

REPORT TO: HOUSING COMMITTEE – 26 JUNE 2006

REPORT ON: STRATEGIC HOUSING INVESTMENT FRAMEWORK
CONSULTATION PAPER; RESPONSE BY DUNDEE CITY
COUNCIL AND DUNDEE HOUSING ASSOCIATION FORUM

REPORT BY: DIRECTOR OF HOUSING

REPORT NO.: 385-2006

1. PURPOSE OF REPORT

1.1. To seek approval of the response to Communities Scotland (Appendix 1).

2. RECOMMENDATIONS

2.1. Members are requested to approve the response to Communities Scotland on the Strategic Housing Investment Framework Consultation Paper.

2.2. The Dundee Partnership Co-ordination Group is remitted to consider the formation of a Strategic Housing Group within the Dundee Partnership Framework.

3. FINANCIAL IMPLICATIONS

3.1. There are no immediate financial implications associated with this report.

Following the consultation period Scottish Ministers and Communities Scotland will publish proposals for future resource allocations to Local Authorities and Registered Social Landlords.

4. LOCAL AGENDA 21 IMPLICATIONS

4.1. None.

5. EQUAL OPPORTUNITIES IMPLICATIONS

5.1. None.

6. REPORT

6.1. Communities Scotland has published a consultation paper that, in broad terms, seeks to achieve the following with regard to future resource allocation:

- To consolidate aspects of the Investment Programme, Affordable Development Programme and Community Ownership Programme.
- To extend the period of financial commitment to up to three years.

- To complement the Local Housing Strategies prepared by Local Authorities by focussing on resource allocation at Local Authority level.
- To link investment to key statistical indicators compiled at National level by Communities Scotland.
- To allow scope for Local Authorities to have an increased role in the management of local investment programmes.

6.2. The enhanced emphasis on strategic planning and co-ordination with partners proposed in the consultation paper will require Dundee City Council to consider how best the Strategic Housing Investment Framework can fit with the Dundee Partnership system. To this end, it is intended to present a discussion paper to the Dundee Partnership Co-ordinating Group illustrating how this can be achieved.

6.3. The attached response (Appendix 1) has been submitted to Communities Scotland as an 'in-principle' draft subject to Committee approval in order to meet the deadline of 19 June 2006.

7. **CONSULTATIONS**

7.1. The Chief Executive, Depute Chief Executive (Finance), Director of Planning & Transportation and Dundee Housing Association Forum have been consulted in the preparation of this report.

8. **BACKGROUND PAPERS**

8.1. Copies of the Strategic Housing Investment Framework Consultation Paper are available in the Members' Lounge or can be viewed on-line at www.communitiesscotland.gov.uk.

APPENDIX 1

STRATEGIC HOUSING INVESTMENT FRAMEWORK

CONSULTATION PAPER

RESPONSE BY DUNDEE CITY COUNCIL AND THE HOUSING ASSOCIATION FORUM

1. INTRODUCTION

1.1. Respondees

This response has been prepared by the Director of Housing in consultation with the Director of Planning & Transportation and members of the Dundee Housing Association Forum.

A copy of the draft response was also submitted to COSLA.

It is also recognised that individual housing associations may submit responses to Communities Scotland.

1.2. The SHIF Proposals

The SHIF document is considered to be, on the whole, a positive development that should result in improvements to the allocation and management of resources.

However, there are key areas where further consideration should be given before implementation. These include:

- Clarity on definitions of quality and affordability.
- The importance of drawing distinctions between different housing market areas, e.g. Dundee and Fife and also recognition of specific local issues.
- The apparent scope for selective use of indicators to justify resource allocation.
- Clarity on the future role of Communities Scotland at Local/Regional level with regard to the SHIF.
- Clarity on the advantages that participating local authorities stand to gain.

2. DETAILED RESPONSES

A. Have the correct guiding principles for resource allocation among local authorities been identified?

❖ Timing of Allocations

Allocation commitments should be made well in advance of the commencement of the three year period. This has not been the case in the past.

There must be an overlap of current funding and further funding allocations.

❖ Scrutinising Projects

Spending less time in scrutinising projects is welcomed. We cannot get down to business for reporting on progress.

❖ Resource Planning

If the indicative resources do not reflect the minimum allocation, this will not assist expenditure planning and/or introducing new categories of work vis a vis the Private Sector Housing Grant.

The timescales suggested are relatively short in comparison to this Local Authority's need to plan for the much longer term. Also consider the timescales associated with the Housing Quality Standard Delivery Plan.

We would suggest a longer term commitment of resources but recognise that there may be practicalities associated with implementing this.

❖ Statistical Evidence

Best statistical evidence is absolutely crucial. Reference is made in the document to the Scottish House Condition Survey 2002, which is four years old. Reliance on data which is dated and taken from a small sample is not advisable.

❖ Use of the Term 'Affordable'

We must be clear about what is deemed 'affordable'.

For example it is not certain what market exists in Dundee for Homestake. Although mentioned here, there is a general lack of emphasis on Quality in the document.

Definitions of the terms 'affordable' and 'quality' are required in relation to housing provision. These should be addressed in the consideration of indicators (Section 4).

Within the context of Dundee's Local Housing Strategy, the City Council, Housing Associations and Communities Scotland are attempting to move discussions on affordable housing forward in a positive way by sponsoring research on the local market.

In addition, the issue of affordable housing provision will, subject to Council approval, be one of the strategic items to be considered by a newly-formed Strategic Housing Group within the Dundee Partnership Framework.

❖ Meeting Housing Need

Unmet need is not only addressed by building more homes but also by reprovisioning.

While reprovisioning is mentioned here, there is a tendency to emphasise new build/expansion in the document.

If there is an over-riding emphasis on eradicating homelessness, which seems to rely on a simple matching of existing stock numbers to numbers of applicants, Dundee may be disadvantaged. Cognisance should be given to the need to match house type, location and size to applicants', including homeless applicants' needs, to promote sustainable regeneration and communities.

- ❖ There requires to be appropriate weighting.

- ❖ Demonstrating Fairness and Transparency

Dundee City Council is attempting to adopt this approach in partnership with Local Housing Associations.

However, in an increasingly competitive and financially restrained environment partners can have some difficulty in balancing cooperation with other operators while promoting own organisation development.

There is also a fundamental conflict between a) fairness and transparency and b) competitiveness and commercial confidentiality.

- ❖ Tenant Participation

Dundee City Council is committed to tenant participation in all its service provision. Effective tenant participation arrangements are important but clarity is required on the level of participation expected and how this should be implemented, e.g. cases of new build developments where the new community are not always identifiable early in the process.

B. In line with Scottish Executive policy, equalities will be a priority in all that we do, and we seek to develop more creative ways to tackle disadvantage in underrepresented groups. Are there any equalities issues that would bring to our attention that would be affected by the implementation of a Strategic Housing Investment Framework?

- ❖ Emphasis on Equality

Dundee City Council is committed to equality in delivering all its services. The framework must recognise that equality and diversity issues have most impact at a local level and actions need to reflect the local need. Innovation and creativity are not always the best response to recognising tradition, culture and ethical issues.

C. How should we take account of wider housing market areas when allocating funds to the local authority level?

- ❖ Structure Plans

Existing arrangements for strategic land use planning provide a statutory basis for assessing housing need and demand. We are concerned that this should not be duplicated through the Strategic Housing Investment Framework process.

- ❖ City Regions

The opportunity presented through City Region Planning in the 4 main cities as proposed in the Scottish Executive's Planning Bill should provide a basis for determining housing needs and demands at Local Authority level and should inform the allocation of funds. This will ensure that resources are not just prioritised towards areas where there is perceived pressure to develop and that supply and demand across a housing market area is considered.

D. Do you think these proposals should be extended to other programmes? If so, which programmes would you like to see them extended to?

❖ Energy Efficiency

Energy efficiency grant funding.

❖ In General

It is perhaps premature to discuss extending these proposals at consultation stage. Respondents' concerns and suggestions should be considered first.

For instance:

- a. There is no desire to return to the resource planning assumption method;
- b. There is a risk of the process lacking transparency;
- c. This may be an attempt to shift responsibility to Local Authorities without giving them real control which will remain with Ministers;
- d. Given the Scottish Executive stock transfer agenda, stock retaining authorities may be disadvantaged.
- e. Clarity is needed on the future role of Communities Scotland regional offices in managing and monitoring the programme.
- f. It requires to be demonstrated what advantage a local authority that produces a SHIF stands to gain.

E. Specifically, how do you think the proposals could be developed to include Private Sector Housing Grant?

❖ Information

There is a serious lack of reliable information on private sector stock condition and actual demand for grant assistance.

❖ PSHG Allocations and Targets

As far as PSHG is concerned we would advocate an element of flexibility within the budget allocations. Too prescriptive targets for outcomes against categories would be unhelpful. Without adequate, accurate and quality statistical information we tend to be more reactive than proactive, and therefore at the mercy of the grant applicant (12 month prohibitive period in which to complete the works).

Outputs should perhaps be measured across a range of national/local indicators to achieve this degree of flexibility – a combination of numbers x categories.

F. What do you think of proposals for the application of a national indicator database in arriving at a 'first cut' in resource allocation?

❖ Response

The indicators to be used must be robust.

It is difficult to see how a national indicator database could reflect issues at local levels particularly as the intention is to only have a small number of indicators that "comprehensively capture the distribution of need for housing resources".

The national indicator database will be applied to make a 'first cut' in resource allocation. Again making it difficult to make a case for funding at local levels.

G. **Do you feel the proposed indicators are the best available? If not, can you suggest alternatives that would meet the criteria?**

❖ Response

The indicators are to “measure need of a significant scale”, seeming to favour larger developments (presumably also helping to achieve economies of scale).

While the indicators are also to be available for the whole of Scotland at the local authority level in a consistent form, consistency will be difficult to achieve, as many other comparative datasets are less than accurate (or open to interpretation).

There is no definition of what an “Affordable” housing investment programme is – those in greatest housing need (and therefore having highest priority for social housing) are often those most disadvantaged on low income.

How do the Executive’s housing and regeneration investment programmes assist the closing of the opportunity gap by providing routes out of poverty for these tenants?

A major data source (to determine the number of houses below the SHQS, the need to improve quality, eradicate fuel poverty and enable disabled persons to live in the community) is the Scottish House Condition Survey 2002, which has limited information and very small sampling.

“Excess demand” as an indicator could mean different things in different communities – e.g. demand for low cost home ownership where house prices are high might mean higher subsidy than for an area where house prices are lower.

An accurate new House Condition Survey would be very useful.

H. **How do you believe the indicator database should take account of distinct rural needs for development funding?**

❖ Response

None.

I. **Should the ‘Regenerating Our Communities’ indicator be expanded to measure not only deprivation but also the link to agreed multi-agency regeneration strategies? Alternatively how should resources to support agreed multi-agency regeneration strategies be prioritised?**

❖ Response

Agree that there should be a link to multi-agency regeneration strategies to make more targeted use of funding.

Prioritise investment that supports community regeneration, i.e. not just housing.

J. **Do you think that the proposals for national indicators, together with the reinforcement of the role of Local Housing Strategies, will ensure that equalities' interests are properly represented?**

❖ Response

It is difficult to see how national indicators, even with the greater role of Local Housing Strategies, can reflect micro needs of minority communities.

K. **Do you think the system as proposed is too complicated, and if so, how would you simplify it?**

❖ Response

It is complicated but we are unsure if it could be made less so.

However, transparency is much more important.

L. **Do you agree that Ministers should weight indicators to reflect national priorities and produce a resource allocation assumption? If no, can you suggest a better alternative?**

❖ Response

No. It should be up to individual local authorities to weight indicators to reflect local priorities as defined in their Local Housing Strategies.

M. **How should we ensure that where local authorities have benefited from strong weightings, these are reflected in their actual development programmes?**

❖ Response

If weightings are determined by either national or local priorities, then strong weightings must reflect identified need so presumably development programmes should follow on as a matter of course.

N. **How should we take account of committed future funding and the extent to which this may address problems covered by the indicators?**

❖ Response

It would be useful to know how much these new proposals differ from the system currently used by Communities Scotland to allocate resources.

Presumably, projects for which funding has already been committed were given the go ahead on the basis they met some need.

Allocation on the basis of the new system would need to take into account projects already approved having met particular objectives so new projects in those categories would not be a high priority.

It may be that a decision is taken by RSLs to sell landbanked sites if development of these sites will not be a priority when the new system is in place.

O. **Do you agree that the proposals for deriving resource planning assumptions from the weighted indicators are fair and workable?**

❖ Response

We can't really comment on how fair and workable the proposals are at this stage.

It would be best to see some worked examples.

P. **How should the database and methodology be developed in order to inform future allocations of Private Sector Housing Grant?**

❖ Response

It would be useful to target PSHG to properties that are below the SHQS, and link grant to measures that address failures.

Better packages that could be used by Local Authorities and RSLs to target private owners in multi-tenure blocks (e.g. for controlled entry and other improvement work) should be developed.

Q. **Should all local authorities produce a Strategic Housing Investment Plan, or should this be optional as proposed?**

❖ Response

There has to be a level playing field.

R. **Is the scope of the Strategic Housing Investment Plan correct? Are there any omissions?**

❖ Response

No. We are very concerned about the amount of duplicated information that will be required, and the consequent waste of resources.

S. **Should the Strategic Housing Investment Plan be an Appendix to the Local Housing Strategy? Should the Strategic Housing Investment Plan be updated annually? How should changes to the Strategic Housing Investment Plan affect three year programmes already in place?**

❖ Responses

Yes.

Yes.

If it is taken that current plans are derived from need and that partners are committed to these plans then they should not be altered. Rather, the new framework should be applied from a date, say at the end of the current investment plan. This will allow better preparation for the new framework.

T. **Are the assessment criteria identified in Paragraph 61 appropriate?**

❖ Response

The process is very similar to that followed by the Local Housing Strategy, which was appropriate. However, the assessment needs to accept the individual nature and requirements of the local development scene and should not be unduly influenced by inappropriate comparisons between neighbouring authorities and the imposition of national targets that are not relevant in a particular area.

U. **What more needs to be done to ensure that Local Housing Strategies are an effective driver for investment decisions, and that they properly incorporate input from Registered Social Landlords and other housing providers?**

❖ Response

For Local Housing Strategies to be effective, resources need to closely follow the strategic direction and priorities set out within them. In this respect, integrating a Strategic Housing Investment Plan within the LHS should help achieve this.

V. **Do you agree that the overall quality of the Local Housing Strategy and Strategic Housing Investment Plan, as assessed by Communities Scotland, should be taken into account when allocations are being determined?**

❖ Response

They should be treated as bidding documents. It is more pertinent to take into account the need for housing investment as evidenced in the Local Housing Strategy/Strategic Housing Investment Plan. We do not feel that all of the criteria which LHSs are judged on are relevant for basing resource allocation decisions upon.

W. **We have assumed that the decision on whether to adopt the enhanced role lies with the local authority wholly. Do you agree that this is reasonable?**

❖ Response

We are unclear about what advantage may be presented to an authority that adopts this advanced role.

X. **Do you think the proposed framework/protocol between Communities Scotland area office and the local authority will work effectively? What else do you think it should include?**

❖ Response

There is insufficient detail to make comment.

Y. **How should the effectiveness of these arrangements be reviewed and what should happen if they are not working as intended?**

❖ Response

No response.

Z. **How should slippage in programmes at the individual local authority level be addressed, either in-year or within the terms of 3 year programmes?**

❖ Response

The system should not be punitive. Slippage needs to be considered over the period of the programme rather than yearly. Flexibility in budgets / allowances is required to better manage programmes that are often required to extend beyond three years, e.g. longer term regeneration plans can take five to six years to be realised but are often hamstrung by annual accounting requirements.

AA. **Should there be a link between performance in programme delivery and the future allocation of resources?**

❖ Response

Not necessarily (see above).

AB. **How should Grant Offers to Glasgow and Edinburgh City Councils be adjusted to reflect these proposals?**

❖ Response

No response.