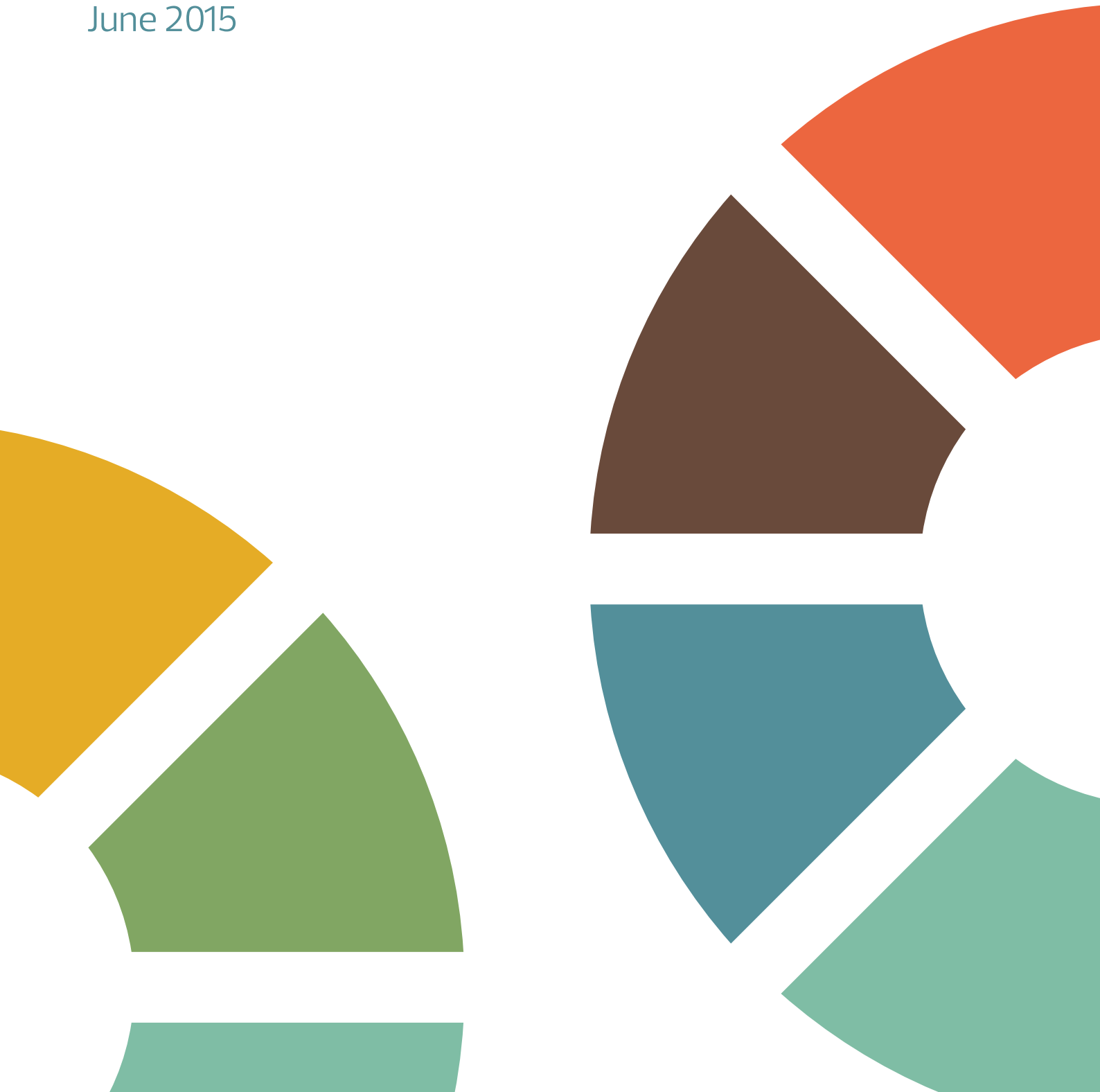




**Commission on
Housing & Wellbeing**

A blueprint for Scotland's future

June 2015





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An Executive Summary can be found on our website: www.housingandwellbeing.org

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Introduction by the Chair

The Commission on Housing and Wellbeing was established by Shelter Scotland in the autumn of 2013. Shelter Scotland asked the Commission to make an independent, evidence-based assessment of the importance of housing for general wellbeing in Scotland. We were also asked to make recommendations for future priorities and policies that would help to improve housing conditions and wellbeing.

The members of the Commission come from a wide range of backgrounds and, with one exception, we are not housing experts. So this is not a technical report about housing. It is about the central importance of having a safe, secure and suitable home that allows people to fulfil their potential, and a home that is embedded in and linked to a strong, vibrant local community where people can live good lives.

For that reason we decided to take this statement as our starting point:

We seek to promote a society in which everyone can flourish, in health, personal growth and development, acquisition of knowledge and skills, fulfilling engagement with others and resilience in the face of adversity.

Although many households in Scotland live in satisfactory housing, we quickly came to the conclusion that there is very clearly a homes crisis. The numbers speak for themselves: there are about 150,000 households on waiting lists, 940,000 in fuel poverty and some 73,000 are overcrowded. About 29,000 people are homeless. Over 40% of social housing falls short of the Scottish Housing Quality Standard and around 13% of households are affected by dampness and condensation. An averagely priced house now

costs about five times the average annual income, putting owner occupation beyond the reach of many people in Scotland, especially young adults. As a result, there has been a big increase in the private rented sector, which has more than doubled in the past ten years and now contains some 80,000 families with children.

We were also very aware of the close links between inequality, poverty and poor housing in Scotland. Inequality in household incomes in Scotland increased significantly in the 1980s and remains high, partly as a result of the recent increase in part time work and self-employment.

Inequality between the younger and older generations is now a real concern and, although the number of households in poverty in Scotland has fallen since the turn of the century, some 14% of all households were assessed as being in poverty in 2011/12.

The Commission is clear on one central issue. If we want to ensure that all households have a decent home, we need to build more houses, particularly affordable housing. We also need to ensure that existing housing is kept in good condition. Beyond the house itself, our homes need to be in well-designed neighbourhoods with strong communities and we make a number of recommendations for policies and programmes to help develop disadvantaged areas. This includes improved inter-agency working and an emphasis on establishing community anchors.

We have also considered the broader wellbeing benefits from housing. Housing investment generates jobs and can provide training opportunities. However, instability in the housing market is a longstanding problem with potentially serious consequences for our economy. For that reason we recommend possible tax changes and measures to improve the supply of land for housing so we can begin to tackle this problem.

Housing costs take up a significant proportion of household income, and the current approach to ensuring affordability – principally through the Housing Benefit system – is under stress. We make short-term recommendations for changes to the Housing Benefit system and suggest longer-term reforms, including a gradual move from subsidising people to subsidising new homes, as well as merging housing subsidies into a more general social security allowance.

We believe that good housing makes an important contribution to wellbeing because it brings health and education benefits as well, and the right type of housing and housing policies can lead to savings in expenditure in our National Health Service. We focus particularly on the policies and programmes required to tackle homelessness and to respond to the growing numbers of older people. Other important policy objectives should be to reduce fuel poverty, overcrowding and the incidence of seriously damp housing – none of which should occur in 21st century Scotland.

We also look at the impact that housing can have on the environment. We are convinced that there is an urgent need to step up the pace in reducing residential greenhouse gas emissions to meet climate change targets. We therefore recommend the strengthening of residential energy efficiency programmes and other measures to deliver improved environmental benefits from new housing.

The Commission recognises that public finances are likely to be under severe pressure for some time, with difficult choices required. We have drawn up our recommendations with this financial climate in mind and we have provided an indication of the likely resource implications and our priority actions. See our section on Delivery, Implementation and Resources for more details.

Following the Scottish independence referendum in September 2014, there was a commitment to further devolution of powers from the UK to the Scottish Parliament. The Smith Commission was established to provide advice and its recommendations were published in November 2014. The UK Government subsequently published the Command Paper *Scotland in the United Kingdom: An Enduring Settlement*, which included draft legislation. We

have taken note of these developments and the specific proposals that could impact on housing and wellbeing. Given that these changes are not finalised and further changes could be made, our recommendations are directed to both the Scottish Government and the UK Government as both currently have responsibilities for housing and wellbeing issues.

We have considered a wide range of papers and evidence. There is a large volume of written material on Scottish housing and two recent reports have been especially useful in informing our work. Audit Scotland produced a report on Scottish housing in 2013, and the Royal Institute of Chartered Surveyors (RICS) Scottish Housing Commission published a report in 2014. Both of these reports contained wide-ranging recommendations based on persuasive analysis. We think that everyone involved in Scottish housing – in particular the Scottish Government and the Scottish Parliament – should give serious consideration to the recommendations in these reports, which have our general support.

From the very beginning we wanted to ensure that the views of communities and organisations across Scotland are heard. We therefore commissioned The Poverty Alliance to undertake a series of community workshops and focus groups on the subject of housing and wellbeing, to hear and learn from individuals and organisations whose experiences are not always captured. A selection of case studies can be found throughout the report.

We also took account of the best research evidence on the links between housing and wellbeing. A review of this research was undertaken for the Commission by Shelter Scotland's Policy Team and can be found on our website.

In the autumn of 2014, we produced a consultation paper, which set out some of our early ideas. There was a very large response to this consultation and we would like to thank everyone who took time to contribute written responses or attended our discussion events; all contributions can be found on our website.

We have kept our report as short as possible with many supporting documents and evidence on our website. The report is structured around seven sections:

- Wellbeing – our Approach
- Housing as 'Home'
- Neighbourhood and Community
- Economic Wellbeing (Employment and Income)
- Health and Education
- Environmental Sustainability
- Delivery, Implementation and Resources.

We do not wish our report to sit on a shelf. It is a call to action on one of the most serious and challenging issues facing Scotland now and throughout the next decade. This is why we have ended our report with a delivery plan. It is, of course, for the Scottish Government, local authorities in Scotland and the UK Government to set the policies relevant to housing and wellbeing in Scotland. However, we are asking Shelter Scotland to take our delivery plan to the heart of its own strategy, and to hold the key organisations to account for making serious and significant progress over the next few years. I hope that other organisations across Scotland, not only housing bodies, will join Shelter Scotland in this effort.

There is one final recommendation that we think is very important. A number of excellent reports have been produced on Scottish housing in recent years – some are mentioned in our report – but it is important to consider housing and homes in the round, to examine and understand the ways in which housing contributes to wellbeing and the opportunity for every person in Scotland to live a flourishing life.

At the end of our report we therefore suggest that the Scottish Government should establish an independent advisory body, chaired by the Minister, consisting of people not only from the housing profession and organisations, but also from a range of backgrounds and experience which are relevant in considering housing, homes and wellbeing in the round. This body should report annually to the Scottish Parliament on the state of Scottish housing and the implications for people's wellbeing.

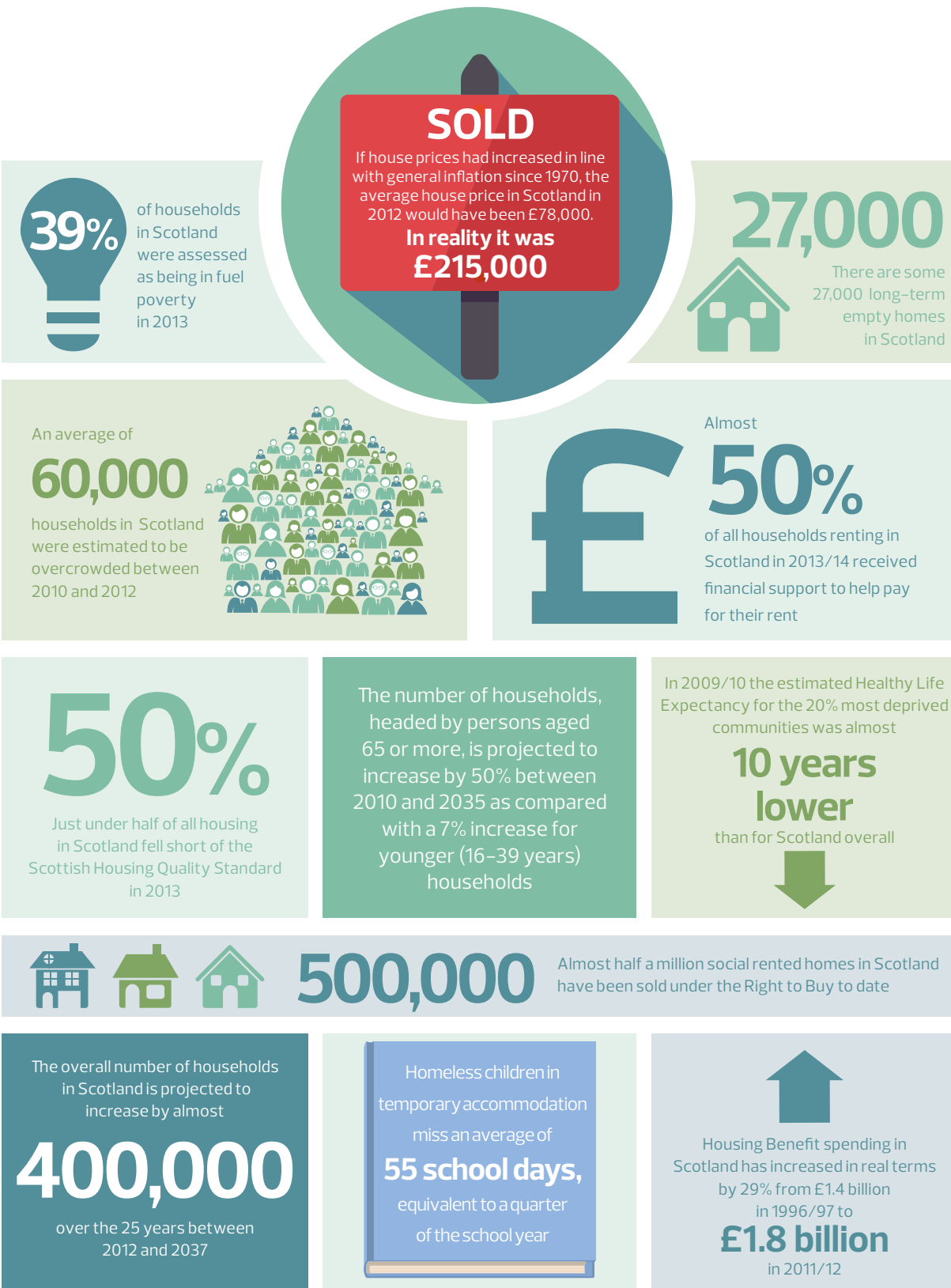
Finally, I would like to thank my colleagues on the Commission for their commitment, support and advice and also the Project Team for their hard work and the excellent working papers that they have produced over the course of the past two years.



Robert Black
Chair

Key Facts

What the numbers say



Wellbeing – our Approach

In this section the Commission recommends that:

1. The Scottish Government should strengthen and clarify the links between housing and the various outcomes of the National Performance Framework. The current review of national indicators should ensure that full recognition is given to the importance of the home to people's wellbeing.

What do we mean by 'wellbeing'?

1. We have drawn on a working definition offered by the Carnegie UK Trust, where wellbeing is defined as the outcome of a society:

'...where everyone can realise their potential, enjoy their environment, work meaningfully and contribute to their community.'

2. Carnegie has also reviewed international attempts to assess wellbeing for public policy purposes.¹ Their work suggested a classification of types of wellbeing that might be used for assessing and evaluating policy. Using this as our starting point, we selected eight types of wellbeing that we think are potentially relevant to assessing the benefits of good housing. These form the framework of our report and are grouped under five headings:

- Housing as 'Home'
- Neighbourhood and Community
- Economic Wellbeing (Employment and Income)
- Health and Education
- Environmental Sustainability

Housing and wellbeing

3. There is a general consensus that the home is an important type – or domain – of wellbeing. While we recognise that the concept of a home can stretch beyond the 'house', we cannot emphasise enough the role of good housing in giving each individual a chance to experience the best standards of life.
4. We also recognise that housing is one of many factors that affect human wellbeing. Others, like good health, a rewarding job and close relationships, are very important for most people. However, the value of housing is often underplayed.
5. The Office for National Statistics' (ONS) report *Measuring National Well-being: Where We Live* identifies a strong link between life satisfaction and housing satisfaction across the UK. Of those reporting low satisfaction with their accommodation nearly half reported low satisfaction with their life.²
6. Oxfam's Humankind Index measures the resources people in Scotland need to live a fulfilled life. It was developed following extensive consultation with over 3,000 people. It identifies 18 contributory factors to wellbeing, of which participants ranked good housing and health as the most important.³

Current Scottish Government approach

7. In 2010, the Commission on the Future Delivery of Public Services, otherwise known as the Christie Commission, published its report on the measures that the Scottish Government should take in order to embrace a more rounded approach to public policy. The report recognised that public services are vital to the prosperity of our society and the 'major contribution' they make to the wellbeing of the Scottish population.⁴
8. The Christie Commission's focus on issues such as preventative spending, further integration of public services and greater community involvement are crucial to enhancing wellbeing, and we are pleased that the Scottish Government has gone some way to deliver on its recommendations. Legislation such as the Community Empowerment (Scotland) Bill and the Public Bodies (Joint Working) (Scotland) Bill are steps in the right direction.
9. In 2011, the National Performance Framework (NPF)⁵ – the tool used by the Scottish Government to identify and monitor its purpose, objectives and outcomes – was revised, partly in response to the Christie Commission's report. In 2015, the Scottish Government has committed itself to another review of the NPF to ensure that indicators within the framework are robust and meaningful to the public. We welcome and strongly support the Scottish Government's focus on updating this important tool.
10. Although the NPF currently has two national indicators explicitly related to housing (improving access to suitable housing options for those in housing need and increasing the number of new homes), we think that housing is relevant to many of the other national outcomes and should feature more prominently in the indicator set.

Housing and wellbeing – the relationship

Housing as ‘Home’

Good housing offers a stable foundation from which to build a home, and does so through providing shelter, security and space for family life and activities, privacy, personal identity and development. The home provides us with a sense of belonging and connection to where we live and acts as a springboard to develop other aspects of our life.

Neighbourhood and Community

Good housing is an essential part of a successful neighbourhood and local community. Good design can help to create a positive appearance and, depending on location, make provision for - or help to ensure - accessible links to shops, schools, other local facilities, open space and the countryside and employment opportunities. The oversight of the neighbourhood by local authorities and other public bodies can help foster a positive reputation and provide opportunities for residents to influence their local environment, to develop social contacts with neighbours and to minimise crime and anti-social behaviour.



Economic Wellbeing (Employment and Income)

Housing is essential to allow employees to move to areas where jobs exist. Investment in housing also generates substantial employment, both in the construction sector and in associated transactions-related and service jobs. Housing is also critical to household income; housing which is 'affordable' – that which does not present an excessive burden on household income – reduces the risk of poverty and financial hardship.

Health and Education

Housing which is secure, adequately heated and free of serious condensation and dampness and which provides adequate space and supports independent living is important for good physical and psychological health and positive educational outcomes.

Environmental Sustainability

Housing with a high standard of insulation and efficient heating systems will reduce energy use and result in lower greenhouse gas emissions. New building on brownfield sites and on sites close to centres of employment will reduce land take and will help to minimise car-based commuting. New building and some major renovation projects may provide opportunities for using natural processes for drainage, the use of sustainable building materials, improved waste management, improved biodiversity and maximising the use of passive energy.

Housing as 'Home'

In this section the Commission recommends that:

2. The Scottish Government should adopt an indicative national target for new house building, initially for the period up to 2020. The figure of 23,000 new houses each year, built to last with a high standard of energy efficiency, would be an interim target until national estimates can be made from forthcoming local Housing Need and Demand Assessments.
3. The Scottish Government should increase the level of new building funded by the Affordable Housing Investment Programme to 9,000 houses each year over the period up to 2020. The social rented new build programme should be increased to 7,000 houses each year (an increase of 3,000 over the current level) and there should be a doubling of the mid-market rental new build programme which, together with the existing level of grants for new owner occupied houses, would provide 2,000 new houses each year.
4. The mid-market rental new build programme should be opened up to private landlords – including private estate owners in rural Scotland – providing that they agree to suitable contractual terms and conditions with the Scottish Government.
5. The Scottish Government should establish a dedicated source of advice to assist housing associations in the complex process of finding loan finance that suits their particular circumstances.
6. The Scottish Government should set up pilot schemes to attract institutional investors who are interested in investing in new build in the private rented sector.
7. The Scottish Government should seek to clarify the discrepancy between the success rates reported by social landlords to the Scottish Housing Regulator in meeting the 2015 target for achieving the Scottish Housing Quality Standard as compared with the success rates recorded by the Scottish House Condition Survey.
8. The Scottish Government, in consultation with local authorities, should review the use of the various powers provided by the Housing (Scotland) Act 2006 to improve the standard of private sector housing (renewal areas, works notices, and maintenance orders) - including their use for common repairs in flatted blocks - to ensure that these are fit for purpose and are being used when appropriate.
9. New tenancy arrangements in the private rented sector should allow for longer-term tenancies. As in the social rented sector, tenants should be able to terminate their tenancy with a suitable period of notice. New arrangements should ensure that landlords are able to revoke the tenancy where there is a clear and demonstrable reason for doing so.
10. The Scottish Government should implement measures to allow for some limited intervention in rents in the private rented sector providing that any measures strike a reasonable balance between the need to protect tenants and ensuring a reasonable return for landlords and do not deter investment.
11. There should be a review of the full range of powers currently available for regulating the private rented sector at some stage in the next Parliament. This review should clarify the actual need for regulation in current circumstances, the effectiveness of the various existing measures and the scope for their rationalisation.

Introduction

11. The most direct wellbeing benefit that housing can provide is a good home. Whether any particular house provides the basis for a good home depends very much on the preferences and characteristics of those who occupy it – opportunities for personal choice are essential. However, policy decisions – at both a national and local level – shape the framework in which these choices are made. In this section, we tackle the following questions:

- is there sufficient housing in Scotland to ensure good homes for all, or do we need to encourage new house building?
- is the condition of existing housing in Scotland of a sufficiently high standard to provide good homes?

Is there a need for new house building?

12. From 1997 to 2008, an average of more than 23,000 new houses were completed each year; since the global financial crisis this has fallen steadily to just under 15,000 in 2013 – this is a significant drop.⁶

13. The symptoms of a shortfall can be seen in the large numbers of households on the waiting lists for social housing (150,500 in 2014).⁷ It can also be seen in the increase in house prices in relation to average incomes which is in turn reflected in the increasing age of first time buyers and the reliance of many on support from within the family or state-provided loans and guarantees. It can also be seen in the levels of rent in the private rented sector (PRS), which frequently take up a high proportion of household income and which have been showing signs of upward pressure. All of these indicators strongly suggest that we must build more housing in Scotland.

14. Local authorities have a statutory obligation to produce local housing strategies, and they are currently undertaking Housing Need and Demand Assessments using a standardised

methodology developed by the Scottish Government.⁸ The results of these local assessments should be combined, in due course, to create a national picture. Care will be needed to avoid duplication in overlapping housing market areas and to check that comparable underlying assumptions have been made in the calculations. But this approach is likely to provide the most accurate estimates in the medium term and we welcome the initiative by Shelter Scotland, the Chartered Institute of Housing (Scotland) and the Scottish Federation of Housing Associations to commission joint work along these lines.

15. In the absence of such estimates, we have undertaken a simple calculation of the overall national house building requirements in Scotland. This takes account of:

- the growth in the number of households using future projections published by the National Records for Scotland;⁹
- the need to replace houses scheduled for demolition or closure; and
- the need for housing to address current shortages – often referred to as ‘the backlog’.¹⁰

Case Study

Joe has been homeless several times, often sleeping rough. He now has a place he can call home – what Joe calls a focal point in his life.

“Having a decent home makes you feel human, because it’s somewhere you can entertain, somewhere you can feel safe, it’s somewhere that when things are tough, you can be around things, like your pictures, or your furniture, or television, or have somebody over.”

16. Table 1 outlines our estimates for each of these:

Table 1: Estimated National House Building Requirements in Scotland

Estimated average yearly household growth	16,000
Demolitions each year	4,000
Extra units required to meet existing backlog each year	3,000
Total number of new homes required each year	23,000

Our assessment suggests a total housing requirement of not less than 23,000 new houses each year in the medium term up to 2020. We encourage the Scottish Government to adopt this as an interim house building target until national estimates can be made using the results of local Housing Need and Demand Assessments.

Table 2: Scottish Government Spend on Affordable Housing Investment Programme 2013/14

Sector	Budget 2013/14 £m	New Housing (units)	Rehabilitated Housing and Purchase of Existing Housing (units)
Social Rented Housing	175	3,823	545
Other (Mid-Market) Rented Housing	29	804	113
Home Ownership Grants	60	329	1,398
Other Grants and Loans	36	-	-
Total	300	4,956	2,056

Source: Scottish Government (January 2015) Affordable Housing Supply Programme Out-turn Report 2013/14.

17. In 2013/14, around 15,500 houses were added to the total stock as a result of new building or the conversion of non-residential buildings.¹¹ This leaves a shortfall of 7,500 houses as compared with the central estimate above and indicates that significant additional building by the private and social rented sectors is required.
18. The private sector has a key role to play. In the late 1990s and up to the global financial crisis in 2008, the private sector built well over 20,000 houses each year. However, it is unlikely that we will see a return to this level of private sector building in the medium term and the Scottish Government has little control over the overall level of new building. Private sector completions fell to around 10,000 in 2012/13.¹² It has started to increase since then and this upward trend is likely to continue as the housing market improves. It is impossible to make a precise estimate of annual output in the period up to 2020, although a modest but cumulative 5% growth should be sustainable in the absence of a major economic downturn and would point to an annual average of 14,000 completions by the private sector over this period.
19. The Scottish Government currently supports housing developments through its Affordable Housing Investment Programme and does so in a variety of ways. This includes providing grants for social rented housing, grants and guarantees for 'mid-market' rented housing (housing with higher rents than social rented housing, but lower than the equivalent market rent) and grants to help owner occupiers purchase a

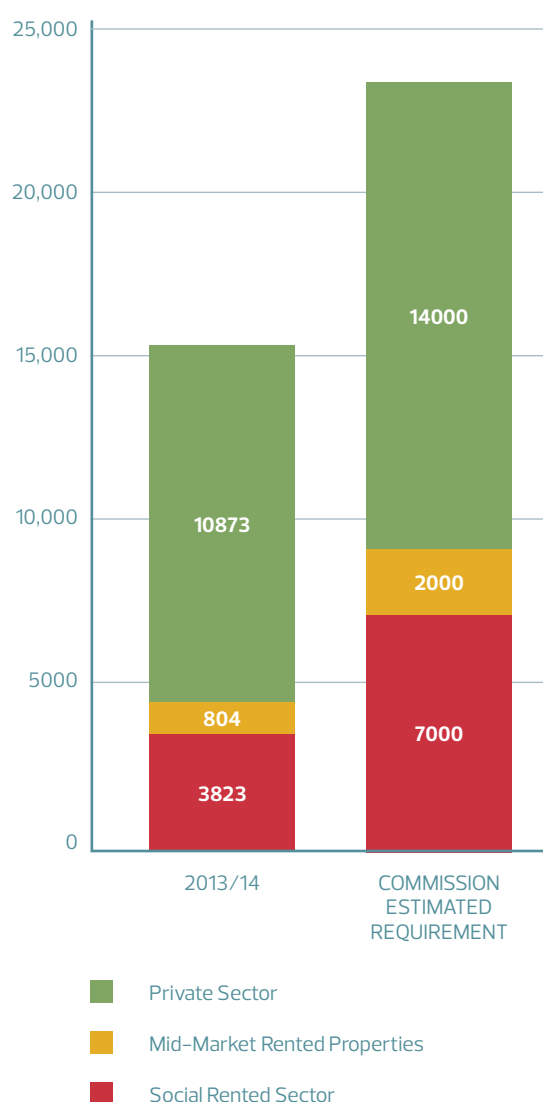
home. In round terms, Table 2 shows how the Scottish Government's budget for the Affordable Housing Investment Programme was spent in 2013/14 and the output in terms of new houses.

20. Our overall estimates of housing requirements and our estimated private sector contribution show that there is a need to increase the total new house building provided through the Affordable Housing Investment Programme from the 5,000 new houses achieved in 2013/14 to not less than 9,000 new houses each year over the period up to 2020. This might best be achieved through a substantial increase in the social rented house building programme to at least 7,000 new houses each year and a doubling of the mid-market rented house building programme; together with the existing grants for new housing for owner occupation this would provide 2,000 new houses each year.
21. This will require a substantial increase in the Scottish Government's budget for its Affordable Housing Investment Programme. However, this increase in spend could partly be met by phasing out the Government's existing Open Market Shared Equity Scheme that provides funding for eligible prospective owners to buy on the open market. The resource implications of these recommendations are considered further in our Delivery Plan.
22. We also consider that the mid-market rental new build programme should be opened up to private landlords – including private estate owners in rural Scotland – providing they agree to suitable contractual terms and conditions with the Scottish Government. The terms and conditions of any agreement between the Scottish Government and private landlords would need to cover – amongst other things – rent setting, the type of tenancy offered and the recovery of grant in cases where the property is later sold. Private landlords could make a significant contribution in this area if they are allowed to do so.
23. Additional grant funding alone is unlikely to be sufficient to fund the required levels of additional new house building by either social

or private landlords. In both cases, housing associations and private developers may require additional borrowing. In 2013/14 an average of 50% of the total cost of a new housing association house was met with grant, with the remaining 50% met through borrowing, reserves or both.¹³

24. Up to 2008, housing associations relied heavily on securing bank loans with a 30-year lending period and relatively attractive rates of interest. Since the global financial crisis and subsequent changes in banking sector regulations, banks have been reluctant to lend long-term and are inclined to cap their lending periods to between five and ten years, often with much less attractive rates.

NEW BUILD COMPLETIONS



- 25.** Larger housing associations may be able to raise money for new building at viable rates through the bond market. For the smaller housing associations, establishing or becoming part of a group structure may be a way forward for those that want to borrow sufficient funds. There is also the option of using organisations that raise money from the bond market in order to lend on to individual housing associations, such as the Housing Finance Corporation. The pooling of surpluses has been an established practice in other European countries such as Denmark and the Netherlands, albeit in different ways.¹⁴ For housing associations that are interested in developing mid-market rented housing, other possibilities might include equity partnerships with the private sector as well as sale and lease back arrangements.
- 26.** Given the number and complexity of the options available to housing associations, we consider that the Scottish Government should establish a dedicated source of advice to help housing associations in the complex process of finding loan finance that suits their particular circumstances. This expert advice could be in a unit within the Scottish Government itself, or it might be an activity undertaken by the Scottish Futures Trust or staff based in the Scottish Federation of Housing Associations.
- 27.** We have noted the Scottish Government's interest in attracting institutional funding into the PRS and we welcome this approach. We also welcome the appointment of a PRS champion to help take this forward. We consider that the Scottish Government should set up pilot schemes to attract institutional investors who might be interested in investing in new house building in the PRS and it might wish to consider adapting the English build-to-rent equity sharing approach as a model to use in Scotland.
- 28.** The discussion above has focused solely on the minimum numbers of new houses required in Scotland in the medium term. But we would like to make two further points. Firstly, although additional new housing is urgently needed, these must be good quality houses which will stand the test of time. Too

much house building in the past has failed this requirement. In particular, they should be built to the highest standards of insulation set out in the building standards; we set out our views on energy efficiency standards for new housing in paragraphs 172 -174. Secondly, we have not attempted to say where these new houses should be built and this can only be properly considered in the light of the results from local Housing Need and Demand Assessments. But it is important that there is a balance in the programme between the different regions and particularly between the varying needs of urban and rural communities.

The need to improve the condition of the existing stock

- 29.** A house in poor condition may fail to provide a satisfactory home and the wellbeing benefits associated with that. All housing requires continuing investment in maintenance and repair and in modern facilities. But we need to keep a sense of proportion, since very few houses would meet all contemporary standards and be in a perfect state of repair.
- 30.** Following recommendations from the Housing Improvement Task Force, the Scottish Government established a Scottish Housing Quality Standard (SHQS) in 2004. This covered an assessment of serious disrepair, energy efficiency levels (with upgraded standards in March 2014 for social housing), kitchen and bathroom facilities and health and safety issues – including the renewal of electrical wiring and the provision of effective noise insulation and smoke detectors.
- 31.** In the social rented sector, the Scottish Government has asked local authorities and housing associations to ensure that their housing stock meets this standard. Progress is monitored by returns sent by landlords to the Scottish Housing Regulator (SHR) and is also tracked by the annual Scottish Housing Condition Survey (SHCS).

32. By 2012/13, returns sent by social landlords to the SHR suggested that 18% of houses failed the standard (22% of local authority housing; 13% of housing association housing).¹⁵ Almost all social rented housing stock was projected to reach the standard by the target date of 2015. If the target is realised, this will be a significant achievement given the financial constraints that social landlords have faced since the target was set.
33. However, the SHCS – based on a sample survey of occupiers – gives a less comforting picture than the landlord returns would suggest. This sample survey indicates that over 43% of social rented houses failed the standard in 2013.¹⁶ We believe that the Scottish Government should seek to clarify the discrepancy between the success rates reported by social landlords to the SHR in meeting the 2015 target for achieving the SHQS as compared with progress recorded by the SHCS.
34. The SHCS is the only source of data in the private sector and this indicates that 51% of the overall private sector housing failed the quality standard in 2013.¹⁷
35. In all tenures, the SHCS suggests that the main cause of failing to meet the standard relates to poor energy efficiency (28% in the social rented sector; 39% in the private sector). Other causes include a lack of modern facilities (11/12%) and potential health, safety and security issues (13/14%).¹⁸
36. The Housing (Scotland) Act 2006 required all local authorities to develop a Scheme of Assistance to help private owners maintain the condition of their homes. This replaced the previous system of improvement and repair grants. Although local authorities have discretionary powers to provide grants and loans to private owners, most now restrict financial assistance to providing help with disability adaptations and, beyond this, merely offer advice. Given the financial constraints on local authorities and the responsibility of owners themselves for the upkeep of their homes, we agree that this is the correct approach.
37. The Housing (Scotland) Act 2006 also updated and extended the powers available to local authorities to require works to be undertaken in privately owned properties, such as powers to designate renewal areas and impose works notices and maintenance orders. Local authorities were also given powers to undertake work on behalf of the owner if necessary. Under these rules local authorities are able to recuperate costs through charging orders, which allow for the money to be recovered when the house in question is sold.
38. The upkeep of the existing housing stock is vital to the wellbeing of Scotland. However, it is unclear whether sufficient preventative measures are being taken. We welcome the intention of the Scottish Government to bring in a common housing quality standard, based on the SHQS for all tenures but it is unclear how this standard will be enforced in the private sector. This standard will need to be kept under review to ensure its continuing relevance.
39. We also consider that the Scottish Government, in consultation with local authorities, should review the use of the powers provided by the Housing (Scotland) Act 2006, including their use for common repairs in flatted blocks, to ensure that these are fit for purpose and being used when appropriate. If necessary the Scottish Government should provide clear guidance to local authorities on the use of these powers to bring the private sector up to the proposed common housing quality standard in a reasonable time period.

The management of housing in the private rented sector

40. Increasing numbers of households now live in the PRS. A healthy PRS, that provides good quality housing, is an essential part of the housing system and can offer many people a place they can call home. We are pleased to note that the Scottish Government has published a strategy which both recognises the importance of the sector and seeks to strengthen it.

41. However, there are three specific problems with the PRS which can have a serious effect on the wellbeing of some tenants:
- short assured tenancies typically of six months' duration;
 - unaffordable rents; and
 - poor quality and badly managed housing found in the 'bottom end' of the sector.
42. We recognise that short-term tenancies suit many people. On the other hand, for some households – especially those with children – this length of tenancy can create a sense of insecurity. We welcome the work undertaken by the Scottish Government to draw up alternative proposals that could form the basis for new legislation. A consultation in March 2015 suggested that a new statutory private rented tenancy would be required for all private rental lets.¹⁹
43. Our view is that the Scottish Government should implement measures to allow for some limited intervention in rents in the PRS, providing this strikes a reasonable balance between the need to protect tenants and ensuring a reasonable return for landlords.
44. There is a wide range of landlords in the PRS. This means that the conditions of private rented housing can vary considerably. Most landlords own only one or two houses and some may lack the necessary knowledge and expertise to manage their properties appropriately. From time to time, cases of exploitation of tenants, or failure to control the anti-social behaviour of tenants, attract media attention.
45. There have been a number of initiatives designed to regulate the PRS. This includes landlord registration, licensing of Houses in Multiple Occupation (HMO), the introduction of the repairing standard for rented housing and the regulation of letting agents. Powers for Enhanced Enforcement Areas were also included in legislation in 2014 to allow local authorities to carry out checks on landlords and inspect privately rented properties in designated areas. These initiatives are in addition to the voluntary accreditation schemes

set up by landlord organisations themselves.

46. We consulted on a possible simplification and reduction in the burden of regulation by, for example, abolishing landlord registration and extending licensing to a wider range of landlords in designated areas, but there was little appetite for this amongst consultees. Some expressed the view that more effective implementation was needed rather than any additional changes. We nevertheless suggest that there should be a review of the effectiveness of the full range of powers at some stage during the next Parliament.

The management of the social rented sector

47. The social rented sector consists of roughly equal numbers of houses managed by housing associations and local authorities. Both types of landlord are regulated by the SHR, established in its current form in April 2011 with the following objective:

*'To safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless, and people who use housing services provided by registered social landlords (RSLs) and local authorities.'*²⁰

48. For all social landlords the SHR regulates against the standards and outcomes relating, for example, to the quality and value for money of the services that tenants can receive, as set out in the Scottish Social Housing Charter. For housing associations, the SHR also regulates against standards of governance and financial management.
49. The social rented sector in Scotland, particularly the housing association sector, is very diverse in size and character and this is both a strength and a challenge. Very few housing associations are comparable in size to the larger housing associations found south of

the border. The smaller housing associations have often developed strong community links and this is a considerable asset as discussed in the following section but the downside to this may be difficulties in obtaining funding for further new house building. We have also discussed this issue in the subsection: Is there a need for new house building?

50. At the present time all housing associations are faced, to a greater or lesser degree, with a number of serious financial concerns. This includes the underfunding of pension liabilities, changes to Housing Benefit, and the way in which rents are set (often based on the Retail Price Index) when inflation is very low. These are all challenges that are well recognised in the sector and will need to be met. This should not mean an inexorable pressure towards mergers, but some may be needed if these are in the best interests of tenants. We have been reassured to find that housing associations of varying size are interested not just in bricks and mortar but also in wider community development activity. And we are reassured by the newly established regulatory framework in the sector and determination of the SHR to regulate in the long-term interests of tenants.

Neighbourhood and Community

In this section the Commission recommends that:

12. Further development of the Place Standard for Scotland should take account of what has and has not worked and should describe clearly how the standard might be used to promote wellbeing.
13. Community anchors should be established in all housing renewal programmes and in areas where there is significant dissatisfaction with the quality of the local neighbourhood.
14. All Community Planning Partnerships should be asked to identify clear objectives for priority neighbourhoods and to develop a monitoring framework to measure success.
15. Effective partnership arrangements should be established at the working level within neighbourhoods; initially, these might be ad hoc informal arrangements, although local neighbourhood Community Planning Partnerships could provide a more formal structure in priority areas.
16. The Scottish Government should either provide, or more likely commission, an appropriate organisation to offer advice, encouragement and support to housing associations and other community anchor organisations in order to deliver service innovation in local communities.

Introduction

51. For most people, their idea of ‘home’ incorporates the neighbourhood, village or local community. The definition of what counts as the neighbourhood and community can vary considerably with overlapping names and boundaries, but their value to both personal status and wellbeing is widely recognised. This is reflected in the mantra ‘location, location, location’ which is sometimes used to explain variations in prices for otherwise similar properties.
52. In this section, we have used the term ‘neighbourhood’ to refer to the physical aspects of a local area – including villages and other small settlements in rural Scotland – and ‘community’ to refer to the social dimension.
53. We consider that successful neighbourhoods are more likely to have good commercial, retail and transport facilities. They may also have ready access to good jobs, schools and health services and other more intangible advantages such as access to open space, the countryside and recreational opportunities. Neighbourhoods with these attributes will be conducive to wellbeing and personal flourishing.
54. Architecture and Design Scotland, in consultation with NHS Health Scotland and the Scottish Government, intend to develop a Place Standard for Scotland as a tool to assess the quality of new and existing places. The intention is to ‘support communities and the public and private sectors to work together to deliver high quality, sustainable places.’²¹ It also aims to ‘maximise the contribution of place to reducing health inequalities across Scotland’. The standard will be based around a subjective assessment using 14 specific questions or themes. We welcome this initiative, which clearly complements our own objectives, and we consider that further development of the Place Standard should take account of what has worked or not worked and how it might be used to promote wellbeing in planning new housing developments or housing renewal programmes.

Case Study

Gillian lives with her teenage daughter. Both of them are happy with where they live, but Gillian's previous house – located in a very unsafe area – had a huge impact on her daughter's health.

“For a long time we were prisoners in our own home. We couldn't go outside. My daughter developed mental health problems, but since we've moved into more stable accommodation her mental health has rocketed, she's blossoming, and she's a normal teenager. She is completely different to the child before.”

55. Although 55% of respondents in the Scottish Household Survey rated their neighbourhood as ‘very good’,²² there are some neighbourhoods and communities that do not work well and have a range of physical and social problems. This is despite, in some cases, a number of improvement programmes and initiatives.
56. The Commission has considered the contribution that housing can make to community development in these areas. Neighbourhoods in need of support and assistance are mostly found on the perimeter of cities and large and medium sized towns, but they also exist in isolated former mining areas and remote rural settlements.
57. Up to the late 1960s, much effort and money was spent on organising the demolition and clearance of whole areas of poor quality housing and the resettlement of residents in new estates or towns. Although this resulted in much improved housing conditions, the social networks of many existing communities were often damaged in the process and the new neighbourhoods frequently lacked adequate neighbourhood facilities and services.
58. More recently, there have been examples of success in integrating improvements to housing conditions with effective community development. These include many of the remaining inner city neighbourhoods and

resulted from the work of housing associations together with housing improvements undertaken by private owners often with grant assistance. Manycrofting settlements in rural Scotland have also successfully combined improvements in housing conditions and local neighbourhood facilities with a strong sense of community.

- 59.** However, housing renewal programmes in areas of predominantly social housing, initially built by councils from the 1930s to the 1970s, have generally been much less successful in combining housing improvements with effective community development. Our view is that housing renewal programmes cannot on their own guarantee successful community development. They may provide improved resident satisfaction and help to reduce the stigma attached to the area, but they are unlikely to provide lasting and wide-ranging wellbeing benefits. This requires a more comprehensive approach from all relevant agencies and effective partnerships between one another. It also requires strong and engaged local leadership that is recognised and supported by the community.

Community engagement

- 60.** The work of the community controlled housing associations (CCHAs) over the past 40 years is one of the major success stories of community development in Scotland. Established initially in inner city neighbourhoods in Glasgow and other west of Scotland towns, they have also taken over housing stock of the former Scottish Homes and Glasgow Housing Association. Over 60 CCHAs now manage 80,000 houses, which provide homes for 160,000 people.²³
- 61.** Other housing associations in different parts of Scotland have also made an important contribution to community development.
- 62.** The CCHA movement enjoys considerable political support. However, there are no obvious means at present for a significant expansion. The Scottish Government is promoting the Community Empowerment (Scotland) Bill, which will allow local community bodies to apply to
- acquire or manage facilities run by councils and other public bodies. The Bill will also allow community groups to buy and develop derelict land. These powers should be of value to well-established community groups. However, they are unlikely to be sufficient to deliver community engagement and development where this is most needed to improve wellbeing.
- 63.** We need to move beyond the justified praise for the existing CCHAs and other housing associations to a strategy that ensures effective and appropriate community involvement in housing renewal programmes and, in the longer term, in the day to day management of locally delivered services. We support the Glasgow and West of Scotland Forum of Housing Associations' call for more 'community anchors'. A community anchor is an organisation that:
- operates within a particular neighbourhood;
 - has the interests of that neighbourhood at the core of its purpose and activities;
 - operates at a local level and is both trustworthy and stable; and
 - has a governance structure based on control by local residents and is accountable to them.
- 64.** All local authorities and housing associations will have tenant liaison and consultation arrangements in line with the requirements of the Housing (Scotland) Act 2001. Many local authorities have also established community councils that provide comments on planning applications and other local initiatives. However, we need to go beyond these consultative arrangements and establish effective community anchors linked to all housing renewal programmes. Community anchors should also be established in areas where local residents are dissatisfied with the quality of the local neighbourhood.

Inter-agency working

- 65.** Effective inter-agency working is crucial to the success of community development projects. All local authorities in Scotland have established Community Planning Partnerships (CPPs) which should provide the obvious locus for inter-agency working at the strategic level. Local authority-wide CPPs should be taking account of the Scottish Government's NPF, which sets out a number of national outcomes of direct relevance to the wellbeing of communities including:
- 'we live in well designed, sustainable places where we are able to access the amenities and services we need';
 - 'we have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others'; and
 - 'we have tackled the significant inequalities in Scottish society.'
- 66.** However, in practice, it is difficult to know what is being achieved and the effectiveness of CPPs in delivering improved regeneration outcomes has been criticised by Audit Scotland and others. In 2013, Audit Scotland criticised CPPs over a lack of attention to housing issues in some areas and the perception that community planning is a council-driven exercise.²⁴ A recent review of the impact of regeneration initiatives on poverty in Scotland, commissioned by the Joseph Rowntree Foundation, concluded that many CPPs had not engaged well with local communities and had not engaged sufficiently with local labour market issues or with Health Board planning.²⁵
- 67.** The Scottish Government should consider ways of ensuring that CPPs are more effective in housing renewal programmes and community development. It should ensure that CPPs engage fully with local communities, that housing is properly represented and that they take account of issues such as local employment, training and healthcare. We suggest that all relevant CPPs should be

asked to identify clear community development objectives for priority neighbourhoods and a monitoring framework to measure success.

- 68.** Inter-agency working has an important role to play in delivering community development objectives at the neighbourhood level. The overriding purpose of joint working must be to provide the best services possible for local people. There must be effective liaison on individual cases, but it is also essential to tap into the knowledge of the local community in order to shape new approaches to problem solving.
- 69.** Initially these might be informal arrangements between relevant service providers, but we understand that several local authorities are now seeking to create partnership working at neighbourhood level with strong local

Example: Community Anchor Role

Ardenglen Housing Association is a real community anchor. The Association is very much at the heart of the community and provides a wide range of services including: money and welfare benefits advice; skills and employability training; and opportunities for local people to volunteer in activities. Crucially, Ardenglen seeks to involve all age groups and sections of the community – and allows them to participate in their own way. Two success stories are the Teen Zone Youth Committee and 'The Only Way is Up' initiative. The Teen Zone Youth Committee engages young people in all types of activities, including sports and filmmaking, as well as giving them the opportunity to serve on the 'shadow board'. 'The Only Way is Up' initiative is aimed at women who have been out of the world of work for years bringing up children or caring for family members and works with them to build up their confidence and skills. Some of the women are now helping to run Ardenglen's social committee.

community leadership. We consider that these 'local CPPs' may provide a possible way forward for establishing more effective inter-agency working at the local level, especially for priority neighbourhoods. This could be linked to the development of pooled community budgets and opportunities for participative budgeting. In any event, it must be the role of the local authority-wide CPPs to ensure that effective working arrangements are in place for priority areas and that these are given sufficient support.

70. In neighbourhoods that predominantly consist of social rented housing, local housing staff could have a key role to play in local co-ordination, especially since all social housing landlords have a duty to comply with the outcomes and standards in the Social Housing Charter. These include a requirement that social landlords work in partnership with other agencies to help to ensure that tenants and other customers live in well-maintained and safe neighbourhoods.

Service innovation and community development

71. It is the responsibility of local authorities and other public bodies to deliver mainstream services to local communities in a way that seeks to achieve efficiency and effectiveness, but also social justice and equality of outcome. In some cases, community-based organisations and other third sector organisations can also have a role to play in helping to develop and adapt services to suit local needs.
72. Housing associations of all types – not exclusively CCHAs – have played a pioneering role in service innovation linked to community development. These include, for example, employment and training initiatives, support for older people and people with mental ill health, the establishment and management of a range of community premises and financial and welfare advice. There is no standard formula here, but we believe that there is significant potential for housing associations to develop

Example: Inter-Agency Working

Glasgow Housing Association (GHA) launched a Community Improvement Partnership (CIP) in August 2012. The aim of this scheme was to look at new ways to tackle community safety challenges, within areas identified as suffering from anti-social behaviour and tenant vulnerability.

GHA works closely with Police Scotland and Fire and Rescue Scotland to alleviate problems such as vandalism, violence and youth disorder or where tenants are exposed to serious risk from fire in neighbouring properties. The introduction of the partnership approach has contributed to a significant reduction in accidental fires and anti-social behaviour and an increase in tenant satisfaction. Staff from all three participating organisations have since been co-located to purpose built premises.

innovative, community focused services without duplicating mainstream services provided by public bodies. Outside of the social rented sector, other types of community-based, non-housing groups - such as community development trusts - may be better placed to fulfil this role.

73. The Scottish Government already provides a limited amount of finance – recently increased to £12m in 2015/16 – for what is essentially seed funding to support community organisations to grow and develop to meet local needs.²⁶ The focus is on promoting social exclusion and tackling poverty and the funding is not intended as a long-term source of financial support. We welcome this but we also think that the Scottish Government needs to play a role in encouraging good practice and innovation through advice and support either directly or by funding an appropriate agency or third sector body to undertake this role on its behalf.



Economic Wellbeing (Employment and Income)

In this section the Commission recommends that:

17. The Scottish Government should develop an improved property tax to replace the Council Tax in Scotland. Properties would be re-valued at least every three years using an agreed formula.
18. The UK Government or Scottish Government (depending on whether it is to be a national or local tax) should introduce a regularly re-valued land valuation tax, with further work being carried out to investigate whether it should be organised as a national tax or as a local alternative to the Council Tax.
19. Further research should be undertaken to examine ways of helping low-income households caught by any new property tax, including 'asset rich, cash poor' households. This could be through a rebate system, with possible exemption for low-value properties and low-income households or deferred payments recoverable as a charge when the property is sold.
20. The proposals of the RICS Commission and the Land Reform Review Group for a Scottish Land Corporation or Delivery Agency with powers to acquire, service and sell land on to developers should be carried forward.
21. The proposals of the Land Reform Review Group for legislation to allow for compulsory selling orders, majority land assembly and land readjustment should be carried forward.
22. The proposals of the RICS Commission for improving the performance of planning authorities - including increasing the effective supply of land from five to ten years' supply of land, improving the training for planners and reviewing existing consents - should be implemented.
23. Local authorities and other public bodies should be encouraged and incentivised to release surplus land for housing developments.
24. If the Smith Commission proposals are implemented, the Scottish Government should - as soon as practicable following enabling legislation - permanently end the 'bedroom tax'.
25. Given concerns by landlords over the impact of any abrupt change to current arrangements for direct payment of Housing Benefit, tenants in receipt of Housing Benefit should also have the choice over whether or not to continue with direct payments.
26. Serious consideration should be given to practical ways to shift the balance from personal subsidies towards funding subsidies that support the supply of houses. Any changes should be implemented in such a way as to minimise any negative impacts on those in receipt of Housing Benefit.
27. The Scottish and UK Governments should jointly undertake a detailed exploration of options for long-term reform of ways of helping low-income households with their housing costs.

Introduction

- 74.** Housing is important to the economic wellbeing of individuals and society as a whole. For individual households, the cost of housing can make the difference between living in or out of poverty. Being able to find a house in an area where there are jobs clearly helps people to get work. This can also help the labour market to operate efficiently for employers as well as employees. Large numbers of jobs are created by building houses, not only in construction but in housing management as well.
- 75.** Rising real house prices relative to incomes over the last 40 years have brought a windfall financial gain to everyone who has been able to buy their home, but there have been disadvantages to this. Overall indebtedness has increased and rising prices have excluded many people from owning their home. The recent history of rising house prices has encouraged people to take on borrowing in the expectation of further price increases. Because the paper value of their properties has increased, some households have taken on other debts and, therefore, become more exposed to possible financial risk.
- 76.** The past 40 years have seen considerable house price volatility. Volatility encourages speculation and makes it difficult for households to make considered, long-term decisions. The 'boom' in the late 1980s was followed by a lengthy downturn and the most recent period of volatility – before and after the global financial crisis – resulted in a slow recovery of the housing market, which may have adversely affected the economy as a whole.
- 77.** The demand for owner occupied housing tends to increase strongly as a result of growth in household incomes, more easily available credit – or both. However, because new house building is relatively unresponsive, house prices increase substantially. By contrast, when the market turns down, new house building quickly contracts – as was the case after the global financial crisis in 2008.
- 78.** A sensible policy objective for the private housing market is to seek to encourage long-term stability, so that house prices move broadly in line with general inflation. Making progress towards this goal would dampen speculation in housing and encourage investment of funds in more productive activities (compared to what is, in essence, less productive second hand housing). It would also reduce the risk of abrupt falls in house prices with the result that households are unwilling to put their houses up for sale. And it would encourage households to make a more balanced choice between owning and renting. To achieve this goal, we consider that it is necessary to:
- continue and, if necessary, strengthen the current financial/prudential policies on mortgage lending;
 - introduce more effective property taxation; and
 - increase the supply of land for new housing.
- 79.** Our proposals are described in more detail in the subsection: The goal of housing market stability (paragraphs 82-91).
- 80.** In relation to income and housing, we live in an unequal society and it is essential to provide help for households on low incomes if they are to have access to an affordable and decent home. Most of that help is provided to renters through Housing Benefit, although there are several small-scale schemes for home owners who find themselves in financial difficulty. Recent changes to the rules relating to eligibility for Housing Benefit have caused difficulties for some households, but there are also more fundamental questions as to whether personal subsidies linked directly to housing costs are the right approach.
- 81.** Our views on this are set out in the subsection: Income, welfare and housing (paragraphs 92-107).

The goal of housing market stability

Mortgage lending

82. International mortgage markets were a significant contributory factor to the global financial crisis in 2008. In the UK, a new regulatory regime has since been introduced, which seeks to reduce risk in the financial system as a whole. The key elements of this include affordability tests for new mortgage loans - which verify income and outgoings - and the provision of affordability information to borrowers in the case of future interest rises. The regulatory bodies can also influence the availability of mortgage finance by changing the amount of capital that lenders are required to hold, setting a ceiling to the proportion of more risky loans or requiring that any affordability tests are based on interest rates higher than those that currently apply.
83. We welcome these changes, but the acid test will be how these stability measures work in practice, particularly once mortgage rates return to more normal levels and pressure builds to expand mortgage lending. Overall

Case Study

Jack is currently sofa surfing. Living on a low income has created difficulties and insecurity at home.

"I'd always been transient when it came to housing. I was always in private accommodation, which was excessively expensive, which would always leave me in debt. And the quality of accommodation you got, based on what you paid, just never measured up.

Everyone deserves and needs a home that's warm and comfortable, and a safe place to live. And, of course, community spirit is a big thing too. Housing should be a basic human right, but there is so much inequality in society in regards to housing. If you don't have a high paying job how can your prosperity ever improve?"

responsibility for policy in this area falls to the Bank of England Financial Policy Committee and HM Treasury. Both will need to monitor the success of these measures and, if necessary, amend them to enhance their effectiveness.

Taxation changes to reduce speculative demand

84. Our view is that housing taxation is currently inefficient in the sense that it contributes to market instability. It also contributes to social inequality, since it effectively discriminates in favour of existing owner occupiers who reap the benefits of the increased value of their homes without having to pay Capital Gains Tax (CGT) when they are sold.
85. We have, therefore, considered a number of options for changing the taxation on housing:
1. extending CGT to owner-occupier main residences would be one possibility. This has advantages since CGT is part of the present tax system and should help to address issues of wealth inequality. But CGT does have its drawbacks; in particular, CGT at the point of sale may impede mobility and it is likely to be very unpopular and politically unattractive;
 2. a second option would be to use the current review of the Council Tax to introduce a new property tax based on a percentage of capital value. The Scottish Government, under existing powers, could introduce a local tax of this nature;
 3. a third option would be to introduce a land value tax either on a national basis or as an alternative form of local taxation. A land value tax would be levied on the unimproved value of the land. Its supporters argue that such a tax would not deter or discourage development, as this would not affect the level of tax applied. In addition, the tax should not act as a deterrent to mobility. In short, it would be a property tax that is neutral in its impact on decision making. There might be practical problems in assessing unimproved land values, as opposed to actual values in use, but proponents believe that these problems could be overcome.

86. Of the three options discussed above, our preference would be to replace the Council Tax with a property tax or a land value tax. Depending on the level at which these taxes are set, it might be possible to abolish the Land and Building Transaction Tax, which is paid by house purchasers. It is suggested that this type of property tax acts as a disincentive to moving²⁷.
87. Our view is that any of these tax reforms could be designed to be self-funding – in the sense of not adding significantly to the total amount of tax collected – if this was the agreed political objective.

Land supply for housing

88. Our view is that increasing land prices have helped fuel the rise in house prices in recent years and that the increase in land prices reflects a shortage of available land; research indicates that land costs for social housing increased from £200,000 per hectare in 1998 to £1.8m in 2006.²⁸
89. We are impressed by the arguments and general conclusions expressed in the RICS Commission Report, *Building a Better Scotland*,²⁹ and the Scottish Land Review Reform Group report, *The Land of Scotland and the Common Good*.³⁰ We believe that there should be three linked objectives for policy on housing and land:
1. insofar as possible without discouraging development, we should aim to ensure that the public obtains the benefit from the uplift in land values resulting from decisions by planning authorities to allocate land for housing use;
 2. we should maximise the use of brownfield land; and
 3. we should ensure that there is an increase in the land available for new housing, even if this means reconsidering some longstanding planning principles such as rigid protection of all green belts in areas with a significant housing shortfall.

90. We believe that a Scottish Land Corporation or Land Development Agency could help with all three objectives. This body should be tasked with acquiring suitable land, providing the necessary infrastructure and selling land on to developers. The body should have borrowing powers and last-resort compulsory purchase order powers together with any new powers to help tackle barriers on brownfield sites. We think that this body could make an important contribution to correcting market failures and should be revenue neutral in the medium term.
91. We also support innovative ideas used elsewhere, or proposed by others, which are relevant to Scotland. This includes the proposals of the RICS Commission for improving performance of planning authorities. In addition, we think that councils and other public bodies should be encouraged and incentivised to release surplus land for housing development, for example, by ensuring that receipts from land sales are available to the body disposing and not constrained by rules restricting the time period in which it is spent.

Income, welfare and housing

The UK Government's reforms to Housing Benefit

92. We have noted that Housing Benefit is the main mechanism for helping low-income households to meet their housing costs. Policy responsibility lies with the UK Government and payments are currently administered by local authorities on its behalf. In Scotland, almost 480,000 households received help in the form of Housing Benefit in 2013/14, of which 80% were tenants in the social rented sector and the remaining tenants in the PRS.³¹
93. Total Housing Benefit expenditure for Scotland in 2014/15 is projected to be £1.8 billion, a figure that dwarfs expenditure on housing by the Scottish Government.³² There has also been a rapid growth in recent years in the number of Housing Benefit recipients who are currently working but qualify for help because of their low earnings.

94. As part of its austerity programme, the UK Government took measures in 2010 to control expenditure on Housing Benefit, particularly in the PRS, where rents are typically much higher than those charged in the social rented sector. A number of changes were introduced, but the most significant change was the reduction in the level of rent on which Housing Benefit is paid. The hope was that this would encourage private landlords to reduce their rents. However, independent research – commissioned by the UK Government to monitor the impact of the changes – has not detected any significant reduction³³. This is perhaps unsurprising since only a quarter of households in the PRS in Scotland received Housing Benefit in 2013/14.³⁴

95. In the social rented sector over 60% of tenants receive Housing Benefit,³⁵ but the average payment is much lower – reflecting the lower rents. The main change proposed by the UK Government for these tenants was the removal of the so-called ‘spare room subsidy’, otherwise known as the ‘bedroom tax’. This reduced Housing Benefit payments if households were assessed as having rooms over and above their requirements. Unfortunately, most tenants affected by this proposal have no way – especially in the short term – of moving to another house with the ‘right’ number of rooms. The proposal caused widespread concern and, as a result, it has been agreed (for the current financial year) that local authorities in Scotland should use their budgets for Discretionary Housing Payments in order to offset the impact of this change.

96. The ‘bedroom tax’ is a seriously flawed policy that has created problems for both social landlords and many of their tenants.³⁶ We have noted that the Smith Commission, while recommending that housing subsidies should be paid through Universal Credit when this is rolled out, has suggested that the Scottish Parliament should have the power to vary the housing cost element of Universal Credit. This includes the spare room subsidy and the administrative arrangements for making payments. It has also proposed that the current UK budget for discretionary payments should be added to the Scottish budget.

Changing the balance between personal subsidies and funding for ‘bricks and mortar’

97. Housing policy has shifted over the last 30 years, from predominantly subsidising social house building to providing income-related subsidies to help poorer tenants who are renting. The ratio has moved from broadly four to one in favour of supply subsidies in the 1970s to the same ratio in favour of income-related subsidies today.³⁷

98. This reliance on income-related housing subsidies accounts for the rising costs of Housing Benefit. This has ‘taken the strain’ of rising housing costs, including those resulting from higher rents in the PRS.

99. There is a growing consensus in the housing policy sphere that there should be a general shift back towards subsidising housing itself rather than relying so heavily on means-tested personal housing subsidies. The aim would be to expand the subsidised housing supply and thereby contribute to affordable rents and a reduction in the need for personal subsidies.

Case Study

Sue lives with her children, who are currently working. A low income, coupled with high housing costs and bills, left her unable to make ends meet.

“I worked for a year, and it absolutely crippled me. My situation was worse when I was working than now when I’m not, because the rent and the Council Tax were so high. That was the thing that crippled the wages; there wasn’t any point in working.”

100. A shift of this nature cannot be introduced quickly, since a gradual transition is required to avoid damaging consequences for both tenants and landlords. An abrupt transfer of funding from personal subsidies to funding for bricks and mortar would almost certainly lead to mounting rent arrears and evictions, creating hardship for tenants and problems for landlords in repaying loans that have been taken out in the expectation that rental income would be met by Housing Benefit payments.

101. In our view, this change has to be based on a 'spend to save' approach and it requires consensus across the political spectrum. There are a number of possible ways forward. Increasing the rental-building programme – as we have recommended in the section on Housing as 'Home' (paragraphs 12 -28) – will help to provide more options for low-income households to rent at a modest cost. Providing additional subsidy for each new house built by social landlords would also help to reduce rents and therefore reduce Housing Benefit payments. And there might be scope for the introduction of a new, general revenue grant for relevant landlords – as happened in the past – rather than limiting grant to new housing.

102. We think this demands further research, policy development and evaluation. The principle is well understood and supportable, but it has to be implemented in a way that protects vulnerable, low-income households. At present, the Scottish Government funds affordable housing and the UK Government funds Housing Benefit. It is possible that there may be further devolution of responsibilities in relation to welfare, but in the meantime it would be important for agreement to be reached between the two Governments to ensure that there is no detrimental impact on the finances of the Scottish Government that might result from reductions in spending on personal subsidies.

Alternative approaches to providing help to low-income households

103. Getting a better balance between personal subsidies and subsidies for bricks and mortar will not, however, remove the need for some form of help with housing costs for households on low incomes. A simple approach would be to include a standard amount for housing costs within the new Universal Credit payments; this would be based on the size and composition of the household, but without any account being taken of the household's actual housing costs. A shift of this nature – especially if over a short period of time – could create problems for low-income households, some of whom might receive less than before. Landlords would also have to deal with any resulting arrears. It was considerations of this sort that may have led the Scottish Expert Group on Welfare to recommend that Housing Benefit should not be included in its proposed Social Security Allowance (a concept which is similar to the UK Government's Universal Credit in that it brings together various existing types of assistance).³⁸

104. Given a long period of implementation we believe that these problems could be resolved and that these options would provide more choice to households receiving benefits. Any alternative system would need to take account of three important issues:

1. the fact that housing costs vary from area to area and this needs to be taken into account in some way;
2. the rate at which benefit is reduced as income increases – currently with Housing Benefit, 65% of extra income is lost in the reduction in benefit; and
3. the problems that might arise if assistance with housing costs is associated with any sanctions regime that might be applied to other benefits. For example, if benefit was cut or removed as a sanction for not accepting work offers and this, in turn, resulted in increased homelessness.

- 105.** We suggest that consideration might be given to including a housing element within a general social security payment (Universal Credit or Social Security Allowance). This should be supplemented with an additional housing related payment that, subject to budgetary constraints and its design, would ensure that low-income households received help so that they would not pay more than a set percentage of their income on housing costs. We envisage that this additional supplement would generally be applicable in high cost areas.
- 106.** This option would require policies to harmonise rent levels between social landlords in a particular locality so that tenants are faced with similar rents for similar types of properties. This will be difficult because social landlords in Scotland have been allowed discretion to set rents for their properties and the change would, in itself, need to be implemented gradually. There are also many detailed design issues that will need to be considered and tested. It will be crucial to have a transition phase which limits any year-on-year changes to levels of benefit. There may be lessons Scotland can learn from the experience of rent restructuring in England over the course of the past decade.
- 107.** However, the benefits from tackling these issues could be substantial for the wellbeing of low-income households in relation to choices of housing and neighbourhoods and also in helping them into work and, if in work, into better employment.

Case Study

Ailyah lives alone with her daughter and has been forced to move multiple times.

"We were forced to move regularly, and every time I would need to change my daughter's school. She was mad at me because of it. Now our situation is more stable, my daughter is in a school where I like to send her and we're feeling much better."



Health and Education

In this section the Commission recommends that:

28. Housing should be a full and equal partner in health and social care partnerships. The new bodies should be accountable for a joint budget, which would include funding for all relevant housing services and be given challenging targets that reflect the housing contribution to relevant National Outcomes.
29. The Scottish Government should undertake a review of the current service delivery arrangements and facilities for rough sleepers, to ensure that those in place can cater for the potentially complex and multiple needs of each individual.
30. There should be a strengthening of the emphasis on the prevention of homelessness and repeat homelessness through early intervention and joint agency working involving various statutory bodies/departments and voluntary sector partners. This should be linked to an extension of the housing options approach, including identifying health and social needs as part of the same process.
31. There should be a significant reduction in the length of time any one household spends in temporary accommodation. Minimum standards for temporary housing – as recommended by Shelter Scotland and the Chartered Institute of Housing Scotland – should also be implemented.
32. The Scottish Housing Regulator should undertake a thematic study of overcrowding in homes supplied by all social housing providers and offer guidance on how best to minimise this.
33. As part of its work of monitoring progress with the achievement of the Scottish Housing Quality Standard, the Scottish Housing Regulator should be asked to produce a report on the extent of serious problems of dampness, condensation and associated mould and fungal growth in the social rented sector.
34. The Scottish Government should provide more resources for housing services, such as help with handyman tasks and small repairs for older households, which can help to reduce demands on the NHS.
35. The Scottish Government should continue to expand the use of technology to help older people live independently in the community.
36. The Scottish Government should press ahead with the rationalisation of funding for the provision of adaptations.
37. The Scottish Government should help to establish a service that would provide advice and support for older persons who wish to consider moving or consider shared housing options.
38. The Scottish Government should seek to establish a suitable equity release scheme for older people to fund repairs, improvements and adaptations. Ideally this would be provided by commercial lenders with Scottish Government support.

Introduction

- 108.** In parts of Scotland, there continue to be serious and intractable problems of poor health and educational under-achievement. These are fully recognised by the Scottish Government and there are many programmes designed to address the serious health inequalities and educational challenges that still exist. Providing good homes must be a central part of addressing these problems.
- 109.** Recently, the Scottish Government has adopted legislation to provide new joint boards at local level to facilitate the integration of health and social care services for adults. Although housing services were not included in the original plans, the Scottish Government realised that this omission was a serious potential weakness. There have since been discussions about how best to build effective links between housing and health and social care services.
- 110.** In our view, the housing ‘interest’ should be a full and equal partner in these new joint boards. Local authorities should represent the housing interest given their strategic housing responsibilities, but they should have a duty to consult other local housing bodies in the voluntary and private sectors. The Chief Officers of the new joint boards should be given a clear duty to ensure that the housing interest is satisfactorily integrated and this should be reinforced in any forthcoming guidance from the Scottish Government.
- 111.** Our understanding is that the current intention is for the partnerships to have responsibility for funding disability adaptations in the private sector and the so-called ‘housing support’ aspects of social care. However, other relevant services are either optional or excluded, including Care and Repair services, supported accommodation and homelessness. These and other anomalies should be addressed so that the partnerships are responsible for the budgets of all relevant housing services.

- 112.** In addition to this important organisational initiative, we have also focused on the following specific issues:

- homelessness
- serious overcrowding
- insecure and unaffordable housing
- damp housing
- fuel poverty
- supporting independent living.

Homelessness

- 113.** Homelessness is a continuing and unacceptable social problem in Scotland, with 29,000 households being assessed as homeless by local authorities in 2013/14.³⁹ There are also a small number who are literally ‘roofless’ and sleep rough, and many others who have no secure accommodation and are forced to ‘sofa surf’ or make other, inappropriate, arrangements. Some may have personal problems such as alcohol or drug abuse; others may have experienced relationship breakdown or even domestic violence. In some cases, unemployment or problems with budgeting may have been contributory factors. Even a short period of homelessness can have a significant impact on life outcomes and in all cases, homelessness can lead to a damaging loss of personal confidence and morale.
- 114.** Homelessness can be a cause of severe health problems and, conversely, some health conditions – particularly those related to mental health – can be a contributing factor to homelessness. There is strong evidence that rough sleeping is associated with catastrophic health outcomes.⁴⁰
- 115.** Over 10 years ago the Scottish Government introduced pioneering legislation to extend the duty placed on local authorities to rehouse all unintentionally homeless people, including single people. It was agreed that this legislation would be implemented by 2012 and we are pleased that this commitment has been met.

Case Study

Lucy became homeless as a result of a serious accident. She lost her job and was unable to keep up with her rent and bills. She and her daughter's health have suffered as a result of poor housing.

"I had a really, really great job...this is five years ago. Then I had a bad car accident, and ended up in hospital. And that's really the stem for where we are now. I didn't get well enough and lost my job. So I lost my purpose, my goal, and my home. We couldn't afford the rent and me and my daughter were made homeless.

My daughter was starting her exams when we were placed in temporary accommodation. It was above a nightclub, so we couldn't sleep with the music blaring. Her mental health was disintegrating. It was no environment to be learning.

A child's security is absolutely underpinned by the adults that they live with, and you can see my daughter's sense of shame. She won't bring her school friends back to the flat and the big panic now is 'mum, please don't let us be here for Christmas'."

- 116.** Alongside the implementation of this target, local authorities have been encouraged to adopt a 'housing options approach' to responding to homelessness. This approach focuses on prevention and seeks to personalise the advice offered to individual homeless people. The adoption of housing options appears to have helped to reduce the number of homelessness applications.
- 117.** In order to move the policy agenda on homelessness forward with a view to reducing its negative impact on health and education, we consider that:

- the Scottish Government should undertake a review of the current service delivery arrangements and facilities for rough sleepers, to ensure that those measures in place can cater for the complex needs of individuals;
- there should be increased investment and innovation in the prevention of homelessness, for example delivering more rounded and joined up care through wider inter-agency working;
- there should be a reduction in the length of time households spend in temporary accommodation; and
- the quality of such accommodation should be of a satisfactory standard.

These issues are discussed in more detail in the paragraphs below.

- 118.** The Rough Sleepers Initiative (RSI) of the late 1990s and early 2000s led to the closure of longstanding hostels and night shelters. It also provided grants to resettle residents into smaller group homes and mainstream housing. The initiative is generally thought to have been effective. The RSI was discontinued, but the social and economic problems that lead to rough sleeping are still with us.
- 119.** The aim of the proposed review – which might include counts of rough sleepers – is to ensure that there is an effective safety net in place for identifying rough sleepers and providing them with the support required to address their multiple and complex needs.
- 120.** Homelessness is not just a housing issue. Joint working at an operational level is essential to ensure that the needs of the most socially excluded homeless people are cared for. Some homeless people have previously lived in institutions of one sort or another and may need considerable help to live independently in the community. This can be true of former 'looked after' children – about a half of which are thought to present as homeless at some point

– ex-prisoners, those discharged from young offenders institutions, former servicemen and people discharged from psychiatric hospitals. Providing robust care and support arrangements for these people, as well as help in finding accommodation, is essential if homelessness is to be prevented. This should be a priority task for the new health and social care partnerships working closely with housing colleagues. This might be implemented, in practice, by an extension of the housing options approach so that health and social care needs are identified and discussed at the same time or as part of the same process.

121. The increased rights to rehousing in the Housing (Scotland) Acts of 2001 and 2003 have resulted in a steep increase in the use of temporary housing until a permanent home is found. In 2013/14, over 10,000 households were in temporary accommodation on any one night and over 2,600 of these households contained children. On average, households using temporary accommodation stayed there for 18 weeks and one in four households spend over six months there.
122. Access to temporary accommodation is vital so that nobody in Scotland has to sleep rough. In the medium term our aim should be to significantly reduce the amount of time any household spends in temporary accommodation.
123. As households are staying for long periods in temporary accommodation it is vital for wellbeing that we set minimum standards for temporary housing – as recommended by Shelter Scotland and the Chartered Institute of Housing (CIH) Scotland.

Serious overcrowding

124. Research has indicated that overcrowding can have a damaging effect on a child's educational performance due to the lack of quiet and private space for homework and personal study. It is also associated with higher levels of absence from school for medical reasons. Overcrowding has also been identified as a contributing factor to poor

health. Our understanding of the impact of serious overcrowding on both education and health can be found in our Research Paper on our website.⁴²

125. An average of 60,000 households in Scotland were estimated to be overcrowded between 2010 and 2012. By contrast, some 30% of households (over 700,000) have two or more bedrooms over the bedroom standard.⁴³
126. Overcrowding has reduced considerably over time as average household sizes have fallen. However, it has remained stubbornly around 3% for the last ten years and it would be unwise to assume that the problem will disappear.
127. Although, in theory, it might be possible to achieve a better match between dwelling sizes and household space requirements, the means for achieving this realignment are limited. In the private sector, it is primarily the market that determines the allocation of space to different households. Although Housing Benefit is available for low-income households in the PRS, assistance is already limited to a size of house that is roughly in line with the bedroom standard.
128. There may be more scope for improvement in the social rented sector, despite the sale of many of the larger houses through the Right to Buy. On a national basis in the social rented sector, there are an estimated 25,000 overcrowded households⁴⁴ and around 70,000 with two or more rooms over the bedroom standard.⁴⁵ The so-called 'bedroom tax' is justified by the UK Government on the grounds that it provides a financial penalty for social renters with one or more 'spare' room and is, therefore, an 'incentive' to move to a smaller house. But there is no clear mechanism to help tenants find a smaller house. A better approach would be for all social landlords to actively manage their stock to reduce overcrowding and under-occupation by providing incentives to existing tenants with spare rooms to move and by reviewing their rent policies. New building and renovation building programmes should be used to rectify

any long-term imbalances in the stock between the size of houses available and the needs of tenants and prospective tenants. The SHR should take the lead in encouraging good practice.

Insecure and unaffordable housing

- 129.** Insecure and unaffordable housing can lead to worry, stress and other psychological problems. It can be disruptive to family life, work life and the education of young people.
- 130.** The current tenancy arrangements in the PRS can be a cause of uncertainty and instability in the housing arrangements for many tenants, bearing in mind the growth of the sector and the increasing numbers of families renting privately. Rents have also increased in some areas and while there are many cases of good management there are examples of poor management in parts of the sector. We considered these issues in some detail in the Housing as 'Home' section (paragraphs 11-50) and made recommendations about this on page 11.
- 131.** In the social rented sector, the Scottish Secure Tenancy provides considerable security; rents are relatively low and over 60% of households get help from Housing Benefit.⁴⁶ In cases of rent arrears, landlords must follow a set of pre-action requirements before seeking to evict tenants and the sheriff must take a number of factors into account before granting the eviction. Social landlords are also regulated by the SHR, to ensure good management standards are maintained in line with the Social Housing Charter.
- 132.** In the owner occupied sector, owners have considerable security provided they keep up with their mortgage payments or if they own their homes outright. There was clearly a major, potential threat to affordability and the prospect of a serious increase in repossessions following the global financial crisis of 2008. This threat appears to have been largely avoided by the UK Government's low interest rate policy and forbearance on the part of lenders, although Scottish courts granted over 3,000 repossession orders in 2012/13 as a result of a breach or the default of a mortgage or loan secured against a property.⁴⁷ It seems inevitable that interest rates will rise, in due course, and many owners who took out loans at the peak of the market might struggle with repayments. Although people must be responsible for their own debts, it would be prudent for the UK and Scottish Governments to draw up contingency plans to cope with any resulting increase in repossessions, for example, by reviewing the UK Government's Support for Mortgage Interest Scheme and the Scottish Government's Home Owner Support Scheme to ensure that these would be fit for purpose in such an eventuality.

Damp housing

- 133.** Our review of research findings pointed towards a strong link between dampness and respiratory diseases for both adults and children, with particularly strong links for children.
- 134.** We reviewed the current evidence on dampness and condensation and some 4% of dwellings were assessed as suffering from damp, 11% from condensation and 1% from both.⁴⁸ Unfortunately, the data does not indicate the severity of these problems. Serious damp and condensation can give rise to mould and fungal growth; lack of ventilation, lack of heating as a result of fuel poverty and certain forms of building construction are seen as the contributory factors.
- 135.** Bringing houses up to the SHQS would be the most effective way of tackling severe problems of dampness and condensation. The SHR has an important role to play here in relation to the social rented sector. Local authorities should be using their powers and tenants in the PRS with serious dampness should be encouraged by local authorities, Citizens Advice Bureaux and other advisory bodies to notify their landlords. If no action is taken, tenants should refer the matter to the Private Rented Housing Panel for enforcement action linked to the statutory repairing standard.

Fuel poverty

136. The SHCS for 2013 found that 39% of all households were 'fuel poor' and just over 10% were 'extremely fuel poor'.⁴⁹ These assessments are based on a household needing to spend more than 10% and 20% respectively of its income on maintaining a satisfactory heating regime.
137. A common sense view suggests that a cold home is neither conducive to good health nor a satisfactory learning environment for children nor young people. There is a particular problem of potential hypothermia for older people who are unable – or unwilling – to pay to heat their homes to an adequate level. The potential health impacts are illustrated by the longstanding differences in the level of mortality in the four winter months (December to March) as compared with the four previous months (August to November).⁵⁰
138. The level of fuel poverty reflects energy prices, household incomes and the energy efficiency of the home. Only the latter can be directly influenced by housing policy and our proposals for improving levels of energy efficiency are set out in the section on Environmental Sustainability (paragraphs 154-177).

Older and disabled people – supporting independent living in the community

139. There is a strong and clear preference by older households to live independently in the community for as long as possible. This was clearly recognised in the Scottish Government's Reshaping Care for Older People programme, which noted that institutional options such as residential care and nursing homes were very expensive as well as being seen as very much a last resort by older people themselves. It also noted that emergency admissions to hospital by older people cost £1.4 billion each year.⁵¹
140. There is a further need to help disabled people, including people with dementia, to live independently. Although most disabled people are also past retirement age, we should not forget younger disabled people and their housing needs must be considered.
141. Our society faces major challenges in responding to the increased numbers of older people in Scotland, which are expected over the coming decades. This is partly in response to the anticipated further improvements in mortality rates, but most importantly, the impact of the post-war 'baby boomer' generations moving through the life cycle. From a housing point of view, the number of households is crucial and the latest Scottish Government projections suggest an increase of more than 50% in the number of older households over the next 25 years and a doubling in the number of households where the head of household is aged 80 or more.⁵² The projections also point to a significant increase in the number of older people living alone.
142. We have also taken note of the Scottish Government's housing strategy for older people, *Age, Home and Community*, which was published in 2011. This strategy mentions many of the housing programmes and initiatives that might help older people to live independently in the community, some of which we discuss below. However, it fails to convincingly explain how these initiatives might be developed to take account of the demographic challenge mentioned above.
143. It is important to recognise that older people have very diverse housing preferences and needs and that these may change over time. The same is true for younger disabled people. We believe that policy should aim to create a range of options that can respond to this diversity. We have also taken account of the fact that a large majority of older households are owner occupiers – mostly outright owners – with the remainder housed in the social rented sector.
144. Social return on investment studies have demonstrated that suitably targeted assistance with handyman tasks and small repairs can reduce falls and other accidents and reduce the demands on the NHS. Care and Repair teams throughout Scotland often provide this type of

Example: Horton Housing Association BRICCS Scheme

Horton Housing Association launched an innovative 14-bed respite and intermediate care facility in Bradford in December 2013, which aims to prevent 'bed blocking' by providing high quality accommodation for people who are being discharged from hospital and who are homeless or living in inadequate housing. The BRICCS project was funded through the Department of Health's 2013 Homeless Hospital Discharge Fund and additional funding from Horton Housing Association itself. An independent report, conducted by the York Health Economics Consortium found that for every £1 invested, the cost of the benefits gained amounted to between £2 and £4. The scheme was shortlisted in the UK Housing Awards.

help, although there are also other providers. Core funding for Care and Repair comes from local authorities, but budgets have been reduced as part of more general cutbacks. This has almost certainly had the perverse effect of increasing costs and pressures in the health service. This is the type of issue that joint budgets, under the control of health and social care partnerships, should be able to resolve. Our findings in relation to social return on investment can be found in our Research Paper on our website.

- 145. For the most part, Care and Repair teams provide free of charge help to older households with very limited resources. There may also be scope for the development of chargeable services, for example, through a social enterprise body. However, some initial funding would be needed to kick-start this.
- 146. We congratulate the Scottish Government for recognising the potential for using modern technology to help older people live successfully in the community through its National Telehealth Development Programme. This programme ran from 2006 to 2011 and is now being taken

forward through a national Telehealth and Telecare Delivery Plan for Scotland.

- 147. Telecare can include personal alarms and more complex sensors that can switch on lights and raise the alarm if something goes wrong, for example, as the result of a fall. This can be particularly helpful for frail elderly people and those with dementia. The Scottish Government commissioned research which supported the cost-effectiveness of its initial Telecare Programme and the current programme aims to include a further 300,000 people. We anticipate that there will be further scope for expansion and development as telecare technology continues to develop.
- 148. Many older people will at some point require some adaptations to remain independent in their homes. So too will some younger disabled people. At present, the funding of such adaptations varies according to tenure, and procedures for assessing needs and processing applications can lead to delays. These problems have been recognised by the Scottish Government, which is currently promoting a number of pilots to test out different approaches to rationalisation. This is a reasonable, if somewhat a cautious way forward. However, once the pilots are completed we suggest that the Scottish Government should, in consultation with the NHS and local authorities, issue clear guidance with the expectation that all parts of Scotland should have streamlined arrangements. We also consider that it is reasonable for older and disabled persons with higher incomes to make a contribution to the cost of adaptations.
- 149. Accessible housing is an important issue, and recommendation 44 calls for a review of building standards to make sure that they encourage design concepts such as 'lifetime' and 'barrier free' housing intended to make homes more accessible for older people.
- 150. Older people are often unwilling to contemplate change and may postpone a move to a smaller, more convenient and efficiently heated house until it is 'too late'. In reality, many older households may already be in satisfactory

Example: Social Return on Investment

A social return on investment analysis on the Care and Repair West Lothian (CRWL) service, which helps older people or people with disabilities live comfortably and safely in their own homes, found for every £1 invested in CRWL there was a social return of £4.53 – calculated by the cost of a range of outcomes relating to improving resident health including reduced falls and accidents as a result of their work.

Using the same principles and framework of social return on investment, a study on the impact of two Shelter Scotland housing support services in Dumfries and South Lanarkshire found that for every £1 spent, an overall value of £8 and £9 was generated respectively.

housing and there is no need to contemplate moving. And we are strongly opposed to financial penalties on ‘under-occupation’ *per se*. However, we do think that there is a role for a service, which might be provided on a chargeable basis, to provide advice on options, finding appropriate housing and, if necessary, with the move itself.

- 151.** We have already noted the significant anticipated growth in the number of single older people. Some of these might welcome the opportunity to share housing with other older or younger people as a way of providing mutual support. For example, some older people – couples as well as single people – might want to arrange to live close by or to share a house; some older people might be happy to let part of their house rent-free to younger people who agree to provide support. Young families may also be interested in converting part of their house to provide separate but linked accommodation for older relatives. For the most part, such arrangements are unlikely to attract large numbers of older persons but the advisory service mentioned above might provide helpful advice and information about mutual support options. The Scottish Government might also

want to consider offering repayable loans for ‘granny annexes’ and similar conversions.

- 152.** There has been a longstanding interest in schemes that might allow older people who own their homes outright to release some of the equity to fund repairs and improvements while remaining in the house. In essence, the owner takes out a loan that is repaid when the house is eventually sold. However, very little progress has been made in putting this idea into practice for a variety of reasons.
- 153.** The Scottish Government has recently launched a ‘help to adapt’ pilot scheme with £30m of funding, which provides loans to owners to undertake adaptations in advance of need but where the need is anticipated.⁵³ The loans are to be repaid when the house is sold. We welcome this scheme and suggest that it might be expanded, in due course, to include loans for major structural repairs or other essential improvements. Ideally, a commercial lender should provide funding for this possible expansion.

Environmental Sustainability

In this section the Commission recommends that:

39. The Scottish Government should seek to ensure stability in its grant offer to private owners and seek to rationalise grants provided from the different sources.
40. The Scottish Government should review the funding required to meet its 2030 milestone of delivering a step change in the provision of energy efficient homes. This will require much more progress with solid wall insulation as well as further improvements in cavity wall and loft insulation. The estimated budget for grants and loans should take account of a realistic assessment of the likely contribution from owners.
41. The Scottish Government should encourage councils to select a wider range of neighbourhoods for area-based grant funding - including older private sector flats.
42. Regulations requiring owners to insulate their homes should have a part to play in securing the necessary improvement in insulation standards. Regulation should be directed at achieving stretching but practical levels of insulation, although there may need to be a system of exemptions for properties that cannot be improved up to that level without disproportionate cost. Assistance should be available for low-income owners. Owners on low incomes but with significant assets might be offered loans to be repaid when the house is sold.
43. The Scottish Government should redesign the energy report, especially if regulations are introduced to require energy efficiency improvements to be made at the point of sale.
44. The Scottish Government should clarify the future development of micro and community heat technology in the longer term beyond 2020 – in particular, whether it is expected to remain a niche opportunity for a small number of homes or an option which they hope will be taken up on a much wider scale and, if the latter, how they hope to achieve this.
45. There should be a review of other building standards to make sure that they encourage sustainable design and building and take sufficient account of design concepts such as 'lifetime' and 'barrier free' housing intended to make homes better adapted to the needs of an aging population.
46. Social landlords and councils should look carefully at proposals for demolitions to ensure that they can be justified.

Introduction

- 154.** Housing has the potential to make an important contribution to reducing the use of scarce resources such as energy, land and building materials. Well-designed housing can also facilitate good environmental management of waste and promote biodiversity and active travel. This is important for the wellbeing of current residents and future generations.
- 155.** The Scottish Government estimates that some 85% of the houses in use by 2050 are already built and this reflects the long life of most homes.⁵⁴ This means that efforts to develop more environmentally friendly housing must be primarily targeted at the existing housing stock, although the potential for higher environmental standards is much greater in new housing and should not be ignored.
- 156.** Reducing greenhouse gas (GHG) emissions is a key environmental objective for housing policy because of the threat they pose to the wellbeing of future generations. There is a widely accepted international framework for classifying and quantifying emissions, as well as a global target for an 80% reduction by 2050, which is enshrined within Scottish and UK legislation. There are also targets for intervening years, for example a reduction of 42% by 2020, and all these targets are monitored by the UK Committee on Climate Change which produces regular reports on progress in Scotland.
- 157.** GHG emissions in the residential sector were approximately 13% of all emissions in Scotland in 2012.⁵⁵ They are largely determined by energy used in the home for heating, which is why we have focused particularly on policy to encourage energy efficiency.
- 158.** Energy efficiency measures are also the main tool available to the Scottish Government to reduce fuel poverty. The Scottish Government has a statutory target to, as far as reasonably possible, eradicate fuel poverty by 2016. Although, not in itself an environmental issue, we have considered fuel poverty in this section.

Energy efficiency

- 159.** We welcome the Scottish Government's commitment to improving the energy efficiency of housing in Scotland. Its Sustainable Housing Strategy – published in 2013 – includes a clear commitment towards limiting climate change as well as achieving the fuel poverty target.
- 160.** Progress has been made in recent years in improving the efficiency of the existing housing stock (see Table 3), although significantly more progress has been made with loft and cavity wall insulation than with solid wall insulation. There are various overall measures of energy efficiency, including the Standard Assessment Procedure (SAP), which can give a score between zero (no insulation) and 100 (perfect insulation). The median SAP score has increased from 62 in 2010 to 66 in 2013.⁵⁶

Table 3: Energy Efficiency Measures, SHCS

Measure	2009	2013
Houses with no loft insulation	5%	2%
Houses with more than 200mm loft insulation	27%	63%
Houses with cavity walls with wall insulation	58%	69%
Solid wall houses with wall insulation	10%	11%

Scottish Government (2014). Scottish House Conditions Survey: <http://www.gov.scot/Topics/Statistics/SHCS>.

- 161.** Unfortunately, this rate of progress is unlikely to be sufficient to meet the Sustainable Housing Strategy's two key objectives. GHG emissions from the residential sector fell by 10.8% from 1990 to 2012 compared with a fall of approximately 30% for GHG emissions in total;⁵⁷ this indicates that the sector is not making a proportionate contribution to the climate change targets. In relation to fuel poverty, some 34% of households were assessed as being in fuel poverty in 2012⁵⁸ – a big increase from the levels in the early 2000s.

162. Variations in fuel prices are almost certainly the major factor influencing recent trends in fuel poverty and severe winter weather can increase GHG emissions in any particular year, although this is unlikely to be an explanation of the long-term trend. Table 3 indicates that insulation programmes, to date, have been mainly targeted at measures such as loft and cavity wall insulation which are cheaper and might be described as ‘low hanging fruit’.

How could the Scottish Government improve the rate of progress?

Improving the delivery and funding of grant assistance for insulation works

163. The proliferation of different grant schemes (there have been six schemes since 2009/10) and the split between Scottish Government funded schemes and those funded through the Energy Company Obligation (ECO) has caused confusion. We think that there is scope for rationalising the various grant schemes. However, the integration of the existing Scottish Government’s energy efficiency programmes with those funded through ECO will only be possible if responsibility for the design and implementation of supplier obligations relating to energy efficiency and fuel poverty are transferred to the Scottish Government.

164. But such measures, though desirable, are unlikely to have a major impact on their own. This will require additional funding. We consider that the Scottish Government should review the funding required to meet its 2030 milestone of delivering a step change in the provision of energy efficient homes. This will require much more progress with solid wall as well as further improvements in cavity wall and loft insulation. The estimated budget for grants and loans should take account of a realistic assessment of the likely contribution from owners.

165. Most grant funding is channelled through area-based schemes and local authorities

select these areas. Our understanding is that two-thirds of area-based schemes are in mixed tenure estates and are designed to allow grant to be paid to insulate former social rented houses sold under the Right to Buy. This is to ensure that those who own their own home do not hold up necessary works for the remaining social rented homes in a shared block. We see the logic of using an area-based approach to achieve economies of scale, but we think that the Scottish Government should encourage councils to gain experience in implementing area-based schemes in a wider range of neighbourhoods including older, pre-1919 tenement and villa properties. Success in reducing emissions in this part of the stock is likely to be crucial in the longer term.

Requiring owners to insulate their homes

166. The Scottish Government has powers under the Climate Change (Scotland) Act 2009 to introduce regulations to require owners to insulate their homes. To date, no such regulations have been introduced, although the Scottish Government is planning to consult on draft regulations in the near future. The details are not yet clear but the regulations might require owners to bring their properties up to a specified level at the point of sale or when the house is let. The requirements might be based on the criteria used in Energy Performance Certificates (EPC), which are currently required for all houses put on the market for sale or let.

167. We consider that regulations based on the 2009 Act powers should have a part to play in securing the necessary improvement in insulation standards. We favour using regulation to secure a minimum level of insulation, although there may need to be a system of exemptions for properties that cannot be improved up to that level without disproportionate cost. Assistance should be available for low-income owners, possibly in the form of loans repayable when the house is sold.

168. All houses placed on the market must have a Home Report. This includes an energy report consisting of an EPC, which assesses the standard of insulation (on a scale from A to G)

together with suggestions for improvements. Recent research on the impact of home reports – commissioned by the Scottish Government – concluded that:

*'...both industry professionals and buyers and sellers saw the energy report as the least useful part of the "Home Report" and concluded, 'while it may be of interest it is unlikely to affect the purchaser's decision in either way.'*⁵⁹

Home reports were said to contain too much jargon and superfluous information and that the layout and presentation should be improved. In the light of these findings, we consider that the Scottish Government should redesign the energy report.

Micro and community power generation

- 169.** Micro power generation encompasses a range of technologies that can, in the right circumstances, operate at a domestic scale; community schemes can generate sufficient power to supply a number of houses. The relevant technologies might include solar panels, ground source and air source heat pumps, small windmills and biomass fuelled boilers.
- 170.** The Sustainable Housing Strategy sets a target of 100,000 homes having adopted micro or community renewable heat technology by 2020 and grant and loan finance is available to encourage this.⁶⁰ Looking beyond this target, we are unclear what role this technology is intended to play in the Sustainable Housing Strategy.

New housing – encouraging the use of brownfield land

- 171.** The Scottish Derelict and Vacant Land Survey recorded almost 11,000 hectares of derelict and vacant land in Scotland in 2014⁶¹ – a total

figure that has only fallen by a small amount in recent years although the sites themselves may change over time. We believe that it makes sense on environmental grounds to maximise the use of brownfield land for new housing developments and we have made recommendations on how to achieve this in the section on Economic Wellbeing (Employment and Income).

New housing – encouraging sustainable building

- 172.** Put simply, new housing needs to be built to last and should be adaptable. There has been a great deal of attention given to improved energy emission standards for new buildings – including new housing – and considerable debate about whether 'net zero carbon neutral housing' is likely to be a practical proposition any time soon. We consider that all new housing should be built to the highest, practical energy efficiency standards. We also consider that there should be a review of other building standards to make sure that they encourage sustainable design and building and take sufficient account of design concepts such as 'lifetime' and 'barrier free' housing intended to make homes better adapted to the needs of an aging population.
- 173.** We also endorse the comment in the RICS Commission report *Building a Better Scotland* that more attention should be paid to 'lifetime costs' i.e. subsequent repair, maintenance and running costs as well as the initial building costs and we suggest that our proposed review should consider this further.
- 174.** We also welcome the Scottish Government's Greener Homes Innovation Scheme, which seeks to promote greener methods of construction in the house building industry to enable families to save up to £1,000 a year on running costs. Although this is a relatively modest initiative, we hope that lessons can be learned which are more widely applicable and feed into the review we have suggested.

Example: Dormont Park - Passivhaus Standards

Dormont Park is an award-winning new private rented development of eight semi-detached two-storey homes completed in the summer of 2011 on a farm in rural Annandale, Dumfries & Galloway. The homes have been built to the very exacting Passivhaus standard, which means that they effectively need no heating. Domestic hot water is supplied from entirely renewable sources. These eight homes are occupied at affordable rents (equivalent to a social rent) to tenants on 20-year Short Assured Tenancies (the maximum permitted by law) with a guarantee of a further ten years after that.

The project was initiated by Dormont Estate. In the spring of 2008, the Scottish Government announced that it was to pilot an innovative new grant scheme to be targeted specifically at rural private landlords. The project was part funded by the Scottish Government under the pilot Rural Homes for Rent Grant Scheme.

and, as the figures above show, it makes environmental sense to seek to bring as many as possible back into use. We are pleased to note that the Scottish Government is funding the Scottish Empty Homes Partnership, which provides support for councils in tackling the empty homes in the private sector and has already successfully brought almost 540 houses back into use in 2014/15.⁶⁴ In December 2014, the Scottish Government announced the extension and expansion of this service and we welcome this development.

Demolitions

- 177.** Since 2000, between 3,000 and 6,000 houses in Scotland were demolished each year and the majority are thought to be former social rented houses that are generally in short supply.⁶⁵ It is reasonable to demolish houses if they are technically obsolete, not improvable at an economic cost, or if they are in locations where there are persistent high levels of vacancy as a result of a lack of demand. But houses should not be demolished for short-term social and management reasons alone.

Empty homes

- 175.** Reducing demolitions and taking steps to bring back empty homes into use reduces the need for new housing and the environmental costs associated with this. The Empty Homes Agency has calculated that each new home in its study generated 50 tonnes of GHG (CO₂e) compared with 15 tonnes of CO₂e for bringing an empty house back into use.⁶² The higher standards of energy efficiency required for new housing will reduce the subsequent emissions, but it could take up to 50 years for this to offset the initial higher carbon input.
- 176.** The Scottish Government estimates that there are some 27,000 long-term empty homes in Scotland that are liable for Council Tax⁶³

Example: Scottish Empty Homes Partnership

The Scottish Empty Homes Partnership is funded by the Scottish Government and hosted by Shelter Scotland. It works with councils and their partners to encourage and help them bring private sector empty homes back into use. They do this through: the provision of staff training; developing best practice tools; facilitating networking opportunities; and managing several multi-council empty homes shared services projects. Since the Scottish Empty Homes Partnership was established councils and their partners have reported bringing over 900 empty homes back into use. This figure has increased year on year with the support of the Partnership.



Delivery, Implementation and Resources

In this section the Commission recommends that:

47. The Scottish Government should establish an independent advisory body, chaired by the Minister, consisting of people not only from the housing profession and organisations, but also from a range of backgrounds and expertise which are relevant in considering housing, homes and wellbeing in the round. This body should report annually to the Scottish Parliament on the state of Scottish housing and the implications for wellbeing.

Introduction

- 178.** Our report includes 47 different recommendations. Some look to an expansion of existing programmes, some suggest ways of strengthening existing initiatives and some set out ideas for more radical policy changes which would require further consideration and could only be delivered over time.
- 179.** Our proposals are all intended to strengthen the link between housing and wellbeing. We recognise that some of the proposals will require hard choices between competing spending priorities. But they should be given careful consideration if it is accepted that changes will improve wellbeing. In some cases, the proposals may offer the prospect of financial savings in the longer term.
- 180.** Our Commission is not resourced to provide detailed implementation plans and costings for all our recommendations. However, we have given thought to both implementation and resources and our comments on these are set out in our Delivery Plan; this lists each of our recommendations together with a brief note on implementation and resource implications. The table should be read in the light of our general comments below on the considerations that need to be taken into account.

Implementation

- 181.** In most cases, it is the Scottish Government that should take the lead in progressing and overseeing the implementation of our recommendations, although other bodies such as local authorities, the NHS, housing associations, the SHR and other delivery agencies also have an important role to play. We have also noted recommendations where, under the current devolution arrangements, there needs to be joint working by the Scottish and UK Governments if progress is to be made.
- 182.** Some recommendations require primary or secondary legislation and we have noted in our Delivery Plan where we think this is the

case. Since the establishment of the Scottish Parliament, the need for legislation is much less of a barrier to change, if it is within 'devolved competence', but it can still take several years to develop detailed proposals, undertake consultation, draw up legislation and take it through the various necessary stages in the Parliament. This is no bad thing as good legislation needs adequate time for preparation.

- 183.** We have also tried to give some estimate of the timescale required for the implementation of recommendations. We have distinguished between proposals that might be implemented in: the short term i.e. the next year; the medium term i.e. the period of the next Scottish Parliament from 2016 to 2020; and the 'long term' i.e. beyond 2020.
- 184.** Where the recommendation relates to a relatively complex and innovatory proposal, we suggest that a reasonable estimate of the likely timescale can only be made after further developmental work, but committing to further work is essential.
- 185.** Since devolution, successive administrations have used stakeholder groups to help develop and refine policy proposals and this is something we strongly support. The current Scottish Government has also established a Joint Housing Policy and Advisory Group bringing together housing stakeholders and Scottish Government officials to take forward actions to contribute to the Government's housing strategy. However, we think that there is a need for an advisory body with a wider scope that looks at housing and wellbeing in the round – a whole systems view. It would not be a stakeholder body but would comprise of members selected on an individual basis. It should be chaired by the Minister and report annually to the Scottish Parliament on the state of Scottish housing and the implications for wellbeing. It would have the ability to commission research and consultancy and to call on the services of the Scottish Government's analytical services staff. It would be similar to the proposal in the RICS

Commission report *Building a Better Scotland* for the establishment of a Scottish Housing Observatory but somewhat wider in scope and it would be expected to play a leading role in promoting innovation in both policy and policy delivery.

Resources

- 186.** For many recommendations, there will be both 'start-up' costs and annual running costs. In other cases, where recommendations build on existing delivery mechanisms, the impact on running costs is the main focus. It is only feasible to give a specific resource cost where there are relevant existing programmes with published expenditure information. In other cases, we have tried to make a distinction between what we classify as 'low cost', 'modest cost' and 'high cost' recommendations. As a very rough guide, 'low cost' might be up to £1m expenditure in any relevant year, 'modest cost' expenditure between £1m and £10m and 'high cost' might be over £10m.
- 187.** In setting out recommendations, we have tried to identify cases where there is expenditure now that would help to prevent problems in the future – often called preventative spending. In some cases, this could have the effect of reducing expenditure on other programmes, for example, burdens on our National Health Service; in other cases, up-front expenditure can not only deliver benefits but also an income stream that might, over time, make the initiative 'revenue neutral', where costs are largely balanced by receipts.
- 188.** We have also been conscious of the need to reduce the demand on the public purse and, where possible, substitute private funding if this can be done in a cost effective way. This is particularly relevant in housing where most homes are in private ownership and current financial models for the social rented sector depend on access to private finance. We have suggested ways of getting best value from private finance and we have sought to identify opportunities where repayable loan finance,




linked to ownership of housing assets, might provide an alternative to grant.

- 189.** With these considerations in mind, our detailed Delivery Plan on pages 51-59 identifies priority recommendations, timescales, suggestions for implementation and comments on the resource implications. Table 4 on the next page summarises the implications for additional public expenditure for the priority recommendations.



Table 4: Additional Public Sector Expenditure Resulting from Priority Recommendations





Priority Recommendation Cluster	Estimated Additional Public Sector Cost	Primarily Expenditure on Bricks and Mortar	Offsetting 'Preventative Savings'	Other Comments
<p>Affordable Housing Programme</p> <p>Increased new social housing;</p> <p>Increased mid-market rental housing;</p> <p>Funding available for private landlords.</p>	<p>Approx. £160m per annum (for grants for new building by social and private landlords).</p>	<p>Yes</p>	<p>Some – reduced Housing Benefit expenditure for tenants moving into social rented sector from PRS.</p> <p>Other possible unquantifiable savings.</p>	<p>This is a net figure resulting from additional expenditure and some compensatory savings.</p> <p>Additional private sector borrowing also required.</p>
<p>Community Anchors and Improved Inter-Agency Working</p>	<p>'Low'</p>	<p>No</p>	<p>Possible but unquantifiable.</p>	
<p>New Property Tax</p> <p>Council Tax replaced by property tax or new land valuation tax.</p>	<p>'High' during implementation phase.</p>	<p>No</p>	<p>No</p>	<p>Once implemented should be source of revenue to be used for offsetting other taxes or for extra expenditure.</p>
<p>Improved Supply of Land for Housing</p> <p>Scottish Land Delivery Agency;</p> <p>Improvements in the performance of planning authorities.</p>	<p>'High' during implementation phase.</p>	<p>No</p>	<p>Possible savings for both social landlords and private developers on land acquisition costs.</p>	<p>Once 'bedded in', cost of reforms should be significantly offset by receipts from land sales by Scottish Land Agency.</p>
<p>Housing Benefit Reform</p> <p>Abolition of 'bedroom tax'; shifting balance from personal subsidies to bricks and mortar.</p>	<p>£50m per annum to meet cost of abolition of 'bedroom tax'.</p> <p>Low cost for exploratory/design work for long-term reforms.</p>	<p>No</p>	<p>Long-term reforms may lead to savings in personal housing subsidies.</p>	
<p>More Effective Joint Working to Help Prevent Homelessness and Promote Independent Living</p> <p>Extension of housing options approach to include: health and social care needs; more effective delivery of adaptations; more resources for Care and Repair teams.</p>	<p>'Modest' cost for additional resources required for additional preventative work by relevant agencies and for doubling of Care and Repair annual spend over Spending Review period.</p>	<p>Some – primarily work by Care and Repair.</p>	<p>Should be very largely offset by compensatory savings.</p>	
<p>More Effective Implementation of Energy Efficiency Policies</p> <p>Review of funding required to meet existing targets; implementation of regulations requiring owners to undertake insulation measures.</p>	<p>'High' although depends on split between grant funding, contributions of energy suppliers, landlords and private owners.</p>	<p>Yes</p>	<p>Offsetting savings for private households through reduced energy costs.</p>	<p>New regulations could be targeted by requiring owners to undertake low cost insulation measures releasing grant funding for 'difficult to insulate' buildings.</p>
<p>New Independent Advisory Body</p>	<p>'Low'</p>	<p>No</p>	<p>Should lead to better informed housing policy decisions.</p>	




Delivery Plan – Timescale and Resources



RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
Wellbeing – our Approach				
1. The Scottish Government should strengthen and clarify the links between housing and the various outcomes of the National Performance Framework. The current review of national indicators should ensure that full recognition is given to the importance of the home to people's wellbeing.		Short Term	Ongoing by Scottish Government (SG) as part of its work on development of National Performance Framework (NPF).	Existing SG resources should be sufficient.
Housing as 'Home'				
2. The Scottish Government should adopt an indicative national target for new house building, initially for the period up to 2020. The figure of 23,000 new houses each year, built to last with a high standard of energy efficiency, would be an interim target until national estimates can be made from forthcoming local Housing Need and Demand Assessments.		Medium Term	Extensions of existing SG work relating to the assessment of local Housing Need and Demand Assessments.	Existing SG resources should be sufficient supplemented by the external research that has been jointly commissioned by various housing stakeholder groups.
3. The Scottish Government should increase the level of new building funded by the Affordable Housing Investment Programme to 9,000 houses each year over the period up to 2020. The social rented new build programme should be increased to 7,000 houses each year (an increase of 3,000 over the current level) and there should be a doubling of the mid-market rental new build programme which, together with the existing level of grants for new owner occupied houses, would provide 2,000 new houses each year.		Medium Term	Additional funding for the SG's Affordable Housing Investment Programme (AHIP) should be provided in the next Spending Review and made available using established arrangements.	At current grant rates, this would cost an extra £165m each year for the social housing and £31m for the additional 'other rental' housing. There would be compensatory savings of around £37m each year from the ending of the Open Market Shared Equity scheme. The cost of the additional grant funding is included in the estimates in Table 4 on page 50.
4. The mid-market rental new build programme should be opened up to private landlords – including private estate owners in rural Scotland – providing that they agree to suitable contractual terms and conditions with the Scottish Government.		Medium Term	Grants to private landlords could be made by adapting the existing AHIP arrangements with the addition of new terms and conditions and monitoring arrangements. Given the need for consultation with stakeholder groups this could take 24 months to implement.	


RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
5. The Scottish Government should establish a dedicated source of advice to assist housing associations in the complex process of finding loan finance that suits their particular circumstances.		Medium Term	Could take 12/24 months to prepare a detailed specification, seek tenders and set up the proposed unit.	'Low cost' recommendation with some recurring costs.
6. The Scottish Government should set up pilot schemes to attract institutional investors who are interested in investing in new build in the private rented sector.		Medium Term	Setting up pilot schemes should be undertaken by the SG's private rented sector (PRS) champion.	The SG's PRS champion already funded. Cost of additional grant funding included in R3 above.
7. The Scottish Government should seek to clarify the discrepancy between the success rates reported by social landlords to the Scottish Housing Regulator in meeting the 2015 target for achieving the Scottish Housing Quality Standard as compared with the success rates recorded by the Scottish House Condition Survey.		Short Term	Requires review by SG and Scottish Housing Regulator (SHR). Could be achieved in 12 months.	One-off, 'low cost' recommendation.
8. The Scottish Government, in consultation with local authorities, should review the use of the various powers provided by the Housing (Scotland) Act 2006 to improve the standard of private sector housing (renewal areas, works notices, and maintenance orders) - including their use for common repairs in flatted blocks - to ensure that these are fit for purpose and are being used when appropriate.		Medium Term	Could be undertaken by consultants reporting to a SG/COSLA Steering Group within 12 months. Subsequent consultation with stakeholder groups would be required.	One-off, 'low cost' recommendation. Cost of implementing any changes from the review will depend on findings.
9. New tenancy arrangements in the private rented sector should allow for longer-term tenancies. As in the social rented sector, tenants should be able to terminate their tenancy with a suitable period of notice. New arrangements should ensure that landlords are able to revoke the tenancy where there is a clear and demonstrable reason for doing so.		Medium Term Legislation on tenancies is planned for short term but implementation will extend beyond 2016.	Implementation would involve legislation and practical measures to advise tenants and landlords of changes plus amending the scope of the existing tribunal arrangements to deal with landlord tenant disputes. Could take up to 3 years before fully operational.	Set-up costs should be 'low' providing that dispute provisions can be accommodated within the framework of the existing tribunal system.
10. The Scottish Government should implement measures to allow for some limited intervention in rents in the private rented sector providing that any measures strike a reasonable balance between the need to protect tenants and ensuring a reasonable return for landlords and do not deter investment.		Medium Term Legislation on tenancies is planned for short term but implementation will extend beyond 2016.	Discussions on this topic are currently underway. Implementation of any rent restrictions would require amendments to the scope of the existing tribunal arrangements, as above, to deal with disputes.	As above.

RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
11. There should be a review of the full range of powers currently available for regulating the private rented sector at some stage in the next Parliament. This review should clarify the actual need for regulation in current circumstances, the effectiveness of the various existing measures and the scope for their rationalisation.		Medium Term	Could be undertaken by consultants reporting to a SG/COSLA Steering Group within 12 months. Subsequent consultation with stakeholder groups would be required.	'Low cost' one-off expenditure to fund review. Long-term cost would depend on outcome of review but may lead to savings if deregulatory measures proposed.
Neighbourhood and Community				
12. Further development of the Place Standard for Scotland should take account of what has and has not worked and should describe clearly how the standard might be used to promote wellbeing.		Short Term	Logical development of current programme of work by Architecture and Design Scotland and NHS Scotland.	No significant additional resources beyond current commitment.
13. Community anchors should be established in all housing renewal programmes and in areas where there is significant dissatisfaction with the quality of the local neighbourhood.		Medium Term	To be implemented incrementally over time so that all neighbourhoods owned by social landlords should have effective community anchor organisations by 2020.	'Low cost' set-up and subsequent running costs will fall on local authorities and social landlords involved in housing renewal scheme. May be compensatory savings if successful in the medium to longer term.
14. All Community Planning Partnerships should be asked to identify clear objectives for priority neighbourhoods and to develop a monitoring framework to measure success.		Medium Term	To be implemented as soon as possible.	'Low cost' recommendation.
15. Effective partnership arrangements should be established at the working level within neighbourhoods; initially, these might be ad hoc informal arrangements, although local neighbourhood Community Planning Partnerships could provide a more formal structure in priority areas.		Medium Term We recognise that the roll-out of this would be longer term.	To ensure sufficient pre-planning and consultation, some 2/3 years might be required to get local neighbourhood Community Planning Partnerships up and running in all relevant areas.	'Low cost' recommendation. If effective should lead to savings over time.
16. The Scottish Government should either provide, or more likely commission, an appropriate organisation to offer advice, encouragement and support to housing associations and other community anchor organisations in order to deliver service innovation in local communities.		Medium Term	This could be done by administrative action and might take up to 12 months to get under way.	'Low cost' recommendation. Could be funded by re-allocating existing resources already available in the People and Communities Fund.

RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
Economic Wellbeing (Employment and Income)				
17. The Scottish Government should develop an improved property tax to replace Council Tax in Scotland. Properties would be re-valued at least every three years using an agreed formula.		Medium Term Preparatory Work Longer Term Implementation	Legislation and necessary planning work would take several years from initial decision to launch. If agreed, might be ready for launch by 2020 or thereabouts.	Any new taxes would require 'high cost' expenditure to design, test and set up the administrative arrangements (including IT) for the scheme. A first step would be to estimate the likely set-up and subsequent running costs.
18. The UK Government or Scottish Government (depending on whether it is to be a national or local tax) should introduce a regularly re-valued land valuation tax, with further work being carried out to investigate whether it should be organised as a national tax or as a local alternative to the Council Tax.		Medium Term Preparatory Work Longer Term Implementation	As R17 above	Once operational, it is envisaged that the tax or taxes would be largely revenue neutral with the tax-take offsetting savings elsewhere, for example, a possible repeal of Land and Buildings Transactions Tax.
19. Further research should be undertaken to examine ways of helping low-income households caught by any new property tax, including 'asset rich, cash poor' households. This could be through a rebate system, with possible exemption for low-value properties and low-income households or deferred payments recoverable as a charge when the property is sold.		Medium Term	This should be part and parcel of the planning for any new property tax.	
20. The proposals of the RICS Commission and the Land Reform Review Group for a Scottish Land Corporation or Delivery Agency with powers to acquire, service and sell land on to developers should be carried forward.		Medium Term	Would require legislation. Could also take some years to set up and acquire land – possibly up to 5 years.	'Modest cost' resources required to set up agency and for initial acquisition of land. Once operational should be revenue neutral.
21. The proposals of the Land Reform Review Group for legislation to allow for compulsory selling orders, majority land assembly and land readjustment should be carried forward.		Medium Term	Legislation and subsequent advice and training could take 2/3 years.	'Low cost' expenditure to draw up necessary legislation etc. using existing SG resources.
22. The proposals of the RICS Commission for improving the performance of planning authorities - including increasing the effective supply of land from five to ten years' supply of land, improving the training for planners and reviewing existing consents - should be implemented.		Medium Term	Implementation of changes would require consultation with local authorities and industry bodies, limited primary and secondary legislation and training for professional staff. Could take 2/3 years.	'Modest cost' to implement various measures.


RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
23. Local authorities and other public bodies should be encouraged and incentivised to release surplus land for housing developments.		Medium Term	Further preliminary work and consultation necessary to identify the extent of surplus land and the nature of the constraints leading to SG guidance and targets.	'Low cost' recommendation
24. If the Smith Commission proposals are implemented, the Scottish Government should - as soon as practicable following enabling legislation - permanently end the 'bedroom tax'.		Short to Medium Term	UK legislation required (in line with Smith Commission recommendations) to devolve relevant powers to SG. Subsequent Scottish legislation may also be required. May be possible to continue current ad hoc arrangements in interim.	SG announced in May 2014 that it had allocated £50m to fund ad hoc arrangements for setting aside 'bedroom tax' in Scotland. Revised cost estimates could be based on this experience.
25. Given concerns by landlords over the impact of any abrupt change to current arrangements for direct payment of Housing Benefit, tenants in receipt of Housing Benefit should also have the choice over whether or not to continue with direct payments.				
26. Serious consideration should be given to practical ways to shift the balance from personal subsidies towards funding subsidies that support the supply of houses. Any changes should be implemented in such a way as to minimise any negative impacts on those in receipt of Housing Benefit.		Medium Term With implementation stretching into longer term.	To be commissioned from consultants or undertaken in-house. In both cases there should be extensive stakeholder consultation. This might take 2/3 yrs.	'Low cost' one-off expenditure required to undertake assessment which should include a longer-term costing of implementation.
27. The Scottish and UK Governments should jointly undertake a detailed exploration of options for long-term reform of ways of helping low-income households with their housing costs.		Longer Term With planning taking place in the medium term.	Joint project by officials of two governments during the next Parliament.	'Low cost' one-off expenditure as above with detailed subsequent costings set out in the implementation plan.
Health and Education				
28. Housing should be a full and equal partner in health and social care partnerships. The new bodies should be accountable for a joint budget, which would include funding for all relevant housing services and be given challenging targets that reflect the housing contribution to relevant national outcomes.		Short Term	Discussions on role of housing in the new partnerships are currently underway. Relevant parties should be encouraged to ensure the objective of full integration is achieved.	'Low cost' associated with setting up necessary administrative arrangements.


RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
29. The Scottish Government should undertake a review of the current service delivery arrangements and facilities for rough sleepers, to ensure that those in place can cater for the potentially complex and multiple needs of each individual.		Short to Medium Term	Review should be undertaken by SG in consultation with stakeholders such as local authorities, NHS, Homeless Action Scotland, Shelter Scotland etc. May require local surveys of rough sleepers.	'Low cost' initially; eventual cost depends on recommendations of review.
30. There should be a strengthening of the emphasis on the prevention of homelessness and repeat homelessness through early intervention and joint agency working involving various statutory bodies/departments and voluntary sector partners. This should be linked to an extension of the housing options approach, including identifying health and social needs as part of the same process.		Medium Term	A series of reviews of current working procedures should be undertaken linked to pathways into homelessness and involving relevant organisations. The SG should take ownership of this and ensure conclusions are implemented over a 2 to 3 year period.	'Modest' cost recommendation. Funding should come from relevant agency budgets.
31. There should be a significant reduction in the length of time any one household spends in temporary accommodation. Minimum standards for temporary housing – as recommended by Shelter Scotland and the Chartered Institute of Housing (CIH) Scotland – should also be implemented.		Medium Term	The SG should set targets for the reduction in the use of temporary housing following consultation with stakeholders to be implemented over a 5-year period.	'Modest' expenditure may be required depending on the detailed measures necessary to make progress. Additional social housing in R3 should help to meet this objective.
32. The Scottish Housing Regulator should undertake a thematic study of overcrowding in homes supplied by all social housing providers and offer guidance on how best to minimise this.		Medium Term	This should be included in the agreed work programme of the SHR at some time over next 5 years.	Existing SHR resources.
33. As part of its work of monitoring progress with the achievement of the Scottish Housing Quality Standard, the Scottish Housing Regulator should be asked to produce a report on the extent of serious problems of dampness, condensation and associated mould and fungal growth in the social rented sector.		Short Term	This might be a logical extension of the current work on monitoring the implementation of the Scottish Housing Quality Standard. Should be undertaken in next 12 months.	Existing SHR resources. Possible 'modest' compliance costs for social landlords.
34. The Scottish Government should provide more resources for housing services, such as help with handyman tasks and small repairs for older households, which can help to reduce demands on the NHS.		Medium Term	Funding for Care and Repair should transfer to Health and Social Care Partnerships. The work of Care and Repair teams (and other organisations offering similar services) should be expanded progressively over next 5 years.	'Modest additional, recurrent cost' – some £6m was spent on Care and Repair by local authorities in 2010/11. This might be doubled over the next Spending Review period. Funding should come from the health budget which should benefit from additional savings.

RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
35. The Scottish Government should continue to expand the use of technology to help older people live independently in the community.		Long Term	The expansion of telecare and telehealth should be undertaken by the NHS using existing implementation arrangements.	Planned expansion already budgeted for. Further expansion will depend on assessment of additional needs and technological developments.
36. The Scottish Government should press ahead with the rationalisation of funding for the provision of adaptations.		Medium Term	Pilots are currently planned or underway. The SG should review these pilots over next 2/3 years and require all parties to implement rationalisation.	'Low cost' recommendation.
37. The Scottish Government should help to establish a service that would provide advice and support for older persons who wish to consider moving or consider shared housing options.		Medium Term	Medium-term initiatives requiring scoping and tendering over the next 2/3 years with pilot schemes to follow on afterwards.	'Low cost' funding required for initial set-up costs/pilots etc. If successful should aim to be largely self-financing through charges.
38. The Scottish Government should seek to establish a suitable equity release scheme for older people to fund repairs, improvements and adaptations. Ideally this would be provided by commercial lenders with Scottish Government support.		Medium Term	<p>The SG should consult with the Council of Mortgage Lenders and individual lenders to identify their willingness to establish a scheme.</p> <p>If commercial lenders are unwilling to get involved, the 'Help to Adapt' scheme provides a possible model for implementation. Options for expansion should be considered after the current scheme has been in operation for several years.</p>	'Low cost' if implemented by commercial lenders. 'High cost' through expansion of existing 'help to adapt' scheme of £30m to £100m by end of next Spending Review period linked to widening of scope. In longer term should be largely self-funding as initial loans are repaid.

Environmental Sustainability

39. The Scottish Government should seek to ensure stability in its grant offer to private owners and seek to rationalise grants provided from the different sources.		Medium Term	Rationalisation should take place after the Smith Commission recommendations are implemented which will require UK Government legislation. Stabilisation involves a decision not to make further scheme changes in the interim.	'Low cost' recommendation.
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RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
40. The Scottish Government should review the funding required to meet its 2030 milestone of delivering a step change in the provision of energy efficient homes. This will require much more progress with solid wall insulation as well as further improvements in cavity wall and loft insulation. The estimated budget for grants and loans should take account of a realistic assessment of the likely contribution from owners.		<p>Short Term</p> <p>Review</p> <p>Medium – Long Term</p> <p>Follow-up</p>	Increased resources should be channelled through existing schemes or modification of these schemes.	'High' cost' recommendation. The precise requirement will depend on the contribution from private owners required as a result of implementing R42 below. The overall budget for energy efficiency measures in 2013/14 was £260m (£90m from the SG; £170m through the Energy Company Obligation).
41. The Scottish Government should encourage councils to select a wider range of neighbourhoods for area-based grant funding – including older private sector flats.		Short Term	Local authorities should be asked to submit a wide range of areas for future area-based schemes.	'Low cost' recommendation.
42. Regulations requiring owners to insulate their homes should have a part to play in securing the necessary improvement in insulation standards. Regulation should be directed at achieving stretching but practical levels of insulation, although there may need to be a system of exemptions for properties that cannot be improved up to that level without disproportionate cost. Assistance should be available for low-income owners. Owners on low incomes but with significant assets might be offered loans to be repaid when the house is sold.		Medium Term	The SG is currently preparing regulations under the provisions of the 2009 Act. New administrative arrangements for enforcement and advice for all parties will be required. Could take 2 to 3 years before full implementation.	'Low cost' for introduction of regulations; possibly significant compliance cost for owners. Cost of possible assistance to owners should be estimated in review of funding above but might be provided in the form of a repayable loan.
43. The Scottish Government should redesign the energy report, especially if regulations are introduced to require energy efficiency improvements to be made at the point of sale.		Short Term	Redesign of energy report could be undertaken by consultants in 12 months or by the SG itself.	'Low cost' recommendation.
44. The Scottish Government should clarify the future development of micro and community heat technology in the longer term beyond 2020 – in particular, whether it is expected to remain a niche opportunity for a small number of homes or an option which they hope will be taken up on a much wider scale and, if the latter, how they hope to achieve this.		Short Term	Review could be undertaken in next 2 years with any expansion in the existing programme based on existing schemes.	'Low cost' for review; further cost implications, beyond 2020, will depend on conclusions of review of strategy.

RECOMMENDATIONS	PRIORITY ASK	TIMESCALE	LEAD & IMPLEMENTATION	RESOURCE IMPLICATIONS
46. Social landlords and councils should look carefully at proposals for demolitions to ensure that they can be justified.		Medium Term	The SG or the SHR should issue guidance on demolitions by social landlords following consultation with stakeholder groups.	'Low cost' additional expenditure for SHR – possible overall net savings if results in fewer demolitions.
Delivery, Implementation and Resources				
47. The Scottish Government should establish an independent advisory body, chaired by the Minister, consisting of people not only from the housing profession and organisations, but also from a range of backgrounds and expertise which are relevant in considering housing, homes and wellbeing in the round. This body should report annually to the Scottish Parliament on the state of Scottish housing and the implications for wellbeing.		Short Term	Could be established within 12 months.	'Low cost' annual expenditure.

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The Commission alone is responsible for the views and judgements set out in this report.





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