

## **Introduction**

UNISON is Scotland's largest trade union representing over 150,000 members delivering services across Scotland. UNISON members deliver a wide range of services in the public, community and private sector – including in the provision of social housing through councils and Registered Social Landlords. Our members also provide support and service to people facing problems arising from inequality, poverty, unemployment, insecure and low paid work, homelessness and other social issues – including many in the private rented sector. We therefore welcome the opportunity to participate in this important consultation on outline policy options to meet the vision and principles of Scottish Government housing strategy to 2040.

Fairness and equality must be at the front and centre of the approach to housing. Scotland is a wealthy country and can afford to be ambitious on this as in other policy areas. We are concerned that the consultation paper places too much emphasis on funding challenges.

## **Draft vision and principles**

There are 15 draft principles which underpin the Scottish Government's vision for housing to 2040. These principles are generally commendable and ones which UNISON would support.

In our view the final Principle, that everyone has a right to an adequate home, as laid down in the Universal Declaration of Human Rights Article 25 (1) and the UN ICESCR Declaration Article 11, would be better positioned at the top of the list as all other principles stem from this.

## **Principle 1**

We commend the principle that “one decent home per household takes priority over second homes and investment returns on property i.e. investment in housing is not for asset growth.”

However we need to be much bolder than this. The market approach to housing promoted since the 1980s has failed. We must grasp the opportunity to signal an approach to housing which is people-centred rather than market-driven.

Principle 1 as currently worded draws a distinction between commercial investment in the private rented sector for capital appreciation ('negative') and commercial investment for rental income return ('positive').

However the evidence shows that commercial investment in housing based on rental income return is not always socially benign. Uncontrolled activity of this type can in many circumstances incur social costs by distorting the housing market. In so doing, it undermines the outcomes set out in the draft Vision.

- By continuing to raise rents, private landlords have profited from the lack of social housing, and contributed to growing levels of household poverty and costs to government in social security;
- In some areas the rent seeking behaviour of property developers has driven up house prices by increasing competition in the housing market, and reduced the stock of homes affordable for local people to buy;

- The growth of short term lets through Air B n B has already distorted the private rented sector in some local areas, helping raise rent levels and, in the absence of social housing, contributed to rising homelessness;
- In some areas it has led to the deterioration of housing conditions, in others it has led to available land being prioritised for commercial student accommodation, crowding out other types of home building.

UNISON favours further regulation of the private rented sector to tackle these issues, which rent pressure zones are not currently achieving.

UNISON Scotland would prefer Principle 1 to read: The housing system should supply high-quality affordable homes for living in, with an overall shift away from a market approach to housing provision.

### **Principle 13**

**‘Government should ensure that there are affordable housing options across Scotland for households at all income levels.’**

Principle 13 outlines a tiered approach to housing provision based on income and states: “Social housing is available across Scotland for people who need it and they can easily move home for work or personal reasons; nationally, we make best use of our social housing stock.”

In 1981 52% of all dwellings in Scotland were council houses.

The idea that social housing should exist only as a ‘safety net’ for the poor and vulnerable has been promoted by governments since the 1980s leading to the unjust stigmatisation of social housing and those who live in it. This is a view which must be challenged and most definitely should not be enshrined in a principle of Scottish housing strategy.

UNISON believes in the aspiration of well designed quality social housing being available to all regardless of income level, as a way of achieving socially integrated inclusive communities. This is an aspiration which Scotland was able to achieve in the past, and we believe can be achieved once again.

### **Principle 14**

We do not think this principle as currently worded adequately reflects the level and intensity of wrap around social and physical and mental health support required by the most vulnerable citizens, and the importance of integrated housing support services.

### **Proposals for increasing the affordability of housing in the future**

UNISON has a number of proposals for reducing the cost of housing for households and for government.

UNISON is extremely concerned by the implication in the consultation paper that current levels of government capital expenditure on social housing cannot or will not be sustained post-2021. We note with huge disappointment that the interim Budget 2020-21 announcement includes only £300million for the Affordable Housing Supply Programme (AHSP), which is approximately half the current figure.

The recent Joseph Rowntree Foundation study on rates of poverty across the UK<sup>1</sup> found that Scotland fares better than other areas, in no small part due to the higher proportion of council housing in Scotland compared to England. In other words, public housing alleviates poverty.

<sup>1</sup> <https://www.jrf.org.uk/press/break-grip-of-poverty-to-truly-level-up-our-uneven-nation>

The value of social housing is undeniable. The drive to provide 50,000 new affordable homes, 35,000 of which were social rented, in the period of the current Scottish Parliament was welcomed by Unison and we recognise the achievement of being on track to achieve this. This is a hugely successful initiative, providing much needed homes, employment and economic stimulus across the country.

However we are also aware that this is still 10,000 below the number of homes estimated to be required in this timescale according to the Chartered Institute of Housing, Shelter Scotland and the Scottish Federation of Housing Associations.<sup>2</sup>

To meet the urgent social need, the priority to 2040 must be homes for social rent:

- There remains massive unmet need for social housing, with 132,000 households on waiting lists in 2019.<sup>3</sup>
- Exorbitant sums of money are being spent by cash-strapped councils on emergency/temporary homeless accommodation. Scottish local authorities spent £660m on temporary homeless accommodation between 2012-2017.

To meet housing demand and avoid a worsening of the current homelessness crisis it is essential that we not only maintain, but **increase** the rate of construction of new social housing from 2021 onwards. We must maintain the momentum of this good work by continuing current levels of financial support to the Affordable Housing Supply Programme (AHSP) and building on the frameworks councils have put in place to help deliver the new homes.

- UNISON urges the Scottish Government to increase investment on the AHSP to at least the 2019-20 sum as the budget is finalised.
- UNISON calls for action to remedy the incomprehensible disparity of subsidy rates applying to grant funding for council housing compared with Housing Association developments. Council tenants are being unfairly penalised in this respect.

Capital expenditure on homes for social rent is the preventative spend option, saving money in the medium to longer term.

We also need to focus on building the range of types of homes that are needed. While there is understandably a focus on the projected growth of single person and elderly households, in some areas there is also a dire shortage of accommodation suitable for larger families, leading to the unacceptable situation of children living in temporary accommodation for lengthy periods. There is also a severe shortage of housing adapted for the needs of people with disabilities.

**UNISON believes a package of measures is needed to reduce housing costs, for households and for government.** Central to this is shifting the balance within the rented sector towards socially rented homes. This alone will save costs for government at all levels and increase affordability for households.

We believe the following measures are essential for achieving the Vision for Housing to 2040:

1. Legislation to enable local authorities to buy land at existing use value for developing new homes and communities. This will reduce the cost to government of funding new housing while overcoming a major barrier to social house building.

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<sup>2</sup> [https://scotland.shelter.org.uk/\\_data/assets/pdf\\_file/0010/1190872/7909\\_Summary\\_Housing\\_Needs\\_Research.pdf](https://scotland.shelter.org.uk/_data/assets/pdf_file/0010/1190872/7909_Summary_Housing_Needs_Research.pdf)

<sup>3</sup> <https://www.gov.scot/publications/housing-statistics-scotland-2019-key-trends-summary/pages/13/>

2. Introduction of a system of land value capture so that a significant proportion of the uplift in land value is made available to national and local government to invest in infrastructure and public services.
3. Legislation, backed by resources, to regulate and enforce rents within the private rented sector. This is the aim of the proposed private member Fair Rents (Scotland) Bill which will be introduced to Parliament in 2020. The rent pressure zones introduced by the Private Housing Act 2016 are scarcely being used in practice. Stronger action is needed to make rents affordable and to prevent low income households being driven to accept unsuitable and low quality housing.<sup>4</sup>
4. Improved funding for local authorities to enable them to properly resource their housing and homelessness services, and meet the housing needs of individuals with disabilities. The draft budget for 2020-21 is hugely disappointing and does nothing to achieve this.

### **Sources of finance**

The question here is not whether public investment 'displaces, private investment.' The question is the most cost effective way to achieve the number of socially rented homes which are so urgently needed.

Public borrowing is the most cost effective way to fund new social housing.

Increased reliance on private finance undermines our ability to prioritise homes for social rent (rather than mid-market rent).

There is more than enough evidence for this.

An independent economic analysis of Shelter's vision to build 3.1m more social homes over the next 20 years shows these could provide a return on investment in 39 years, with a cost of £10.7bn per year on average – reduced to £3.8bn when savings in benefits and increased taxes are considered.<sup>5</sup>

While in the short term government net debt rises, in a longer time horizon it leads to a reduction in government net debt when compared with the continuation of current policies.<sup>6</sup>

There is a fundamental contradiction between aspirations to meet housing needs, especially of individuals and families experiencing poverty and use of private finance, which requires future rental income streams to be maximised i.e. higher rents.

### ***UNISON's funding proposal***

Public borrowing delivers the best value. Central government capital expenditure and borrowing through the PWLB remain the best value.

While the new Building Scotland Fund, precursor to the Scottish National Investment Bank, provides investment in housing developments, capitalised by £150m from the Scottish Government, we understand these are shorter term loans made at commercial rates and offered only when private lending has been refused.<sup>7</sup>

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<sup>4</sup> <https://www.gov.scot/publications/housing-social-security-second-follow-up-paper-welfare-reform/pages/6/>

<sup>5</sup> Capital Economics for Shelter's Commission on the future of social housing (2019)  
[https://england.shelter.org.uk/data/assets/pdf\\_file/0007/1641175/Capital\\_Economics\\_Confidential\\_-\\_Final\\_report\\_-\\_25\\_October\\_2018.pdf](https://england.shelter.org.uk/data/assets/pdf_file/0007/1641175/Capital_Economics_Confidential_-_Final_report_-_25_October_2018.pdf)

<sup>6</sup> [https://england.shelter.org.uk/data/assets/pdf\\_file/0007/1641175/Capital\\_Economics\\_Confidential\\_-\\_Final\\_report\\_-\\_25\\_October\\_2018.pdf](https://england.shelter.org.uk/data/assets/pdf_file/0007/1641175/Capital_Economics_Confidential_-_Final_report_-_25_October_2018.pdf) p.6

<sup>7</sup> <https://www.gov.scot/publications/building-scotland-fund/pages/objectives/>

UNISON has long argued that local government pension funds provide a potential source of additional funding for social housing.<sup>8</sup> Pension funds have assets of £30 billion and a requirement to find low-risk, long term, sustainable investments. Housing is an obvious destination for these funds.

Any investment in housing from pension funds would have to provide a rate of return equivalent to that achieved by current investments. Or as an alternative, could be subsidised by the Scottish Government using its housing finance, as it currently does with various private Housing Bonds, stretching the budget further than commercial finance.

UNISON developed its proposal for using pension funds jointly with the Scottish Federation of Housing Associations.<sup>9</sup>

- The idea was recommended by the Lyons Review of Housing, and was warmly welcomed by politicians when first used in Scotland.<sup>10</sup>
- A similar idea was recommended in 2012 by the RIBA Future Homes Commission which proposed an independent £10b Local Housing Development Fund, financed and owned by local authority pension funds to kick start large scale social house-building.<sup>11</sup>

The use of local government pension funds for social housing is a natural fit with the 'community wealth-building approach' of the Centre for Local Economic Strategies (CLES) which has been developed and tested in work with Preston, Manchester and Birmingham City Councils. The approach is currently being tested as part of the Ayrshire Growth Deal which includes the development of a local procurement strategy.<sup>12</sup> Housing investment by local authority pension funds makes perfect sense as part of this.

Two precedents for its use in Scotland are:

- The Strathclyde Local Government Pension Fund which invested £35m in the award-winning Commonwealth Village in Dalmarnock, Glasgow.
- The Falkirk Council Local Government Pension Fund which in 2014 invested £30m in social house-building in the Forth Valley through the vehicle of Hearthstone Investment's Housing for Scotland Fund. £6m of Scottish Government funding for Hearthstone enabled construction to proceed, guaranteeing a dependable future income stream for the pension fund.<sup>13</sup><sup>14</sup>

One example from England is the investment by the Greater Manchester Pension Fund, in association with CLES, in funding construction of 240 new homes on land provided by Manchester City Council. The pension fund will take a priority return on the investment with the council recovering its land values as a second priority.

Despite these precedents, a recent review found that only a handful of the largest pension funds have dedicated resources and expertise for investing in infrastructure.<sup>15</sup> While the potential amalgamation of Scottish local government pension schemes into one national scheme further enhances its potential use, UNISON recommends the Scottish Government take proactive steps now to align the housing market with the investment requirements of the Local Government Pension Schemes (LGPS).

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<sup>8</sup> [http://www.unison-scotland.org.uk/housing/FundingAndBuildingTheHomesScotlandNeeds\\_Mar2013.pdf](http://www.unison-scotland.org.uk/housing/FundingAndBuildingTheHomesScotlandNeeds_Mar2013.pdf)

<sup>9</sup> Unison Scotland (2013) Funding and building the homes Scotland needs.

<sup>10</sup> <https://www.bbc.co.uk/news/uk-scotland-tayside-central-33049217>

<sup>11</sup> <https://communities.rics.org/connect.ti/resipg/view?objectId=8224645>

<sup>12</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/784363/AGD\\_-\\_Heads\\_of\\_Terms\\_-\\_February\\_2019\\_-\\_Agreed\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/784363/AGD_-_Heads_of_Terms_-_February_2019_-_Agreed_Final.pdf)

<sup>13</sup> <https://www.pensionfundsonline.co.uk/content/pension-funds-insider/investment/falkirk-pension-fund-to-benefit-from-social-housing-grant/1809>

<sup>14</sup> <https://www.hearthstone.co.uk/housing-fund-scotland/>

<sup>15</sup> <https://foe.scot/campaign/fossil-fuel-divestment/local-government/councils-investing-sustainably/>

## **Increasing the accessibility and/or functionality of existing and new housing**

Given Scotland's demographic and health profile, accessibility is a key issue for future housing. The welcome moves to improve the provision of wheelchair accessible housing provision must ensure that they relate to all housing tenures and not just in social housing. Similarly, aids and adaptations provision should be tenure neutral. Consideration of new forms of design and construction methodology should be encouraged to put accessibility and flexibility at the forefront of their deliberations.

## **Responding to the global climate emergency by increasing the energy efficiency and warmth and lowering the carbon emissions of existing and new housing**

The climate emergency is the biggest challenge facing society as a whole and housing has a big role to play. Carbon reduction and energy saving initiatives need to be accelerated across the board. Models such Home Energy Efficiency programmes need to be rolled out across the country and quicker progress made on introducing low/zero carbon district heating schemes. Again, measures taken in this respect need to cover all tenures and not just social housing.

A further advantage of accelerating the programme of installing District Heating initiatives would be to provide employment and up-skilling opportunities across the country. For example, in West Dunbartonshire, the Council is collaborating with West College Scotland over training for students in the new skills required in relation to the innovative Queens Quay District Heating system in Clydebank.

Future house construction must use sustainable building materials. Concrete is responsible for between 4-8% of all CO<sub>2</sub> omissions world-wide and comprises 10% of the world's industrial water use, including in "water stressed" regions.

## **Improving the quality, standards and state of repair of existing and new housing**

There have been a number of measures taken over recent years to improve the quality of housing in Scotland and these are to be welcomed. Much more needs to be done, especially in respect of accessibility and energy efficiency. Scottish Government regulatory assistance will often be required, for example in setting wheelchair accessible targets in the private sector.

## **Conclusion**

The Scottish Government should be complemented on its proposed direction of travel in respect of housing policy. Translating this into practice is the challenge, and the housing crisis calls for a bold response. The Scottish Government must be prepared to exercise its powers over taxation to ensure the funding is available to maintain and increase social house building. Scottish local authorities and their skilled and experienced staff will be at the heart of the delivery of the housing vision and it is essential that adequate local government funding is in place to enable this vision to be realised.

## **UNISON Scotland**

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