is an underlying purpose of improving landlord's performance there must be a much clearer statement, that this is what government is aiming to do, with evidence on what needs improved, and then possibly a more direct route for achieving that end.</p> <p>It should also be noted that there are a number of Local authorities still exploring stock transfer routes who do not agree that an ALMO route should be subsidized while they will not get help for transfer (this is the inference in the paper).</p> <p>We are aware of the English experience on ALMOs and do understand its relative success. It is important however to have suitable solutions for Scotland, and we suggest that ALMOs would need to be adapted considerably to provide the best way ahead for Scotland. Instead we suggest there are linkages to be made to the separate consultation on 'Scottish Futures Trusts'. It is possible that such a vehicle – while a long way from being a feasible model- could capture more benefits in Scotland than ALMOs as they currently stand</p> <p>Where there is regeneration required this would be the time to think about the future management arrangements, possibly across all landlords in a community or neighbourhood.</p> <p>And where there are problems of performance, or of consistency of service across providers in a neighbourhood, or community, the rationale for a vehicle which focuses solely on service could indeed be welcome, with the local authority setting the brief and holding the management body to account – as the paper says, this could be a version of what leisure trusts were set up to do.</p> <p>(There are likely to be issues of procurement if more than one provider is involved in such a partnership arrangement, but these should be explored in more depth. We think that such an exploration is more in keeping with the direction of travel on community planning and with shared services and customer first agendas. Funding for SHQS could be integrated where government wants to encourage such vehicles to deliver for local communities. Seen like this the potential for service companies, with government help, and local community accountability, could be to increase the performance of landlords and partner organizations in a joined up way.</p> <p>This could also relate strongly to Q30 on neighbourhood below.</p>	
	<p>28. Do you think that additional help from Government to enable landlords to meet the SHQS should be linked to improvements in a landlord's performance?</p>	<p>The key issue for us is that every tenant in Scotland should be able to live in a house which meets the standard, and therefore their landlord should have the correct help to ensure that is the case. While we have no problem with the concept of a link with performance improvement the issue is not that simple in relation to local authorities who have difficulty meeting the SHQS as outlined above. It would be sensible to assure tenants and the public that any landlord receiving financial help to reach the SHQS was going to provide the best possible service, either through inspection or some other method, but we would also expect strategic options for RSLs such as mergers or stock transfer being explored first before public money is available.</p>	
	<p>29. If so, what measures do you think would be beneficial? If not, why not?</p>		
	<p>30. Do you agree that we need to find new ways of focusing on the quality of place/open space and green</p>	<p>We believe strongly that there is a need to focus on quality of place, and can point to many examples where this is the ingredient which makes for successful and sustainable tenancies as one component of sustainable</p>	

	<p>space within deprived neighbourhoods?</p>	<p>communities, even in relatively deprived areas. Equally there are many unfortunate examples of where the opposite is the case. As Firm Foundations says, evidence from the Scottish Household Surveys show that social rented tenants tend to be less happy with their neighbourhood than other tenures, and it is important to address this if social renting is to be a tenure of choice in coming years. We support the CIOH view on the need for such as a standard.</p> <p>We would however make the point that where there is uncertainty about the future purpose of a community – either in regeneration terms, or in relation to its role in the local economy, then focus on neighbourhood may be displaced and may run the risk of using public money to simply stand still. So first order in ‘deprived’ communities is to understand the strategy for the future, including a focus on the quality of place, with the community itself and with other community planning partners.</p> <p>Secondly concerns have been expressed about setting out a neighbourhood/quality of place standard when there are still huge obligations to meet on SHQS. While we understand these concerns we believe on balance that it is time for a focus on place to be developed, and that it should be a fundamental part of the vision for government priorities – helping to join housing up with other functions, and giving appropriate national support and assistance to ensure that communities are safer and stronger, healthier, wealthier and fairer.</p> <p>But once again this should be on the basis of integration with the wider services for an area rather than just in relation to housing and the obligations of individual landlords.</p>	
	<p>31. Do you have suggestions for approaches that are not resource intensive and that include stakeholders?</p>	<p>While it must be acknowledged that the development of standards for deprived neighbourhoods will require resources to implement, there are also aspects of co-ordination and developing national understanding of the contribution of police, health organizations and of course of other landlords, where the use of government and regulatory support can be relatively low-cost. It must also be said that we are aware of the huge cost of continual service demands from deprived communities where the basic design standards lead to poor environment and consequent cycles of turnover and difficulties for all households but possibly particularly for opportunities for children to grow in a safe and respectful community. So the opportunity costs, and costs associated with stock turnover and vandalism, etc, can anyway be high. With some up-front help such negative spending could be used in a more positive fashion.</p> <p>There are a number of local authorities who have already increased their focus on quality of place, as there are RSLs, and may be prepared to help roll out good practice/solutions for others. It is also possible that better strategic use of wider action funding could be encouraged to support this aim.</p>	
	<p>32. Do you agree that the lead role (and recipient of any resources) to undertake this work should be open to a range of stakeholders?</p>	<p>We think that there must be a clear link to community planning processes and strategic outcomes sought for any area, and therefore while it would make sense to have the right organisation undertaking any work on behalf of themselves and other providers in a neighbourhood, the local authority should be in the lead for agreeing how funding should be spent.</p>	

	<p>33. Do you agree with the features and principles we have set out here for a modernised regulation framework?</p>	<p>We are broadly in support of the features and principles set out in Firm Foundations, and want to be party to the discussions on the future of housing regulation as they evolve as part of the Crerar review implementation. They can see that there will be further work to be done to integrate the approach briefly outlined in Firm Foundations on regulation and the government's recent response to the implementation of the Crerar review. The separation of roles of government and regulator is also welcomed, to increase transparency, although more detailed consideration will need to be given to the level at which government sets standards, and where that sits with the boundary of the regulator's responsibilities.</p> <p>We point to the unique nature of the housing sector, and the social housing sector in particular, where there is a wide range of providers, under the two main blocks of provision by RSLs and local authorities. Any system of regulation and scrutiny has to be tailored to deal with this range. Up to now Communities Scotland has been the regulator for RSLs – registering and making sure that they, as independent organizations in receipt of public money, are publicly accountable. It has also had a separate role of inspecting the performance of landlord and associated housing functions in local authorities, and publicly reporting on them. The thread which joins these functions is the common approach to performance standards which are agreed across the sector and supported by it.</p> <p>However there is no doubt that lessons can be learnt from the experience of the last five years to see how the distinct functions can best be delivered in future while still maintaining the principle of common performance standards, and further enhancing the underpinning assumption of providers being directly responsible to their customers for good service delivery.</p> <p>We emphasise the importance of good regulation for RSLs, including – as Firm Foundations says – helpful assurance for local authorities in their LHS strategic role. And the regulation role is obviously much deeper than this – giving confidence to the market, and to financial institutions that social housing is a good investment prospect, and thus ensuring long term stability of provision for tenants at a reasonable price. We are keen to ensure that regulation for RSLs does not weaken over the next years when the aim must be to increase supply, and ensure the long-term viability and responsiveness of management and maintenance regimes.</p> <p>It has been less clear what the ultimate purpose, beyond publicly reporting on performance, has been for the local authority inspection role. And, as is well documented in Crerar and the government's response, there is widespread and genuine concern about overlap, duplication and varying purposes between inspectorates and regulators in local government. We share these concerns and welcome the intention to streamline scrutiny systems. Within this it is still important to sort out the real purpose of performance or operational scrutiny within the housing sector, and then to decide on appropriate structures, to ensure cost-effective implementation of purpose. If the key purpose is to drive up standards, or to standardize or reduce costs, then there must be a greater focus on clarifying in which functions this must happen, and incentivizing landlords to reach agreed standards. There are real possibilities that the greatest mileage over the coming period lies in identifying excellent standards of leadership, of closer identification of strategic purpose with financial management, of resource maximization and efficiency, -in effect in the corporate issues as they apply to more detailed housing management and maintenance, and homelessness service delivery functions. Therefore this would point towards a greater integration with the best value processes, and to better performance management models of achieving a 'line of sight' from council decisions to front line service delivery. And this would have to be consistent with the developing models for measuring and reporting on outcome agreements. In such a scenario it is perfectly possible to have common performance standards</p>	
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		<p>for RSLs and local authority landlords, but to have scrutiny of local authority housing services taking place through the best value set of processes.</p> <p>Issues of incentivizing performance, and, at the other end of the spectrum, of back-stop powers of intervention could also be dealt with primarily through the best value regime. We believe that there is scope for positive developments within the local authority part of the sector to ensure that landlords are taking responsibility for improving their own strategic decision making and associated performance management arrangements, in conjunction with their customers. We believe that this should be part of the agenda on the future of housing regulation and inspection and focus on self-assessment as a useful example of this.</p> <p>The government response to Crerar sets out its intention to give priority to self-assessment becoming the core tool of accountability within local government. We agree with this priority and believe that this is key to integrating the local authority housing sector with wider 'place' and 'people' services, as well as to continuously improving professional housing services. Therefore over the next period they would welcome further thinking on what the self-assessment tools should be and, importantly, how these can be accredited in ways other than the expensive and potentially disproportionate use of inspection. SHBVN suggests the use of a robust benchmarking regime, under the approval of the Regulator, which gives a level of assurance under any new risk basis for considering local authority housing performance. During the Communities Scotland consultation on 'Risk and proportionality' we agreed that cyclical inspections should cease for local authorities after the current round of baseline inspections is completed. While this round is being completed it would seem to be a good time to see whether support can be given to the sector within local government to develop such self assessment tools and accreditation methods, in conjunction with the current regulator, with COSLA and possibly with the Improvement Service. This could also provide some of the basis for the development of a risk –based approach to inspection of local authority housing services which is what is currently proposed after the cyclical programme ends.</p> <p>We agree with the proposal for an increasing focus on tenants/customers. This potentially gives a more coherent purpose to a sector where there are many types of provider organization, and where it is sometimes difficult to disentangle provider interest from genuine long term business strategy in the best interests of customers. However we do not underestimate the difficulties in making this meaningful. This focus would have to be central to risk based assessments, - possibly together with financial and performance based assessments,- but there are currently few methods of measurement to allow this to happen. We believe that if this is to happen there is a need for a high level group to focus on establishing such methods of measurement in practice and suggests that work with the Scottish Consumer Council and other relevant organisations should take place to do this. The thinking here is that such measures may well underpin the future purpose for many different types of scrutiny, and therefore such work can contribute to the post-Crerar implementation well beyond the housing sector.</p> <p>In establishing such measures and in agreeing on common tools and processes for performance assurance there should be a close link with emerging work on outcomes agreements, so that the contribution and performance of housing in local government is visible and publicly accountable.</p> <p>One further point which has come up in discussion is that there may be merit in exploring whether any publicly funded housing provider – whether social renting or private rented sectors, should come within the ambit of the regulator – in a sensible and risk based way. This would need further discussion but Firm Foundations raises the possibility of differing standards being acceptable in different parts of the housing sector, and it</p>	
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		<p>is difficult to justify this if public money is used to increase supply in the private rented sector.</p> <p>So in summary we agree that there should be a separation of roles in that the government should set the policy areas and the high level standards, and more detailed scrutiny should happen independently. It is important to us that there is a focus on continuous improvement in what is offered to customers, in looking after assets, and in maximizing resources while minimizing risks. While local authorities are keen to further enhance good regulation of the RSL sector, the purpose of scrutiny in the local authority housing sector is not currently clear enough in what it aims to achieve over the next period of time. We believe that this should be teased out to contribute to the post-Crerar work, and to address local authority concerns about costly and sometimes ineffective tools for improving performance. Self assessment, based on common performance standards is one positive way of moving the agenda forward together, while these wider considerations are taking place.</p>	
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	<p>34. How would you like social housing regulation to be organised? (For example, should it be a separate organisation or part of a group of other regulators?)</p>	<p>The answer to Q33 sets out our essential position. It would be better to have greater clarity of purpose before a structure is agreed. And the nature of the housing sector with a range of types of provider should inform those considerations, along with the principles set out by government in its recent response to the Crerar review. However we believe that current experience points towards a greater integration for local authority housing provision with local government more generally, including in scrutiny arrangements through the best value review processes and the role of the Accounts Commission.</p> <p>This appears to make most sense alongside the critical driver for other services within local authorities of agreeing how outcome agreements will shape their accountability for service provision over the coming years. A separate housing regulator could add to dislocations and duplication within this agenda for councils, and lack clarity for their customers, although this could work well enough depending on the groupings of regulators. We fully acknowledge the further discussion that will be required on the shape of regulation and want to contribute positively so that the reputation of the local authority housing sector is as good as it can be; so that providers are suitably challenged to improve performance; and so that customers have access to good comparative information on their landlord which can help them influence change where they wish to.</p> <p>We are also mindful that if some of the aspects of Firm Foundations do go ahead, such as ALMOs, or the indicators on efficiency for borrowing potential, that it will be important to have suitable regulation and scrutiny, so the capacity and capability for this has to be thought about in regulatory terms as well as in development of any model of provision. Another such area is that of development functions which is not currently inspected or reported upon but which may require a much higher degree of such assurance if there are big changes to the distribution method for the Affordable Housing Programme. While there is much written about this in England it is not immediately clear, given the current changing status of the regulator in Scotland, that this would be easily accommodated. It would add an extra dimension to the range of purposes of regulation, and to decisions on answering Q34.</p>	
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