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**ALACHO Response to Scottish Government
discussion paper dated 6 April 2021, and
subsequent discussions.**

27th April 2021

ALACHO is the representative organisation for senior housing and homelessness professionals working in Scotland's Councils, along with Health and Social Care Partnerships.

Our purpose is to provide impartial advice and comment to support the development of legislation, policy and practice in housing and homelessness nationally, as well as locally promoting best practice and improved outcomes for housing at all levels.

To achieve this, we will work with our members, tenants and service users, COSLA and the Scottish Government, the CIH, registered social landlords and other organisations in the statutory and voluntary sector to:

- support the development of policies, programmes and legislations that deliver on our shared objectives;
- ensure that housing as well as homelessness policy and practice supports, and is supported by wider improvements in service deliver, improving life chances for those in housing need;
- promote best practice in all areas of housing and homelessness service delivery.

In all our work we will seek to develop a **human rights-based approach** that supports the delivery of the public sector equalities duty, reducing inequality, as well as challenging discrimination in all areas of service delivery.

ALACHO is a non-party political organisation, recognising and respecting the political leadership within local government, the role of COSLA as the representative voice of Scottish Local Authorities and crucially, tenants' organisations in representing the views and interests of tenants. In all our work we seek to reflect the diversity of local conditions and housing systems as well as the varying needs of all Scotland's communities.

Our full time Policy Manager, Tony Cain, is responsible for co-ordinating the work of ALACHO along with ensuring the organisation's views are fully formulated and shared with key partners. Tony can be contacted at Tony.Cain@alacho.org or on 07908460989.

Introduction

ALACHO has welcomed the opportunity to participate in the Affordable Housing Investment Benchmarks Working Group. As an organisation, we have been highlighting the need to review the current set of benchmark assumptions, which underpin the grant funded element of the wider Affordable Housing Supply Programme since 2019, therefore the establishment of the Group in March 2021 was universally welcomed by our member organisations.

We have encouraged and welcomed a collaborative approach to developing an updated set of benchmark assumptions, which will ensure the:-

- a) social housing sector in Scotland continues to deliver high quality homes that meet evidenced need; and
- b) evidence based delivery of these much needed new homes does not adversely impact on rent affordability for social housing tenants.

We have had strong representation at each of the Working Group meetings, the sub group meeting of the group and the subsequent local government session of the wider Affordable Housing Investment Benchmarks Working Group, contributing positively to achieving the intended outcomes agreed within the groups Terms of Reference.

In addition, we have also provided 2 evidential papers to date, supporting the process. On March 23rd at the second meeting of the group, ALACHO's presented its holistic position in terms of the key principles ALACHO would wish to see addressed through this process:-

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- 1. Equality in Terms of Benchmark Grant Rates;**
 - 2. Benchmark Grant Rates taking account of inflation and additional requirements e.g.: fire suppression systems, along with sustainability measures;**
 - 3. Consistent position to be applied for second hand homes purchases and Mid Market Rent;**
 - 4. Flexibilities to be greater aligned to local strategic housing priorities and determined by the Strategic Housing Authority;**
 - 5. Commitment to Annual Review of benchmark levels; and a**
 - 6. Commitment to Second Stage Review.**
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In addition to the above and as discussed at all meetings to date, we would also like to see the emerging issue of geographic benchmarks, with their application being fully reviewed.

ALACHO's Update Response to Scottish Government Discussion Paper (6th April 2021)

Future Quality Standards

ALACHO supports the sector led drive to continue to improve the quality of new homes, applauding the ambition set out within the discussion paper, which is supported by proposed refinements to the benchmark assumptions for additional quality measures. We do however conclude that, the shared ambition to review and update the Housing for Varying Needs Standard could and should be accelerated.

We note with some disappointment, the absence of a clear defined sustainability standard and we would encourage the 'raising of the bar' within this process for Scottish and Local Government to aspire to such higher sustainability standards through the Affordable Housing Supply Programme. There are a number of excellent examples, which could be modelled for this purpose, notably the Glasgow Standard.

In conclusion, we put forward the following position:

- **Priority is given to accelerate the planned review of the Housing for Varying Needs standard, acknowledging the key role the housing sector can play in this exercise and as such we wish to secure a commitment that local authorities and RSLs participate fully in this review;**
- **The second stage review commits to looking at the introduction of a minimum sustainability standard for all new build housing delivered within the Affordable Housing Supply Programme.**

We are also of a view that this exercise will impact on the delivery of new homes and housing services for social housing tenants across Scotland, **we would advocate that these proposals are formally consulted with regional tenant networks.**

Geographic Benchmark Assumptions

We welcome the ambition to adjust the current set of geographic benchmarks to better reflect the challenges of building new homes within rural and island communities. We also note the healthy discussions that have taken place at subsequent meetings following the distribution of the discussion document.

Remote rural areas face particular challenges around sustainability for both publicly and privately provided services. This can include schools, medical centres, local shops and public transport. In addition, they often suffer from the lowest incomes due to a lack of employment opportunities and reliance on seasonal work in sectors such as tourism and agriculture. Further to this, much of the rural population is made up of older people who are reliant on the support of care services often operating across wide geographical areas. Where community led demand assessments have been carried out, it is clear that there is a great need for affordable homes in these locations.

To help meet the Scottish Government's aspiration of twenty minute neighbourhoods in rural locations, it is imperative that investment for affordable housing is prioritised and reflects the challenges and impacts of delivering new homes in remote parts of Scotland. This will also

help to drive rural re-population and retain working age families by providing high quality places to live, job opportunities through community wealth building initiatives and reductions in fuel poverty by creating highly energy efficient homes.

The impact of a small development in remote rural towns and villages can be significant. While it is recognised that the Scottish Government offer flexibility in the application of the grant to achieve local strategic priorities, the requirement for technical and financial assessment can be an additional barrier to seeking opportunities to deliver homes on the scale required.

As such ALACHO proposes the following position:-

We recommend amending the current model to a clear and consistent geographical measure using the six fold classification which could be applied across Scotland, the application of the suggested new delivery model for geographical benchmarks would provide a clear and consistent approach across the country, while also actively encouraging developments in remote rural locations.

Current

West Highland, Island authorities and remote/rural Argyll	Other rural	City and urban
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Suggested New Delivery Model

Remote rural area (6)	Accessible rural/Remote small town (4/5)	Large urban/Other urban/ Accessible small town (1/2/3)
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Grant Benchmark Inequalities

We welcome the highlighted commitment to reduce the disparity between Council and RSL benchmark assumptions, particularly the introduction of benchmark assumptions around geographies and the three person equivalent, which will reduce some of the disparity along with the inequality which befalls council tenants.

As all participants in this process will be aware, ALACHO provided strong and robust evidence, illustrating that the previously held position for such a disparity (namely lower borrowing levels and access to land) was no longer justifiable.

Therefore, we are disappointed to note that the discussion paper still presents an ongoing inequality in treatment between Council and RSLs in terms of the benchmark assumptions, noting that the rationale for maintaining such a treatment is based on performance against benchmark assumptions between April 2016 and September 2020. As discussed in detail at the local government specific meeting on the 21st April, we do not accept the logic that this rationale is used to maintain an inequality in practice; if required we are happy to provide further examples of strategically important sites that did not progress because of an

expectation that these wouldn't be adequately funded.

We also note that the notion of Council's having access to lower borrowing rates was loosely reintroduced as a factor in maintaining the differential, although the Scottish Government has committed to providing a robust and credible evidence base to support this notion, which we look forward to scrutinising, we remain concerned that energy continues to be expended looking at this issue, when our position is that borrowing rates cannot solely be looked at in isolation as a driver, or a determinant, for overall construction costs, or to continue to justify maintaining the differential, which clearly unfairly acts as a detriment to current and future Council tenants, who remain one of the most economically disadvantaged groups in our society.

We note the position, as detailed in the discussion documents, which still supports a differential in benchmark assumptions between Councils and RSLs as follows:-

West Highland, Island authorities and remote/rural Argyll – 15%

Other rural - 10%

City and urban – 9%

ALACHO's view, that has been consistent throughout the process is, that there is no strong justification or robust evidence to support maintaining the inequality, in terms of benchmark assumptions and therefore, our position is that **there should be a single set of affordable housing investment benchmarks, so eliminating the unfair differential which exists based on the type of organisation and therefore negatively impacts on current and future council tenants.**

Our tenants and elected members have stated on several occasions that they feel that the current treatment of benchmark assumptions discriminates against Council tenants through a Human rights perspective, in terms of future discussions it would be appropriate for this assumption to be tested in advance of any final report in the same way the report would be subject to an Equalities assessment.

Inflation

ALACHO's position remains unchanged from the position communicated within the evidence gathered paper, which has formed part of our ongoing discussions. We are however pleased to see the commitment to an annual review of the benchmark assumptions based on a number of areas inclusive of inflation. In terms of concluding discussions on this area to inform the delivery of the recommendations report, **we would support a collaborative approach to agreeing an inflationary figure with a commitment to reviewing this as part of second stage review; this figure would cover 21/22 and assume an agreed inflationary uplift for 22/23 pending this review. This would allow the pandemic and Brexit impacts to be fully assessed.**

Flexibility

ALACHO has had a consistent position supporting the ongoing flexibility around the Affordable Housing Supply Programme. **These flexibilities require to be greater aligned to local strategic housing priorities and should be determined by the Strategic Housing Authority.**

In terms of the proposal around MMR we are of the understanding that there is collective agreement as to what is proposed in the discussion paper. However, the principles around benchmark parity and our proposals, as indicated above, should also be extended to MMR.

The above sets out ALACHOs current thinking and proposes a way forward on the challenges, which we collectively face, as we seek to continue to deliver new homes to meet the needs of the communities we serve. The next section focuses on our position on the Additional Quality Measure Benchmark Assumptions, as set out in the discussion document:-

Element	Proposal (3 person equivalent benchmark)	ALACHO Position
Installation of automatic fire suppression systems	£2000	We note the difference in current cost projections between £2k to £10k; Therefore, we would propose that this element is fully grant supported at cost, until a suitable benchmark can be developed.
Installation of zero emission at point of use heating systems (additional cost to mains gas)	£4000	This is a fast developing area, where technologies and standards are quickly emerging. We propose that this element is fully grant supported at cost, with an agreed cost threshold of £6k until a suitable cost benchmark can be developed.
Private or communal outdoor space	£2000	We propose that this element be included within the review of the Housing for Varying Needs Standard. With that acceptance we move that the £2k figure be agreed as an interim and reviewed on an annual basis.

Space for home working or study £3500

We propose that this element be included within the review of the Housing for Varying Needs Standard. We would move that the £3.5k figure be agreed as an interim and reviewed on an annual basis.

Digital Enabling

Negligible

The pandemic has provided us with an understanding in terms of the negative impact to those digitally excluded. We are aware that social tenants are among those most economically disadvantaged and as such, we must and can do better to ensure that no one is left behind. **We again propose that this element be included within the review of the Housing for Varying Needs Standard. We would move that a figure of £1k be agreed as an interim and reviewed on an annual basis.**

Installation of ducting for electric vehicle charging point connectors

Negligible

We have previously expressed our disappointment in the potential missed opportunity around sustainability throughout this process, this presents another challenge to ensure we future proof our new homes. **We propose based on a development costs from a development only completed in March, that a figure of £1.25k is agreed, this would ensure the provision of an**

electrical vehicle passive/active car charging point installation including below ground ducting, multicore cabling, access chambers to facilitate future installation below ground ducting, multicore cabling, access chambers to facilitate future installation.

Delivering homes to Section 7, Silver Level, of the 2019 Building Regulations in respect of Energy for Space Heating (that is, full Bronze Level plus Aspect 2 of Silver Level

£2k

We view the current position in terms of sustainability as a missed opportunity. There are a number of good examples where the sector has been trying to increase sustainability standards and reduce fuel poverty for tenants and we feel the aspirations to date with this process are disappointing. In light of the publication of Housing to 2040, **We reiterate our proposal that the second stage review commits to looking at the introduction of a minimum sustainability standard for all new build housing delivered within the Affordable Housing Supply Programme.**