



Local Government and Communities Committee – Call for Evidence on the Long-Term Financial Sustainability of Local Government

Homes for Scotland Response

1. Introduction

- 1.1. Homes for Scotland (HFS), the major representative body of the home building industry in Scotland welcomes the opportunity to respond to the Local Government & Communities Committee on the long term financial sustainability of local government. As our organisation is centred on the core objective of delivering more homes for Scotland, we are responding to the call for evidence purely on the basis of how the resourcing of local authorities across Scotland directly impacts on the ability of our some 200 members (responsible for approximately 95% all new homes for sales each year in Scotland as well as a large proportion of affordable housing) to deliver the new homes Scotland desperately needs.
- 1.2. The role of local government is crucial to the delivery of new housing, including the associated infrastructure such as roads, schools and health facilities through the services provided by their building standards and planning, housing, education and leisure departments.
- 1.3. Over the last decade Scotland has amassed a housing shortfall of 80,000 homes, and subsequently we need to deliver at least 25,000 new homes a year to meet demand. Key to the industry's ability to increase output is the ability of local authorities to work efficiently with developers throughout the statutory consents process. To do this, local authorities must be adequately financially resourced.

2. Skills and Resourcing

- 2.1. Local authorities must ensure they have the leadership, staff capacity and skills to deliver statutory services efficiently and this therefore requires effective workforce planning. The delivery of new housing is dependent on the permissions and authorisations provided by statutory agencies such as local authority

planning and building standards departments.

- 2.2. However, over a quarter of planning department staff have been cut since 2009 as a result of budget cuts. A comparison between the Planning Workforce Survey 2010 and the Planning Performance Frameworks for 2017/2018 highlight that there has been a 25.7% loss of staff in planning departments since 2009.
- 2.3. Further compounding this is the limited pipeline of new planners coming into the system. The average number of graduate planners going through RTP1 accredited courses each year in Scotland is approximately 100, with not all of these being retained in Scotland. In addition, data from planning authorities Planning Performance Frameworks indicate that approximately 9% of staff in planning authorities are under 30, whilst over 35% are over 50 years.
- 2.4. Findings from the recent 'New Housing & Future Construction Skills' report from the Scottish Government short life working group found that:
 - Both Heads of Planning (HOPs) and Local Authority Building Standards Scotland (LABSS) expressed concern over pressures on current staffing levels and the impact future regulatory changes will have on work capacity.
 - A recent survey carried by LABSS found that 81% of local authorities stated that building standards teams have reduced in FTE numbers with the potential loss of a further 25% of the workforce through retirement within the next 5 years.

3. Finance

- 3.1. Scottish Government funding has remained relatively stable over 2018-19 and 2019-20; however since 2013-14 funding has reduced in real terms by 6%.
- 3.2. At present funding for planning and building standards departments is devolved to local authorities to allocate. Local authorities may need to use their funding for other key areas and this negatively impacts the resourcing and skills capacity of planning and building standards departments.
- 3.3. The Figures from Scottish Local Government Provisional Outturn and Budget Estimate for 2018 show that only 0.38% of total revenue budgets in local authorities were spent on development management and development planning, down from 0.63% in 2015. Indeed, this reflects an overall downwards trend in planning budgets; when comparing Scottish Local Government Financial Statistics 2009/10 and 2016/17, show planning authorities' budgets decreasing in real terms by 40.8% since 2009.
- 3.4. Given the significance of increasing housing delivery, health and safety factors for building occupants and the number of new regulations and future construction technologies which will require to be inspected, some form of ring fencing or additional funding should be provided for the relevant departments.
- 3.5. In addition, local authorities have direct responsibility for the provision of new affordable housing either directly or via grant to housing associations. It is

therefore essential that local authorities are adequately resourced in both short and longer term to continue to provide and manage social housing.

4. Benefits of increasing housing delivery at local authority level

- 4.1. Whilst the need for new homes is recognised by the Scottish Government, culture, perception and practice are all issues at the local level that have a great bearing on the industry's ability to deliver the new homes that people across Scotland genuinely need – and aspire to. Local authorities must champion the need for more new homes in their areas and recognise that suppressing the supply of new homes causes more problems than it solves.
- 4.2. The long-term economic benefits that housing delivery creates at local authority level should not be ignored. Independent analysis carried out by Nathaniel Lichfield & Partners in 2015 found that residents of the 15,562 homes built across Scotland in 2014 alone contributed just over £15.4m of Council Tax receipts. However, if we were able to increase housing supply to deliver 25,000 homes per annum, it is estimated that this would generate
 - £24.7m in Council Tax receipts
 - 1,560 new affordable homes,
 - £75.2m in Section 75 housing contributions
 - £31m in other community facilities through S75 contributions.