

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE
THE IMPACT OF COVID-19 ON THE FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT
IN SCOTLAND
SUBMISSION FROM HOMES FOR SCOTLAND

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. Having previously written to the Committee on the long term financial sustainability of local government, we emphasised the crucial role local government plays in 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. At the time of our last written submission no one could have envisaged the hugely damaging social and economic impact COVID-19 has had across Scotland's people and businesses. Despite this we have seen some good practice emerging between the homebuilding industry and local authorities:
 - The acceleration of digital transformation programmes and uptake in use of remote inspections and digital evidence to improve productivity of consent regimes
 - More regular and focused collaboration between industry and local government concentrated on sector recovery and quickly responding to emerging issues; most planning authorities are now fully set up for virtual committees and decision-taking, however there is not full consistency across Scotland here.
- 1.4. Moving forward the home building industry has a key role to play in stimulating Scotland's economic recovery, however to do this local authorities must be adequately financially resourced to support and work collaboratively with the industry. The success of both local government and the homebuilding industry is interdependent on one another and if best practice working conditions can be achieved, the social and economic benefits that can be delivered are vast.

2. What can local government sector do, in the short and long term, to manage the financial impact of the crisis? What positive examples can councils and others share about the good work done at local government and community level to lessen the crisis?
- 2.1. COVID-19 presents immediate short, medium and long term challenges that must be addressed, however it is still important to remember the context and background of significant challenges that were facing Scotland prior to the onset of the pandemic.
- 2.2. Over the last decade Scotland has amassed a housing shortfall of approximately 85,000 homes and subsequently we need to deliver at least 25,000 new homes a year to meet the demand of Scotland's population to afford them warm, secure affordable housing. Whilst addressing this significant challenge has become more complex since COVID-19, local authorities must be adequately resourced both financially and in terms of staff capacity.
- 2.3. Homes for Scotland has previously expressed concern over both financial and staffing capacity, with:
- Over 25% of planning department staff cut since 2009.
 - 81% of local authorities stating their building standards teams have reduced in FTE numbers with a further 25% loss of workforce through retirement over the next 5 years.
 - Since 2013-14 Scottish Government funding to local authorities has reduced in real terms by 6%.
- 2.4. It is paramount that these areas of concern are addressed to be able to practically address and deliver new housing across Scotland. If this can be achieved, and Scotland is able to deliver 25,000 new homes each year, it is estimated that this would generate:
- £24.7m in Council Tax receipts
 - At least 1,560 new affordable homes
 - Over £75m in Section 75 housing contributions
 - £31m in other community facilities through S75 contributions.
- 2.5. However a continued failure to adequately resource local authorities will result in the loss of this economic activity at a local and national level. The investment in local authorities is essential to drive the much needed greener, fairer and sustainable recovery that Scotland needs.