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Our ref: AMcD/CB
Your ref:



14 January 2008

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RECEIVED 15 JAN 2008

Dear Sirs

Firm Foundations: The Future of Housing in Scotland

I am pleased to submit Bield's response to the above consultation document. I have also enclosed a respondent information form.

If you wish clarification on any points please do not hesitate to contact me.

Yours faithfully

Alister McDonald
Depute Chief Executive

Enc

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RESPONDENT INFORMATION FORM

FIRM FOUNDATIONS: THE FUTURE OF HOUSING IN SCOTLAND

Please complete the details below and return it with your response to the above address. This will help ensure we handle your response appropriately. Thank you for your help.

Name: Alister McDonald

Postal Address: Depute Chief Executive
Bield Housing Association Ltd.
79 Hope Town Street, Edinburgh EH7 4QF

1. Are you responding: (please tick one box)

(a) as an individual go to Q2a/b and then Q4

(b) on behalf of a group/organisation go to Q3 and then Q4

INDIVIDUALS

2a. Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government website)?

Yes (go to 2b below)

No, not at all We will treat your response as confidential

2b. Where confidentiality is not requested, we will make your response available to the public on the following basis (please tick one of the following boxes)

Yes, make my response, name and address all available

Yes, make my response available, but not my name or address

Yes, make my response and name available, but not my address

ON BEHALF OF GROUPS OR ORGANISATIONS:

3. The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Government website). Are you also content for your **response** to be made available?

Yes No We will treat your response as confidential

SHARING RESPONSES/FUTURE ENGAGEMENT

4. We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Government to contact you again in the future in relation to this consultation response?

Yes No

Firm Foundations: The Future of Housing in Scotland

A Response from Bield

We find the Firm Foundations discussion paper a disappointing document. It offers partial analysis and limited solutions. It confirms the low relative priority given to housing for older people by the Scottish Government. It is accompanied by a proposed reduction in government expenditure on housing in 2008-09 in terms of both capital investment and revenue funding for housing support services. Against these real reductions in funding it is difficult to understand how the Government expects to increase the supply of housing or meet the needs and provide support for all sections of society, including older people.

Bield's response does not seek to address all of the 34 questions posed in the discussion paper. We have responded to areas that are of particular interest to Bield, using the question numbers from the discussion paper. We have also commented on the omission of any specific housing policy proposals in relation to older people.

Older people

Firm Foundations states (page 11), *"There is also a clear need for better integration of housing and related strategies at the local level, not least to ensure that actions within housing strategies contribute to meeting the health and social care needs of an ageing population."* It then proceeds to offer no analysis of the housing needs of an ageing population and no proposals on how these could or should be met.

It is a testament to the low priority given to the housing needs of older people by successive governments that there has not been a final report from the working group set up in 2005 to carry out a Review of Older People's Housing. This group commissioned a Review of Sheltered Housing in Scotland, which was conducted by researchers from the University of York. A final report and summary have been available since June 2007 but have not been published.

Firm Foundations draws on experience in England to suggest that housing procurement could be more efficient. However, the English experience of funding a programme of extra care housing for older people is ignored. Scottish government has been reluctant to fund any significant programme of extra care housing in Scotland because of its perceived high cost. A funding stream that recognised the costs but also the benefits of this type of housing that was separate from the mainstream (as is the case in England) would be a significant and tangible contribution *"to meeting the health and social care needs of an ageing population"*.

We share the view expressed in the document that housing should contribute to a prosperous and sustainable future. However, we believe that a civilised society should afford higher priority to the needs of its older people than is apparent in this paper. First time buyers who cannot find a suitable home are clearly important. But older people who live in housing that is unsuitable for their needs, e.g., because of stairs or a large garden, also need to have options of suitable housing to which they can move.

In May 2006 the Scottish Executive published a report entitled *The Future Care of Older People in Scotland*. This included among its findings the following:

“We believe that the emphasis in Scotland should continue to be towards enabling people to live as normal a life as possible in their own homes. Where they are unable to do so they should have the right to choose other housing options such as intensive support at home, various models of extra care, supported housing often involving assistive technology and telecare, sheltered or very sheltered housing, adult placement schemes, retirement communities and shared housing, co-operatives, specialist housing of various types and tenures, and care homes.”

Bield supports this finding. However, we consider that government has done little to promote housing options for those older people who do wish to move to alternative housing. This housing discussion paper is a missed opportunity to address these issues.

Finally, in March 2007 the report entitled *All our Futures: Planning for a Scotland with an Ageing Population* was published, the findings of which have been endorsed by the present Scottish Government. This referred to a vision of a Scotland where *“All the years of life are fulfilling and the contribution of older people ... is valued, appreciated and where necessary supported.”* Firm Foundations appears to have been produced without any reference to *All our Futures*.

Housing supply

Chapter 2 on Housing Supply includes five consultation questions.

1. The ambition to increase housing supply and the rate of house completions is welcomed. It is not clear if it is realistic. The lack of any commitment to a significantly increased target for public sector housing is disappointing. Even if greater efficiency can be achieved and produce more houses in the public sector the levels of investment involved will not produce anywhere near the target of 10,000 houses per annum advocated by the SFHA and others, far less an additional 10,000 houses per annum. Most of this increase will clearly have to come from the private sector. However, it is not clear how the private sector is to be incentivised to increase output. The paper states an aspirational target. It gives no plan as to how that target is to be achieved. It is doubtful if the target can be achieved without significantly increased public investment, including in the planning system and physical infrastructure. We note that the Housing Supply Task Force is currently examining how to improve housing supply. It will no doubt highlight problems with land supply, planning delays, infrastructure inadequacies, and shortages of skilled labour. We look forward to the findings of the Task Force and to the Government acting on these.
2. The proposal that local authorities should co-operate more on planning issues is to be welcomed. It has long been recognised that housing markets do not follow local authority boundaries. One option to improve planning and delivery would be to reduce the number of local authorities, using boundaries which more geographically followed housing market areas. If it is in the interest of efficiency to have fewer developing housing associations (as is suggested later in the paper) then the same logic suggests that fewer planning authorities would contribute to greater efficiency and improved delivery.
3. A national planning body that could assist with the process of land assembly could be a positive and helpful measure. Some lessons may be available from English Partnerships. This is a role that it might have been possible for

Communities Scotland to take on. Unfortunately, this is not an option that is available due to the apparently casual abolition of Communities Scotland.

4. No comment.

5. No comment.

Assistance for First-time Buyers

Bield has no particular locus in relation to first-time buyers. However, we would encourage the Government to give a higher priority to offering shared ownership and shared equity products to enable older home owners to move house. Many older people have capital tied up in the equity of their homes but have limited income. Shared equity housing offers an efficient means of securing more suitable housing through releasing some of that equity at limited or no cost to the public purse. It also offers housing to the market that may be suitable for first-time buyers. There is the potential to use some existing housing for shared equity disposal. However, existing owners (landlords) will have to be incentivised to consider this by being allowed to retain shared equity sales receipts to contribute to the development of new housing or the re-development or modernisation of existing housing. There should also be a mechanism for allowing for fluctuations in equity levels between different sharing owners so that needs can be met without always having to achieve the same level of capital receipt. The capital contribution that older owner occupiers could make to new development has not been fully explored. We would urge the Government to give as much priority to the potential of shared equity schemes for older people as to the needs of first-time buyers.

The Private Rented Sector

Bield has no particular locus in relation to the private rented sector and offers no comments on this section of the paper.

Social Housing

We welcome the recognition that social housing does have a future. We are concerned at the suggestions in the paper that registered social landlords are essentially inefficient and that the key to improving social housing supply is to improve efficiency by concentrating development into the hands of a small number of developing housing associations. A likely consequence of this will be a reduction in the number of operating housing associations, which will represent a fundamental change in the nature of the housing association movement in Scotland. This would not only lose development expertise from organisations such as Bield, where a professional staff team has built up a considerable degree of experience and skills in development. It would also be de-motivating to voluntary committee members, who give their time freely in order to help particular groups or communities. The voluntary contribution of members, which has been encouraged over many years, should not be lightly set aside.

Much of the emphasis in the paper is on re-invigorating local authority housing. It is recognised that this can only be successful in terms of new housing in some areas as not all local authorities have the borrowing capacity to under-pin new development. However, housing associations have the capacity to operate and develop in all local authority areas. Furthermore, we have demonstrated a capacity to develop successfully and in innovative ways over more than 30 years. Any actions that would support local authority development at the expense of housing associations would be a retrograde step.

16. Bield is not directly affected by the Right to Buy. However, we would support the exemption of all new social housing from the Right to Buy. Indeed, if the Government is serious about recognising and re-affirming the importance of social housing it may be helpful to exempt all new tenancies from the Right to Buy.
17. We would not support subsidy being channelled through local authorities at the expense of housing associations. As we have already noted housing associations have experience and a track record in housing development, which is no longer the case in local authorities. However, if additional funding can be provided to utilise local authorities' borrowing capacity then this could be worthy of consideration.
18. The suggestion to have large-scale competitions for subsidy is based on the proposition that there are significant savings to be achieved through concentrating development in the hands of a small number of lead developers. We are not convinced that there is evidence that the scale of development of social rented housing available in Scotland is sufficient to deliver substantial efficiency savings. The paper does not offer any evidence on this issue. There are a number of references to procurement in England being more efficient. However, the sheer volume combined with the relative geographical compactness of housing procurement in England means that it is much easier to achieve supply chain efficiencies than in Scotland. The arrangements that have been developed in Scotland are designed to suit Scottish circumstances. It is surely incumbent on a Scottish Government to have policies that suit the Scottish context rather than mimic what happens in England.
19. The objective of achieving more housing completions for the same or less public investment is understandable. The lesson from other parts of the public sector, such as health and education where PFI or PPP schemes have been widely used, is that reductions in capital investment can be achieved by increasing recurring revenue expenditure. The corollary in social housing is that capital 'subsidy' (although we prefer the term investment) can easily be reduced by increasing rents so that the revenue funding stream exists to service increased borrowing. We believe that the difference in subsidy levels between Scotland and England, which are highlighted in the paper, are largely attributable to higher rent levels in England. If the Government wishes to have a higher proportion of the cost of social housing met through rents then it should state this as a clear policy objective. There would clearly be questions about affordability and reliance on housing benefit (a non-devolved budget). However, it is unrealistic to suggest that significantly reduced subsidy can be achieved purely through changes to procurement arrangements, particularly if quality and sustainability are to be maintained.
20. 'Mid-market rent' seems a fairly misleading term. It presumably refers to rents that are below full market level but higher than 'normal' social rents. As the discussion paper appears to suggest that rents generally are too low, since the inevitable inference of reduced subsidy levels is increased rent levels, the encouragement of 'mid-market rent' developments would be consistent. It may also help to increase diversity and variety in the social rented sector.
21. No comment.
22. No comment.

23. We would support measures that would encourage landlords to look at means of adjusting the mix of their stock in the interests of achieving more sustainable mixed communities. This should include options to introduce into sheltered and other older people's housing shared equity or 'mid-market' rent options where appropriate.
 24. Direct subsidies for development should not be provided to bodies other than registered social landlords. The investment that is currently made through RSLs is well protected and understood and carries little risk to government. Furthermore, following completion of the housing the investment continues to be protected through the regulation and inspection regime. There is no established justification for seeking to use alternative investment vehicles.
- 25– 32. No comment.

Protecting and Promoting Tenants' Interests

33. Bield supports the proposed features and principles of a modernised regulation framework. We fully endorse the proposals that regulation and inspection should be risk-based and proportionate and focussed on protecting the interests of current and future tenants. Regulation has of course already been moving in this direction under Communities Scotland and we are pleased to see this direction re-affirmed.
34. We are concerned that with the abolition of Communities Scotland there may develop a hiatus in regulation, which could have an adverse effect on the confidence of investors and lenders. It is important that the regulatory function continues to operate effectively. It is also important that this function is at arms length and independent of government. The most cost-effective way to achieve this is probably for the existing Regulation and Inspection team of Communities Scotland to continue to operate. Whether this is absorbed at a later date into a single regulatory regime, as proposed by the Crerar Review, will have to be the subject of further and separate consideration.

Conclusion

Bield is disappointed at the lack of any priority being given to meeting the housing needs of older people in Firm Foundations. We are concerned that the proposed centralisation of development, with increased standardisation to achieve cost savings, will result in:

- Even less attention being paid to older people's housing needs
- The loss of experience and expertise in the development of projects specifically for older people
- Staff redundancies across housing associations that do not become lead developers
- A loss of motivation to voluntary committee members who participate in housing associations either to help a particular group, such as older people, or area or community.

Housing associations have been a success story over the past 30 years and more. It would be very unfortunate if the actions of the Scottish Government were to threaten that success.