

The Scottish Government Response to the Recommendations of the Commission on Housing & Wellbeing

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Introduction

1. The Scottish Government agrees with the Commission that housing is fundamental to the wellbeing, fairness and prosperity of our country. The Commission on Housing & Wellbeing has rightly drawn attention to these issues and we welcome their far-sighted and constructive Report, published in June 2015. The Commission's analysis is a powerful contribution to the debate around wellbeing, and the essential role Housing has to play in this.
2. The report has added status because the Commission was not limited to housing specialists, but brought together experts from a range of backgrounds, each using their own experience to look at the relationship between housing and wellbeing, and how this can be enhanced.
3. This document sets out the Scottish Government's response to the recommendations. However, we also note that some of the issues raised in the report will be worthy of further consideration in the longer term.

Background – the work of the Commission

4. The Commission for Housing and Wellbeing was set up in 2013 by Shelter Scotland to make an independent, evidence-based assessment of the importance of housing for general wellbeing in Scotland. It was also asked to make recommendations for future priorities and policies that would help to improve housing conditions and wellbeing.
5. The Commission was chaired by the former Auditor General, Robert Black, and its members came from a wide variety of backgrounds.
6. The Commission adopted the following statement as a 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.*" Ultimately the report identifies 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.
7. To underpin this the report makes recommendations under five main headings: "Housing as 'Home'", "Neighbourhood and Community", Economic Wellbeing (Employment and Income)", "Health and Education", and "Environmental Sustainability", together with an introductory section on "The

Commission's Approach and a closing section on "Delivery, Implementation and Resources".

Housing in Scotland

8. Housing is a priority for the Scottish Government. Since 2011, among other things, we have:-
 - surpassed our commitment to deliver 30,000 affordable homes in the 5-year term, supported by a strong innovations programme which has unlocked up to half a billion pounds of inwards housing investment;
 - secured legislation which will abolish the Right To Buy from 1 August 2016;
 - assisted more than 230 000 households with energy efficiency improvements to their homes¹;
 - implemented world leading Homelessness legislation, giving every unintentionally homeless household the right to settled accommodation;
 - committed £90 million to ensure more than 70,000 vulnerable households have escaped the threat of eviction as a result of the bedroom tax; and
 - continued to invest in regeneration activity and enhance support for community-led initiatives through the Empowering Communities Fund, which helps communities to tackle poverty and inequalities on their own terms.
9. Of course these achievements have been delivered not just by Government, but by the whole housing and regeneration sector working in partnership with the Scottish Government. We recognise the vital importance of co-production, underpinned by groups like the Joint Housing Planning and Delivery Group and the Homelessness Prevention and Strategy Group, through which policy is developed and delivery progressed. .

The format of this response

10. In keeping with the structure of the Commission's report, the recommendations have been split into the main themes outlined above. This Scottish Government response highlights our key commitments within each theme, while also providing comments on each of the other recommendations.

¹ This figure does not include households who received assistance through UK Government schemes such as CERT/CESP which place obligations on utility providers to improve domestic energy efficiency.

Wellbeing – The Commission’s Approach

The Commission recommended:

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.
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Scottish Government position:

11. We fully agree with the Commission that a warm, safe and affordable home is central to personal wellbeing, and that there is solid evidence of the links between good housing and the achievement of other outcomes in the National Performance Framework.
 12. We have explored and articulated these links using the Housing and Regeneration Outcomes (HARO) framework:
<http://www.gov.scot/Topics/Built-Environment/Housing/reform/HARO>. This framework was developed in collaboration with the broad range of stakeholders on the Housing Policy Advisory Group (now succeeded by the Joint Housing Policy & Delivery Group - JHPDG) and the website provides further detail on the links to the National Performance Framework, and describes some intermediate performance measures used to assess progress towards the overall vision of a Scotland where all people live in high quality sustainable homes that they can afford and that meet their needs.
 13. The Community Empowerment Act (Scotland) Act 2015 ensures that the current outcomes approach to government will continue in the long term. This means that the focus on achieving goals that improve the wellbeing and quality of life of the people of Scotland will continue. Specifically, the Act places a duty on the Scottish Ministers to consult on, develop and publish a set of national outcomes for Scotland. The Scottish Ministers must also regularly and publicly report on progress towards these outcomes and review them at least every five years. This will ensure that there are regular opportunities to improve and enhance the set of National Indicators, so that they fully reflect the importance of housing to wellbeing.
- **We will continue to consider changes and improvements to the indicators in both the Housing and Regeneration Outcomes Framework, and the National Indicators, drawing on the knowledge and expertise of the JHPDG and other stakeholders.**

Housing As “Home”

The Commission recommended:

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.

Scottish Government position:

14. We fully agree with the Commission the importance of the supply of housing in Scotland for the wellbeing of our society and our communities.
- **We are committed to increasing the delivery of affordable housing to 50,000 homes over the next 5 years, of which, as the Commission recommended, 35,000 will be social homes.**
 - **We will continue to support innovation in housing supply, building on our track record which has seen nearly 4,000 new affordable homes approved through a range of innovative financing mechanisms, unlocking up to half a billion pounds of housing investment.**
15. We also agree the importance of reform to the Private Rented Sector, to strengthen the security of tenants while protecting the interests of landlords and investors. Legislation to reform the PRS tenancy is currently being considered by the Scottish Parliament.
- **We will introduce reforms to the PRS tenancy in accordance with the legislation to be passed by the Scottish Parliament early in 2016.**

16. Our more detailed comments on the recommendations are as follows:

(2) We agree the need to increase the pace at which new homes of all tenures are provided. However, we prefer to base estimates of numbers of homes required on local assessments of housing need and demand rather than on top-down national figures. We do not set targets for overall housing supply, as this depends heavily on the activities of the development and house-building industries and is largely out-with SG control. We will continue nevertheless to work closely with the sector to promote the construction of new homes across all tenures, supporting jobs in the construction industry and inclusive growth in the wider economy.

(3) We are committed to fulfilling this recommendation over the period to 2021, by delivering 50,000 affordable homes including 35,000 for social rent.

In the current period 2011-2016, we have now exceeded our current five year targets for affordable housing. To end October 2015, we have delivered 30,133 affordable homes – 133 more than the 30,000 target. This includes 20,400 homes for social rent – 400 more than the 20,000 social rent target, and within that 5,292 council homes – 292 more than the council house target.

We will continue to do all we can, within our powers and our resources, to increase the momentum of the Affordable Housing Supply Programme. We are also determined to ease housing pressures by continuing to explore innovative funding approaches that can help deliver more affordable homes. The majority of this Government's current target and future ambition is for social housing and we will continue to support shared equity and expand the provision of homes for mid-market rent.

(4) We recognise that the housing system works differently in rural Scotland. We have listened to rural stakeholders and we announced in the Programme for Government that a new Rural Housing Fund to suit the particular needs of rural Scotland will be available in 2016 for a period of three years. This fund will be available to a wide range of applicants, including private landowners. The fund will have two components, the main one offering core funding to enable the direct provision of affordable housing and a second smaller funding stream providing a contribution to feasibility studies.

(5) More is already being done to enable innovative supply side funding support. We are maintaining Scotland's leadership in financial innovation and continuing to work creatively with our partners. The contribution to affordable housing from innovative financing approaches using government guarantees, loans, grant recycling and

new sources of private funding is substantial and growing. Approaching 3000 new affordable homes have already been approved through these approaches, supplementing the homes being built through our conventional, grant funded, Affordable Housing Supply Programme. These innovative mechanisms are unlocking around £400m housing investment and supporting around 600 jobs in each year of construction. Hundreds more homes are in the pipeline.

We are committed to enabling innovation in a variety of ways. One example is supporting work by the Scottish Federation of Housing Associations and the Scottish Futures Trust on a sector-led proposal to establish a new investment vehicle (known as 'HARIS' – the Housing Association Resource for Investment Scheme). This is to assist housing associations in raising private finance for new social rented homes. Options include accessing European loan funds and other sources of finance. Plans to achieve a formal constitution and registration with the Scottish Housing Regulator are advancing.

(6) Through the industry-led PRS Working Party, led by Homes for Scotland, we have funded the appointment of a PRS Champion in order to help secure institutional investment in the new-build PRS market. The PRS Champion and industry partners, through the PRS Working Party, are currently considering the actions/recommendations that should be prioritised in order to capitalise on the investment opportunities that exist. This includes considering the potential of a rental income guarantee which was announced on 8 October. The Scottish Government will be engaging in discussions with investors, developers, local partners and other interested parties in order to support the strategy that will unlock the much-needed investment into new PRS homes.

(7) We acknowledge that there are different ways of measuring the improvement in housing quality in the SHQS. We consider that the difference between the two sets of reported success rates can be attributed to the following factors: the different methodologies used by Scottish House Condition Survey (SHCS) and the Scottish Housing Regulator (SHR) for collecting information; the timing of these assessments; the purpose of the two data collections; the potential for the condition of the stock to be reported differently in the two surveys; and the fact that landlords will be applying their wider knowledge of their stock in the SHR return and the provisions for stock to be exempted in the SHR return and not in the SHCS. What is clear though, is that – whichever measure is used – there has been significant improvement in the quality of Scotland's social housing, reflecting a £3.3 billion investment since 2007.

(8) We sought views on the powers of local authorities under the Housing (Scotland) Act 2006 in our public consultation on *Homes That Don't Cost The Earth (2012)*. We worked with local authorities through the Scottish Housing Best Value Network Strategy Group to develop proposals for amendments and included changes in the Housing

(Scotland) Act 2014. These included changes to reduce administration in maintenance orders, more flexibility in the use of work notices and repayment charges and new missing share powers. We will continue to engage with stakeholders to evaluate the use of these powers and, in particular, will work with local authorities to feed lessons learned from the use of powers such as Housing Renewal Areas, to identify further options for improvements to legislation.

(9) This recommendation is being fulfilled through the Private Housing (Tenancies) (Scotland) Bill, which is currently being considered by the Scottish Parliament. The Bill will replace the current Short Assured and Assured Tenancies with a new Private Residential Tenancy for all future PRS lets, which will provide security, stability, and predictability for tenants as well as appropriate safeguards for landlords, lenders and investors. This will be a modern, open-ended tenancy where landlords cannot evict a tenant simply because their tenancy agreement has reached its end date (otherwise known as the 'no-fault' ground). Instead landlords will use new grounds for repossession. The Bill ensures that tenants who meet their tenancy obligations, including paying rent on time, cannot be evicted unless their landlord can demonstrate that one of these grounds for requiring repossession of their property exist. Tenants will be able, following an initial period, to end their tenancy by giving the appropriate notice.

(10) The Bill will also address the problem of excessive rent rises for sitting tenants in the Private Rented Sector. It will give tenants predictability on rents by allowing landlords to raise rents only once a year, and by requiring them to give three months' notice of an increase. All tenants will also have access to an adjudication process to deal with excessive rent rises.

Further, Ministers will be able, at the request of a local authority, to designate rent pressure zones and cap rent increases in areas where these are having a detrimental impact on tenants and the housing system more broadly. Increasing supply of homes is the sustainable, long-term solution to addressing housing affordability and investors can feel confident in planning their investment in the Scottish PRS. Any cap will be at least CPI+1% and landlords will be able to recoup their legitimate costs for property improvements.

We want to ensure that the private rented sector is properly regulated, with the interests of landlords and tenants fairly balanced. It is essential that people renting private homes are offered the security and peace of mind knowing that any rent rises will be reasonable and that they can only be asked to leave their home for a good reason. But landlords also need the reassurance of knowing that they can regain their property, and the Bill will provide grounds covering the reasonable circumstances for this, including selling or for use by themselves or a family member.

(11) The Private Rented Sector Strategy sets out our vision and strategic aims for the private rented sector. It aims to improve and grow the PRS by enabling a more effective regulatory system, targeting tougher enforcement action and attracting new investment. Progress towards meeting the vision and strategic aims is being made by taking forward ten key actions that are intended to improve quality in the PRS, to create a sector that can deliver for tenants and landlords and to enable growth and investment.

The legislative framework for the regulation of the PRS is wide ranging and has been introduced over a number of years. HMO licensing and landlord registration are regulatory systems that are well established. Those powers have been enhanced by provisions in the Housing (Scotland) Act 2014 giving local authorities additional discretionary powers to tackle poor standards in the PRS. The 2014 Act also introduces a new regulatory framework for letting agents giving Scottish Ministers new powers over letting agents, focussing on their qualifications, performance and conduct. These will come into force in 2017.

Working in co-production with stakeholders we are looking at how the regulation of the PRS sector can be fine-tuned to deliver the aims of the PRS Strategy. This is Action 31 in the Joint Housing Delivery Plan for Scotland.

Work is underway to develop revised statutory guidance for local authorities on landlord registration. This guidance sets out the outcomes that Ministers expect the landlord registration system to achieve in terms of supporting compliance with the legislation, encouraging improvements in both the quality of services and the standards of properties and in using enforcement powers to target those landlords that fail to meet the required standards.

Tenants and local authorities who have concerns that a private rented property does not meet the repairing standard can make an application to the Private Rented Housing Panel for a determination on the matter. From December 2016, the Private Rented Housing Panel will be part of the new First Tier Tribunal (housing chamber) which will, in due course, deal with all aspects of dispute resolution in the Private Rented Sector.

Letting agents regulation, the operation of the new First Tier Tribunal and the new private tenancy will all be implemented during the first few years of the next Parliamentary term. We consider that it would not be appropriate to implement a review of regulation of the sector before these new measures have been in operation for several years. This is to allow the changes that have been implemented to bed in and to ensure that any assessment of the regulatory framework is able to meaningfully reflect the impact of the new and revised measures in securing improvements in the sector.

Neighbourhood and Community

The Commission recommended:

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.

Scottish Government position:

17. We agree that the strength and cohesion of all our communities is vital to the wellbeing of Scotland's people, and will prioritise the strengthening of communities within our overall approach to deliver a fairer Scotland. Empowering people and achieving greater democratic participation to help tackle inequalities are key parts of our Programme for Government and our spending plans to achieve a Fairer Scotland and support economic growth. As part of our approach to prevention, we want communities across Scotland to be able to participate in, and be able to take control of, the things which matter most to their wellbeing, whenever that is appropriate.

- **In 2016-17 we will continue to invest in the Empowering Communities Fund, to ensure that communities are well equipped and supported to deliver long-term solutions that tackle poverty and inequality based on local circumstances and priorities, as part of our holistic approach to community-led regeneration.**
18. Building on research into the link between place and health, the recently launched Place Standard will be an important tool to help councils, communities and developers to ensure that the regeneration and development of our neighbourhoods, towns and villages supports our wider aspirations for vibrant and successful communities.
- **We are working with NHS Health Scotland and Architecture and Design Scotland on an implementation strategy for the Place Standard to support its effective use across Scotland.**
 - **We will encourage community planning partnerships to develop and strengthen their locality planning arrangements, which will be a statutory requirement under the Community Empowerment (Scotland) Act 2015.**
19. Our more detailed comments on the recommendations are as follows:

(12) A Place Standard tool has been developed through a partnership between Scottish Government, NHS Health Scotland and Architecture & Design Scotland, and was launched on 10 December 2015. The Place Standard tool will support communities and the public and private sectors to work together to deliver high quality, sustainable places. A specific aim is to maximise the contribution of place to reducing health inequalities across Scotland. It provides a positive example of the integration of health considerations into wider policy areas and takes a social determinants approach to reducing health inequalities, through action on place. This is expected to involve the development of case studies that test and illustrate the effectiveness of the Place Standard in a variety of settings, including the ability of the tool to support and promote wellbeing. These case studies are expected to inform potential revisions to guidance on the use of the tool.

(13) One of the fundamental characteristics of community anchor organisations is that they are both sustainable and resilient. Housing Associations are already well placed as community anchors to help deliver housing area renewal programmes. In 2016/17 we will build on our support to a wide range of community anchors through the £20m Empowering Communities Fund that invests in communities to tackle poverty and inequalities on their own terms. This includes supporting community anchors to deliver projects that focus on tackling inequality and promoting social inclusion through the People and Communities Fund. To date, we have supported hundreds of projects delivering a wide range of local outcomes. Our Strengthening Communities Programme helps community organisations to become more sustainable and resilient, in turn helping the communities they belong to, to realise economic, social and environmental opportunities. This

programme will help us to continue learning from the innovative solutions communities can provide to help tackle inequalities. Local Authorities and CPPs also have a key role to play in working with local communities.

(14) The Community Empowerment (Scotland) Act 2015 provides a legal framework to promote and encourage community empowerment and participation, by creating new rights for community bodies and placing new duties on public authorities. The Act provides that each community planning partnership must prepare and publish a locality plan for each disadvantaged locality. This measure was included in the Act because it is at neighbourhood level that communities can most easily engage in community planning. The community planning partnership will make use of partners' data sources, expertise and understanding of local needs and circumstances, including that shaped by their engagement with the community, to develop and agree outcomes they will prioritise for improvement.

(15) The locality plan sets out the prioritised local outcomes for that locality and is based on the community planning partnership's understanding of needs and circumstances of the persons residing in the locality and will be shaped and influenced by the representations received from persons and the community in that area. The outcomes in a locality plan reflect local needs and circumstances at a level below that of the Local Outcomes Improvement Plan. This local input means that outcomes prioritised in a locality plan may not be the same as those outcomes prioritised in the Local Outcomes Improvement Plan for the area of the community planning partnership as a whole. In addition to developing plans for those localities identified as experiencing significantly poorer outcomes the Community Planning Partnership may prepare and publish a locality plan for any other locality within the area of the Community Planning Partnership.

(16) Recognising the diversity of local communities and their needs, we actively encourage partnership working at a local level to enable innovative and community-led initiatives to be successfully implemented and delivered. A wide range of organisations are already providing this type of support – for example, the SFHA, GWSF, SURF, Highlands & Islands Enterprise, Development Trusts Association Scotland, and the Scottish Community Development Centre. We will continue to work with and engage our partners to better understand the challenges faced at a local level and to help develop appropriate solutions that meet the priorities of communities. By working collectively with housing associations and other community anchors we will be better placed to deliver bespoke service innovation in local communities based on local need.

Economic Wellbeing (Employment and Income)

The Commission recommended:

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.
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.

Scottish Government position:

20. We agree that progressive tax and welfare policies are essential requirements for promoting the wellbeing of all our communities within a fairer Scotland. We also agree the importance of Planning and land supply to our aspiration to increase the rate of housebuilding in Scotland.

- **We are looking to increase the rate of housebuilding in Scotland, and the work currently being taken forward, including the consideration of the land reform recommendations, the actions set out in the joint housing delivery plan and the current planning review are all aimed at achieving this end.**
- **Following the transfer of tax and welfare powers to the Scottish Government, we will make changes to Universal Credit (UC) which will allow continuation of direct payments to landlords and will abolish the bedroom tax for UC recipients.**
- **We will consider further changes to tax arrangements in Scotland in the longer term.**

21. Our more detailed comments on the recommendations are as follows:

(17-19) We consider the current Council Tax system as a whole to be unfair. As part of our commitment to consult others to develop options for a fairer more progressive local tax based on ability to pay, we established the Commission on Local Tax Reform, jointly with the Convention of Scottish Local Authorities, to examine options for the future of local taxation. The Commission published its report on December 14 2015. Before the end of the current parliamentary session, we will introduce plans for the reform of local tax, which will reflect the principles of the Commission's report.

(20-21) We have consulted with stakeholders on the housing and regeneration land reform recommendations. This consultation was a very helpful process and lot of good discussion and valuable points have been brought to light. However, it is clear that land reform is not an event, but an ongoing process. We are therefore taking time to reflect fully on the merits of these recommendations and how they might interact with their future aspirations around housing and regeneration while taking into account other work that is currently underway, including through the Joint Housing Delivery Plan and the Planning Review.

(22) Our National Planning Framework 3 is a long term spatial strategy for Scotland's development, which aims to ensure that all parts of Scotland make best use of their assets to build a sustainable future. Planning will help to create high quality, diverse and sustainable places that promote well-being and attract investment.

Scottish Planning Policy is clear that the planning system should identify a generous supply of land for each housing market area, supporting requirements across all tenures and maintaining at least a 5-year supply of effective housing land at all times. Moreover, if a shortfall in the 5-year effective housing land supply emerges for any reason, the development plan policies for the supply of housing will not be considered up to date, and as a consequence a presumption in favour of development that contributes to sustainable development will be a significant material consideration.

We will shortly publish a new Planning Advice Note on Housing and Infrastructure which will provide further guidance on the linkages between housing supply and housing delivery within the current planning system.

The 2015-16 Programme for Government underlined our commitment to review the operation of the planning system, in particular increasing delivery of high quality housing developments. The review is now underway and will focus on six key issues:

- Development planning;
- Housing delivery;
- Planning for infrastructure;
- Further improvements to development management;
- Leadership, resourcing and skills; and

- Community engagement.

It would be premature to agree to a particular change in policy such as increasing the effective land supply from 5-10 years, ahead of independent review of the planning system. Development plan timescales, skills and housing planning and delivery are key aspects of the review and we look forward to receiving the panel's recommendations in due course.

(23) A large proportion of land for affordable housing already comes through the public sector and, in particular, local authorities. We have a trawl process established which means that surplus land and property from a range of public sector agencies and bodies (including, for example, Scottish Water and the Forestry Commission) is notified to us before going on the open market for sale. And we are also working with organisations such as the NHS to establish earlier and more regular communication to allow improved forward planning and use of suitable public sector land going forward.

(24) As we have made clear, we are committed to abolishing the bedroom tax as soon as possible by making use of the devolved powers to vary the under occupancy charge within the housing element of Universal Credit. At the same time, for those remaining on Housing Benefit, we will continue to mitigate the bedroom tax fully, through Discretionary Housing Payments.

(25) Our intention is to use our new administrative flexibilities over Universal Credit to ensure that the payment of housing costs to landlords under UC matches the current arrangements as closely as possible. To enable this, we are aiming to provide an option for claimants about having their rent paid direct to their social landlord but we expect those who are having their housing benefit paid direct will wish to continue to do so. We are working with DWP to implement these changes and intend to have this process built into the new digital IT system later this year. In the meantime we are promoting use of DWP's Alternative Payment Arrangements which allow the housing element to be paid direct to the landlord for claimants now. Most claimants with private landlords will continue to manage the payments themselves, as is the case for the majority of claimants now.

(26-27) More detailed analysis of housing costs and their impact on our aspirations for a Fairer Scotland will be necessary in the longer term, as we consider how best to use the new powers to be devolved to Scotland. Current SG policy is to provide additional funding to mitigate the cuts in welfare (including HB) that have been introduced by the UKG, but while the majority of social security powers remain reserved, there are limits to what can be achieved.

Meantime, we will do what we can to ensure the affordability of rents in Scotland and to move towards a better balance between up-front capital subsidies for affordable housing developments and recurrent subsidies for rents. We have recently announced an increase in the subsidy rates for new social and mid-market rent developments by housing associations and councils, which is evidence of our commitment to this balance.

Health and Education

The Commission recommended:

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 (CIH) 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.

Scottish Government position:

22. We agree that health, social care and housing systems need to work together to provide the best possible support for all those who need assistance to live independently. For this reason we continue to highlight the importance of close partnership between housing organisations and the new Health and Social Care Partnerships.

23. We also agree the importance of further strengthening the prevention of all forms of homelessness, building on the success of the Housing Options approach.

- **We will publish guidance on Housing Options in February 2016, and continue to work with councils to procure a training toolkit for Housing Options staff in councils.**
- **We will work with housing, health and third sector partners to develop stronger approaches for the prevention and alleviation of Multiple Exclusion Homelessness. We will monitor the implementation by Health & Social Care Partnerships of our guidance requiring joined up working with housing organisations to achieve better outcomes for service users.**

24. Our more detailed comments on the recommendations are as follows:

(28) We issued statutory guidance on the role of housing in the integration of health and social care in September 2015. The guidance focusses on housing as an integrated part of person-centred approaches to service development and in the wider delivery of health and social care. Where housing services are delegated, the new integrated joint bodies are responsible for the budget which must also be delegated. Each Authority is required to produce a Housing Contribution Statement as an integral part of its Strategic Commissioning Plan. This will put collaboration with the housing sector at the heart of the Partnerships' thinking and planning.

(29) The Scottish Government, working with partners including the Homelessness Prevention and Strategy Group, is focusing on people with multiple and complex needs. This was the theme for the recent conference (1 December) and this will be reported back to the HPSG to determine further action. We will continue to promote the joining up of services so that support for rough sleepers is provided in a holistic manner.

(30) We are working with our partners to prevent homelessness through using the Housing Options approach. We will shortly issue new guidance, developed with local authorities and COSLA, to encourage a consistent approach throughout Scotland. Local-authority-led Housing Options Hubs are also commissioning development of a Training Toolkit to help ensure best practice across Scotland. The HPSG has recently expanded its membership with an official from NHS Health Scotland and NHS HS has appointed a lead Director of Public Health to be the homelessness "champion". These activities and the refresh of the health and homelessness group will ensure that this recommendation will be actioned.

(31) We agree that the length of time in temporary accommodation should be minimised. From April 2016, there will be a mandatory data collection recording this and actions can be developed from that. In terms of minimum standards, local authorities have the role of ensuring that accommodation of reasonable quality is used for temporary accommodation. The Unsuitable Accommodation Order was tightened up in 2014 to ensure that accommodation provided has to be wind and water tight.

(32 & 33) It is for the Scottish Housing Regulator to respond to these recommendations. Section 7 of the Housing (Scotland) Act 2010 provides for the Scottish Housing Regulator to operate independently of the Scottish Ministers by prohibiting Ministers from directing or otherwise seeking to control the Regulator.

(34) A number of local Care and Repair services provide small repairs and handyperson services for older or disabled people who may need them. Local Care and Repair services including small repairs and handyperson services are funded predominantly by local authorities but in some cases, services make a small charge to the service recipient.

(35) We agree that there better use should be made of technology to help older and disabled people to live safely and independently at home. Work is progressing on Action 21 of the Joint Housing Delivery Plan which relates to

increasing the use of simple technologies. The national telehealth and telecare strategy supports the use of technology to on a preventative basis, to empower people to take charge of their own health and to enhance wellbeing.

(36) The Independent Adaptations Working Group recommended fundamental changes to the existing tenure based systems for funding adaptations. We are taking forward the Group's recommendations for a more personalised and tenure neutral approach. To test the viability of this approach (and as recommended by the Working Group) work is underway in five demonstration sites: Aberdeen; Scottish Borders; Falkirk; Fife and Lochaber. The test sites will continue until the end of 2016 when they will be evaluated and the evidence used to inform consultation with stakeholders and thereafter to shape new guidance.

(37) We are working with Age Scotland, Housing Options Scotland and Inclusion Scotland to broaden the use of the housing options approach for older and disabled people and to provide targeted information and advice on a range of housing journeys in line with Action 27 of the Joint housing Delivery Plan.

(38) SG is trialling a new scheme, 'Help to Adapt', designed for those older people who need an adaptation now or in the near future. The scheme was launched on 7 April 2015. Homeowners 60 and over will be able to apply for a loan of up to £30,000 by using the equity in their home. All the paperwork and adaptations will be organised for them.

The Link Group have been awarded the contract for the pilot. The pilot has been progressing well since its launch with over 250 enquiries to date.

Environmental Sustainability

The Commission recommended:

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.

Scottish Government position:

25. We agree the importance of improving the energy efficiency of Scotland's housing in order to reduce harmful emissions and mitigate Fuel Poverty.

- **We will continue to invest in the Home Energy Efficiency Programmes for Scotland (HEEPS) to provide help to those who need it most.**
- **We will work with stakeholders to develop Scotland's Energy Efficiency Programme, which will be launched in 2018.**

26. We continue to have the best accessibility and minimum energy standards for new homes in the UK.

27. Our more detailed comments on the recommendations are as follows:

(39 - 41) Energy efficiency is a priority for the Scottish Government and since 2009 we have allocated over half a billion pounds on a raft of Fuel Poverty and Energy Efficiency programmes which has helped make hundreds of thousands of homes warmer and cheaper to heat, and as the Scottish House Condition Survey shows, has helped to mitigate the rise in fuel poverty.

This year (2015/16) we have made available a record budget of £119m for fuel poverty and energy efficiency. We have increased the maximum grant available, via our Area Based Schemes, to owner occupiers by 15% in urban areas and almost 40% in remote rural areas since 2013. Next year we are making available more than £103 million to tackle fuel poverty and climate change, which is a significant commitment in light of ongoing spending pressures and UK Government cuts.

Funding for our Area Based Schemes is allocated to Local Authorities on the basis on need taking into account levels of fuel poverty and the characteristics of the local housing stock. Local Authorities determine which neighbourhoods receive area based funding as they, working with other housing providers such as RSLs, are better placed to know which areas are priorities. In addition, interest free loans are available to assist those householders who are required to make a contribution to do so, or to help able-to-pay households to spread the upfront cost of improving the energy efficiency of their homes. In September we launched a new national poverty scheme – Warmer Homes Scotland – which offers energy efficiency and renewable measures to households deemed to be living in fuel poverty.

However, we recognise that we must do more to tackle fuel poverty and

reduce our greenhouse gas emissions and in recognition of the importance of energy efficiency it has been designated a National Infrastructure Priority. The cornerstone of this priority will be Scotland's Energy Efficiency Programme which will provide an offer of support to buildings across Scotland – domestic and non-domestic – to improve their energy efficiency rating over a 15-20 year period. It is likely to be locally delivered – with a key role for partners in local government, housing associations, communities and the private sector, and will build on our existing successful area-based energy efficiency programmes such as HEEPS:ABS. We will work with stakeholders over the next two years before launching the programme in 2018, after the new powers over energy efficiency have been devolved.

(42) We have been working with a range of interests to develop proposals for consultation that would set minimum standards of energy efficiency in private sector housing. However, recent announcements by the UK Government in relation to energy efficiency funding has created such uncertainty in the sector that Scottish Ministers have delayed the publication of the consultation. The Scottish Government remains committed to consulting on minimum energy efficiency standards in the next Parliamentary Session.

(43) The Scottish Government's 5 year review of the Home Report noted that there may be opportunities for the Home Report to support energy efficiency objectives. We will be reconvening the Home Report Implementation Group (HRIG), which brings together representatives of the legal, surveying and financial professions, as well as consumer interests, to consider the findings of the 5 year review more fully.

(44) It is important to bring community energy in from the margins of energy policy and make it the central tenet of our future energy systems, where it has the potential to transform local economies.

In particular projects funded through the Local Energy Challenge Fund are intended as demonstrator projects to show that ambitious, innovative projects can be done and to explore and help to solve the issues that come with increasing the proportion of community and locally-owned energy, including heat. The Local Energy Investment Fund pilot will encourage shared ownership between communities, private developers and other stakeholders in local energy systems which we hope will become more widespread up to and beyond 2020.

Our Heat Policy Statement published in June 2015 sets out our approach to drive the pace of change to largely decarbonising the heat system along with a framework for investment in a low carbon heat sector. The Policy Statement retains our level of ambition to achieve 1.5 TWh of Scotland's heat demand to be delivered by district or communal heating.

We continue to provide Home Renewable Loans (HRL) to householders to support the installation of microgeneration technologies and promote the take up of the GB domestic Renewable Heat Incentive (RHI) and Feed In Tariffs in Scotland. Over 2000 households in Scotland have now received Scottish Government support to install some form of home renewable technology since HRL scheme commencement. On the domestic Renewable Heat Incentive

Scotland has over 9,000 accreditations under the scheme (December 2015); a 20% share of the UK total.

Finally, our Community Energy Policy Statement (September 2015) sets out our vision for this sector, placing community energy in the centre of a broader drive towards local energy economies. Scottish Government currently provides comprehensive support for community energy via the Community and Renewable Energy Scheme (CARES) and the Renewable Energy Investment Trust. We are also encouraging local energy economies through the Local Energy Challenge Fund.

(45) Scottish building regulations and guidance for new homes

Sustainability and Energy

In 2011, a sustainability labelling system was introduced which acknowledges the aspects of sustainable development already embedded within building regulations and provides a means to recognise where developers choose to go further. Aspects of this sustainability standard, covering the higher 'silver' level for CO₂ emissions and energy for space heating, were adopted in the Greener Homes Innovation Scheme cited in the Commission's Report.

Energy standards within building regulations were reviewed and improved in 2007, 2010 and most recently in October 2015. For many years, Scottish building regulations have delivered new homes that are well insulated, with efficient heating systems effectively controlled, which result in low running costs. In seeking to minimise both energy use and CO₂ emissions, the recent review has also made the use of on-site generation of power, such as through photovoltaic panels, a more common occurrence in new homes.

Accessibility

In May 2007, significant changes were made to the standards and guidance that support accessibility to new dwellings, taking them beyond the 'visitability' aspects introduced in the late 1990s. The 2007 standards and supporting guidance are very much founded on the principles set out in 'Housing for Varying Needs' and the more recent publication 'Lifetime Homes'. Although the building regulations are minimum standards they set a good level of accessibility that applies to all new housing (including mass-market housing). The recent review resulted in changes introduced in October 2015 and it has been recognised that the current standards and guidance are significantly better than in other parts of the UK.

(46) Councils put forward to the Scottish Government strategic local proposals for social and affordable housing developments, based on their Local Housing Strategy. Any proposals for demolitions would have arisen as a result of identifying the condition of, and demand for, existing housing supply, any under-supply or over-supply of certain types of stock and/or forming part of a long-term regeneration strategy. Any such proposals will have had extensive consultation with local communities.

Delivery, Implementation and Resources

The Commission recommended:

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.
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Scottish Government position:

28. The Scottish Government is pursuing an ambitious range of social policies – on social justice, on community empowerment, on regeneration, on children and young people, on health and social care integration. The Scottish Government accepts that the housing contribution needs to be identified in all of these areas and the implications for housing policy will be drawn.
29. The Cabinet Secretary for Social Justice and the Minister for Housing and Welfare meet regularly with various strategic groups covering housing, regeneration, sustainability, fuel poverty and welfare. They also meet with the Joint Housing Policy and Delivery Group, which takes an overview of a whole range of matters related to housing and has a clear focus on delivery of actions in the Joint Housing Delivery Plan for Scotland. Ministers are also accountable to a number of Parliamentary Committees including those responsible for Infrastructure & Capital Investment, Equal Opportunities, Welfare Reform, and Local Government & Regeneration. All of these bodies have full regard for the wellbeing implications of their agenda. Given this policy landscape, we consider that it may be more fruitful to build on those links rather than duplicate efforts by establishing another formal structure.

Scottish Government

February 2016



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