

ASSOCIATION OF LOCAL AUTHORITY CHIEF HOUSING OFFICERS

(ALACHO)

WRITTEN SUBMISSION

Introduction

1. As the representative body for Scotland's Local Authority Chief Housing officers , ALACHO welcomes the opportunity to comment on the implications of the Scottish Government's draft budget for 2015/2016, specifically the impact on carbon emission reductions (Scotland's Carbon Footprint) from a housing perspective. We note that proposed expenditure in the Housing and Regeneration section of the budget, which includes housing supply and energy efficiency/fuel poverty expenditures, totals £743.33million, and that the government estimates this to be an increase of almost 37% compared with the current year.

Comments

2. Firstly, we welcome the Scottish Government's continued commitment to the completion of 30,000 new affordable homes over the period of this parliament. The draft budget analysis states that an overall sum of £598 million for the Housing Supply programme will support this objective in the next financial year, an estimated increase of 62% on the current year. This will be achieved mainly through social housing grant, but increasingly also through "financial transactions" (FTs), the nature of which is not entirely clear. The budget analysis highlights an increase of £125 million in financial transactions for 2015/16, but as no details are yet available on how this sum will be utilised it is not possible to evaluate its potential impact.

3. The budget analysis also notes that "the original level of FT's for 15/16 was £31m above 14/15", and capital grant £73million above the previous year, but here too no detail is provided on the relationship with programme outputs to enable a judgement on impact. On average however, the programme should produce at least 6000 affordable houses per year, of which 4000 are to be social housing. These new homes will be energy efficient, thereby minimising carbon emissions, and easy to heat. They will provide much needed accommodation for low income households and should provide a significant bulwark for their occupants against fuel poverty.

4. That said, we continue to see a major shortfall in Scotland's supply of affordable housing, when compared with housing need. A recent and influential report from Audit Scotland noted that, since 2005, "14000 fewer homes were built by councils and RSLs than Scottish Government said were

needed". The report also identified a reduction in funding for affordable housing of some 25% in the four years prior to the report, and estimated that "it could be more than 20 years before new homes built equalled the increase in households for that year". We also know that in 2013/14 around 28,500 Scottish households were assessed as homeless, and that almost 180,000 households are seeking housing through registering on council waiting lists.

5. Against this background, whilst very much welcoming the budget increase in affordable housing expenditure, it is clear we need to redouble our efforts to secure the required step change in affordable housing investment which will be needed to ensure Scotland's citizens are adequately housed in future. With this in mind we were pleased to hear the Minister for Housing recently state that the 6000 affordable homes a year target was simply a baseline on which Scottish government wished to improve. We look forward to learning the extent of Scottish government ambition in increasing affordable housing supply above that baseline, and commit to working with the government to this end.

6. Turning to the carbon emission reduction challenge, we note that £79 million is allocated to supporting the achievement of energy efficiency, fuel poverty and climate change targets, and identical amount to last year, and thus a slight reduction in real terms. The precise outcomes which this expenditure is intended to deliver in terms of carbon reductions are not specified, so it is not possible to say with certainty the impact that this expenditure will have on reducing carbon emissions.

7. ALACHO notes the submission made to the Committee by the Existing Homes Alliance (EHA) which recommends a significant increase in the 2015/16 budget for energy efficiency measures, or risk failing to meet the 2020 ambition to cut Scotland's greenhouse gas emissions by 42% by 2020 and 80% by 2050. We share the EHA's concern that cuts to the ECO scheme in Scotland could mean a significant loss of investment in Home Energy Efficiency Programmes Scotland with an associated increase in fuel poverty and carbon emissions, plus a reduction in the employment opportunities associated with this vital work.

8. For its part ALACHO will of course continue to work closely with government in maximising the incidence and impact of domestic energy efficiency measures. Through the government's REEPS (Regulation of Energy Efficiency in the Private Sector) we are also working closely to help develop the minimum energy standards and associated regulations which will form the basis of consultation on a potential energy efficiency standard for all Scotland's homes.

(Note: the way the figures in the budget are presented make it difficult to identify clearly the intended outputs in one year compared with another, and the extent to which expenditure and outputs have contributed/ are contributing to national performance outcomes)

Summary

8. ALACHO welcomes the increase in affordable housing investment that the 2015/2016 will allow. We are pleased that the severe cut to the housing capital budget of a few years ago has been mitigated in recent years. Whilst not a replacement for grant funding, we also appreciate the need for innovation delivered through the mechanism of financial transactions. We are also committed to working with Scottish Government and other key partners to explore every avenue in seeking to increase investment in affordable housing.

9. The twin issues of carbon emission reduction and alleviating fuel poverty are equally challenging. The impact of reductions in funding to support achievement of these vital objectives requires to be addressed as matter of some urgency if the overarching carbon reduction target is to be achieved and the blight of fuel poverty removed from over 670,00 Scottish households.

Association of Local Authority Chief Housing Officers
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