

Local Government and Communities Committee

City Region Deals

Submission from Homes for Scotland

1. Introduction

- 1.1 Homes for Scotland is *the* voice of the home building industry in Scotland, with a membership of some 200 organisations together providing 95% of all new homes built for sale across the country as well as a significant proportion of affordable housing.
- 1.2 Homes for Scotland makes submissions on national and local government policy issues affecting the industry. Its views are endorsed by committees and advisory groups utilising the skills and expertise of key representatives drawn from our member companies.
- 1.3 We therefore welcome the opportunity to provide evidence to the Local Government & Communities Committee on the issue of City Region Deals in Scotland, not least because the housebuilding industry recurrently faces challenges around the planning and delivery of key infrastructure required to deliver the homes Scotland needs.
- 1.4 The Committee's call for evidence sets out a number of key questions for respondents to address, including:
 - What is your understanding of the purpose of City Region Deals?
 - Are City Region Deals on track to deliver local growth, innovation and infrastructure schemes which would not have otherwise been delivered?
 - What is your understanding of the governance arrangements for City Region Deals, and how well are these arrangements working in practice?
 - Have local residents and businesses been kept informed and involved in the development and activities of City Region Deals?
 - Are regions not covered by City Region Deals able to access equivalent funding and support for growth, innovation and infrastructure schemes?
 - Are City Regions Deals supporting a shift towards local decision-making on major investment projects?
 - Any other issues relating to City Region Deals which you wish to bring to the attention of the Committee?
- 1.5 We have deliberately kept our response at high level. As we explain later in our submission, our view is that it is perhaps still too early to provide a definitive answer to some of these questions, particularly whether City Region Deals are delivering infrastructure and growth which would otherwise not have been delivered. However, the importance of City Region Deals as an instrument of infrastructure delivery necessitates that we provide some comment on our current concerns and aspirations for the future.

2. Our views on City Region Deals with regards to the Scottish homebuilding industry

- 2.1 As the voice of the home building industry in Scotland, we work to ensure a policy and planning environment in which home building can thrive, because in doing so we not only help meet the housing needs of Scotland's people, but we also create jobs, generate significant additional Gross Value Added (GVA) to the Scottish economy, contribute to improved health and education outcomes, help tackle climate change and improve the overall energy efficiency of Scotland's total housing.¹
- 2.2 Scotland needs more new homes. In order to make Scotland a better place in which to live, work and invest, it is essential that we have enough homes of all tenures in the right locations to meet the diverse housing needs and aspirations of our growing population. Nothing is more important to the welfare of Scotland's people than a good quality home that meets their needs and provides a safe, secure and long-term foundation for them to live happily and develop their potential.
- 2.3 With housing also intrinsically linked to a wide range of other policy areas, ensuring that all those living in Scotland have access to a range of quality housing options is fundamental to our country's social wellbeing as well as its future growth and success. However, despite the delivery of new homes being a key component of economic growth and social wellbeing, it is not currently identified as a priority within the National Planning Framework. As a consequence, our growing population relies on Local Authorities allocating enough land for housing in the places they want to live. Far too often, however, this does not happen, exacerbating the country's housing crisis.
- 2.4 Our view of City Region Deals has been greatly informed by the continuing frustrations our members face with regards to delays in the delivery of infrastructure which can block the delivery of new sites for housing, or planning requirements which can increase the costs of delivering housing to such an extent that development opportunities become unviable.
- 2.5 At a general level, Homes for Scotland views the development of City Region Deals in Scotland as having been, and continuing to be, a positive development opening up opportunities with which our members would wish to engage. Our understanding of City Region Deals is that they have their roots in UK coalition Government of 2010-2015, originating in England via the Localism Act 2011 and subsequent rollout from July 2012 onwards of City Deals for Birmingham, Bristol, Leeds, Manchester, Newcastle, Nottingham and Sheffield. It was only with the 2014 agreement of the Glasgow and Clyde Valley City Deal that such initiatives began to take root in Scotland. The Glasgow City Region Deal brought together £1.13billion funding from a variety of UK and Scottish Government sources to support projects including the Glasgow Airport Rail Link and other higher profile infrastructure improvements that would unlock transport improvements and employment opportunities.

¹ Homes for Scotland (2016) "Building Enough Homes for Scotland" - <http://bit.ly/2qojinU>

- 2.6 At first glance, taking the Glasgow City Region Deal as an example, it would appear that City Region Deals have demonstrable potential to lever significant capital investment into areas either requiring regeneration or redevelopment or alternatively areas undergoing a period of economic growth, and that they can help speed up the delivery of key infrastructure.
- 2.7 However, when the funding is examined in terms of its annual impact over the full 20 year term of the deal, as Professor Ken Gibb of Glasgow University has previously highlighted: *“The public funding is argued to be less impressive when looked at annually”*.² In the case of Glasgow City Region Deal, it has been calculated that the £1.13bn over 20 years breaks down to just £56.5m per annum. We also share a concomitant concern, as raised by the Scottish Urban Regeneration Forum (SURF) in their submission to this call for evidence that City Region Deals are possibly delivering *“conventional infrastructure and skills initiatives which most people would reasonably expect to be delivered from conventional government spending”*. We would argue that the intrinsic point of a City Region Deal is that it should always be about delivering significant *additional* investment to a city region, which demonstrably would *not* have happened without a City Region Deal; realising or unlocking new opportunities which would have otherwise remained unrealised.

3. Summary & Conclusions

3.1 Our key concerns on City Region Deals are threefold:

- Alignment with Local Development Plans – in our view, based on members’ experiences there needs to be far greater coordination between those who are brokering City Region Deals and the housebuilding industry, so that a more balanced deal structure can be achieved, which recognises the importance of providing the necessary infrastructure to support the homebuilding required for the local and national economy;
- Additionality principle – City Region deals need to be targeted at delivering infrastructure which would not ordinarily be delivered from conventional government spending.
- Potential for missed opportunities – from our perspective there is considerable untapped potential for City Region Deals to help unlock housing sites by assisting with the funding and delivery of key infrastructure such as education, health care and community facilities rather than a predominant focus on transport infrastructure such as roads, bus and rail improvements and employment sites, always bearing in mind that those people traveling on the transport network and working in the employment sites, have to live somewhere.

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² Gibb, K (2014) “Deal or No Deal” – in Ken Gibb’s Brick by Brick blog: <http://bit.ly/2qofbs7>