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## Divergent approaches to affordable housing supply in a devolved policy system: Scotland and England after 2010

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### ABSTRACT

Within the UK, Scotland and England operate largely devolved housing policy systems (this paper does not discuss Welsh housing policy, even though much of the same analysis can and should examine the relative divergence of policy between Wales and England, and convergence with Scotland – but that would need to be another paper). Since the 2010 advent of fiscal austerity, housing policy has diverged significantly with respect to affordable and social housing supply programmes. Scotland has returned to council house building and retained a significant grant-funded programme aimed at delivering supply targets intended to tackle unmet housing need. In England, in contrast, following the Coalition Government's Affordable Homes Programme, the response has been to greatly diminish social housing programmes and to replace them with less generous 'affordable' supply programmes for ownership and rent. This experience masks fundamentally different policy settings and assumptions about the housing problem in each country. This paper will first set out the context and mechanisms of housing policy prior to the switch to deficit reduction and austerity, before briefly outlining the policy instruments and strategies adopted in both countries, contrasting their impacts and outcomes. Second, it will investigate the relative effectiveness of these policies, drawing on a synthesis of critical policy science and public policy literatures. The final section discusses the findings in a forward-looking way and also reflects on possible lessons from housing policy divergence and the analytical tools deployed in this paper.

### Highlights

- Scotland and England deliver housing policy to support those seeking to live in affordable housing under significantly local policy discretion within the devolved UK.
- Both countries have pursued increasingly divergent approaches to expanding affordable housing supply. This paper contrasts and explores the two approaches, broadly since the economic crisis of 2008.
- Adopting a framework drawing on the ideas of policy failure and organized around the structure of a realistic evaluation, we find

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that Scotland's programme with higher grant per unit has delivered more social housing and met more of its underlying housing need than was the case in England, which was more focused on lower subsidy and higher rent 'affordable' housing.

- There are wider political and contextual reasons that help explain this divergence in outcome and policy but also uncertainty about how affordable supply will develop in the future.

## 1. Introduction

Comparing affordable housebuilding in Scotland with what is occurring in England, the authors of a recent study of the Scottish programme concluded:

A programme of this scale could potentially raise the social housing stock from just under 595,000 in 2017 to between 618-620,000 by 2021, a net rise of up to 25,000 once demolitions, conversions and other attrition is allowed for. This net rise, aided by the ending of Right to Buy in 2016, stands in stark contrast to England where the number of socially-rented homes is predicted to fall by 120,000. Young and Donohoe (2018, 7)

Devolution in the UK was enacted in 1999 and has since been associated with a widening divergence of policy (and consequent outcomes) across the housing sectors of Scotland and England. Housing policy was not completely unified across the two countries prior to devolution; rather, there were nuanced differences, and distinctive governance arrangements (Gibb, MacLennan, & O'Sullivan, 2017). Since the re-establishing of the Scottish Parliament, however, there has been significant primary and secondary legislation and other local policy innovations in each country (Gibb, 2012; Stephens, 2019). This has been particularly true of homelessness, private renting, and assistance to the home ownership sector (e.g. the Help to Buy scheme<sup>1</sup>). Property taxation both for local government and transaction taxes are also devolved and have diverged significantly. It is even the case that formally reserved (to Westminster) policy such as social security reform in the case of the 'bedroom tax' has been intentionally mitigated in Scotland (Gibb, 2015).

The main *reserved* elements of the housing system (i.e. not devolved to Scotland) concern mortgage market policy<sup>2</sup> and its financial regulation, elements of housing taxation (e.g. policy decisions over the tax treatment of housing as an asset), the system of low-income housing personal subsidies (though this is potentially partially devolved, under new powers granted in 2016, that give Scotland the right to vary the housing cost elements of universal credit<sup>3</sup>) and, perhaps most importantly, the rules of the game insofar as public expenditure systems are governed and managed (e.g. what counts as public expenditure and what is legitimate for the Scottish Parliament to do in terms of public spending, borrowing, taxing, etc.). All other housing matters: social housing, direct public spending on housing programmes, the creation of new affordable housing products or models, the law and regulation concerning private and social renting, and the town and country planning system – are all devolved and in the gift of the Scottish Government.

This paper is concerned with divergent affordable supply programmes in a quasi-federal UK, contrasting Scotland and England since 2010. As a critical policy analysis of Government-funded programmes, the paper is less about the meaning or interpretation of affordability, though it is concerned with how affordable the outcomes of the programme actually are (which is one aspect of policy effectiveness). It is clearly important

how affordability is defined for practical operational reasons (e.g. for subsidy definition and programme parameters and eligibility). This remains a live issue in the UK (Meen, 2018a, 2018b). The principal research questions the paper confronts are:

- How and why has affordable housing supply policy diverged between Scotland and England since 2010?
- Can we usefully adopt an approach to assessing (provisionally) the impact and policy effectiveness of these divergent housing policies utilizing specific policy analysis approaches? Does such an approach have wider potential?
- Are there wider lessons for the UK and internationally about achieving impact arising from this examination of supply programmes?

The contribution that the paper makes is two-fold. First, while there is a small literature contrasting housing policy in a devolved UK (Gibb, 2012, 2015; McKee, Muir, & Moore, 2017; Stephens, 2019), this is the first attempt to assess the outcomes of policy divergence and try to explain why major spending programmes took the form they did and had specific outcomes. Second, the paper adopts an approach to its evaluation of the programmes based primarily around two approaches to policy success and failure (King & Crewe, 2013; Schuck, 2014). The assessment of the two programmes is provisional, reflecting the unfolding nature of the impacts concerned with on-going programmes.

To summarize the contents of the paper, after the preceding introduction, there is a summary of the political background. The paper (Section 2) then provides a brief narrative account of the affordable supply programmes in Scotland and England since the UK Coalition Government was elected in 2010. The next section (3) outlines an evaluative framework based on the multiple concepts used within the study of policy success and policy failure (previously used to study the bedroom tax – Gibb, 2015), which is in turn organized in the subsequent discussion around key elements from the realist evaluation tradition – Pawson & Tilley, 1997; Fitzpatrick, 2005; Mingers, 2016, namely context, mechanisms and outcomes, with the latter focusing on what works, for whom and why? This framework is then applied in Section 4 and allows conclusions (Section 5) to be reached about the policies in both comparative and absolute terms, as well as considering the resilience of affordable housing supply to contemporary and likely future shocks. The paper also reflects on the challenges of contemporary comparative policy analysis, the value of the framework adopted and the changing scope to learn and share policy evidence across a border within the same nation-state.

### **1.1. Political background**

The paper examines the period after the financial crisis and recession of 2007–2009, since this led to the austerity coalition UK government led by David Cameron (2010–2015), as set against the distinctively social democratic, Scottish National Party (SNP) Government in minority government from 2007 to 2011 and then majority government from 2011 to 2016. This was also the period that saw a Scottish independence reference in September 2014 (voting to remain in the UK by 55–45%). That referendum also led to the subsequent granting of further devolution powers to Scotland (including, among other things, the near-complete devolution of income tax and the assignment of 50% of VAT revenue and new powers to devolve parts of social security). When fully rolled-out, these

reforms will make Scotland the most fiscally decentralized – in spending and revenue terms – sub-national body outside of Canada and Switzerland across the OECD (SPICe, 2014). The Cameron premiership fell in the summer of 2016<sup>4</sup> following the referendum that narrowly voted to leave the EU. Some have argued that chronic local housing problems allied to other local service pressures in ‘left-behind’ places were important ancillary protest reasons for the vote to leave (Gibb & MacLennan, 2018; MacLennan & McCauley, 2018). Unexpectedly, the new Theresa May UK government lost its majority in a snap 2017 general election although the Conservatives remained in power.<sup>5</sup> Since 2016, Scotland has also had a minority government, still led by the SNP.

Multiple political, social and economic forces shaped this period. The financial crisis, recession and sharp fiscal tightening impacted negatively on housing systems and the public purse, most directly through large cuts in housing public capital expenditure, and the cumulative consequences of austerity measures initiated in London but affecting Scotland directly through the Barnett Formula.<sup>6</sup> Welfare reform, plus other cuts to housing benefits, also had major and on-going impacts to the low-income segment of the housing system. Additionally, the two governments faced different ways on austerity, inequality, the constitutional future, and the conduct of social policy in important areas such as housing. The Scottish Government is now consulting on longer term housing policy goals to 2040,<sup>7</sup> suggesting that new priorities may replace the current ambition of their social and affordable supply programme. Housing policy in England is also moving apace, even if its destination is far from clear.

## 2. Affordable housing supply in Scotland and England since 2010

Table 1 summarizes tenure change in Scotland and England between 2000 and 2017. The key points are that home ownership fell, particularly in England and that as a consequence, home ownership levels overall converged between the two countries. Second, private renting has grown remarkably, particularly in England but nonetheless more than doubling in Scotland. This has been at the expense of both owning and social renting.

**Table 1.** Housing tenure change, dwellings, 2000–2017, England and Scotland (% , *N*).

Country/tenure	2000	2010	2017
<i>England:</i>			
<i>Owner-occupied</i>	69.3%	66.2%	62.9%
<i>PRS</i>	9.9%	17.1%	20.0%
<i>Housing Association</i>	6.0%	9.5%	10.2%
<i>Local Authority</i>	14.3%	7.4%	6.7%
<i>Other public sector</i>	0.5%	0.3%	0.2%
<i>Total Dwellings (No.)</i>	21,075,000	22,839,000	23,950,000
<i>Scotland:</i>			
<i>Owner-occupied</i>	62.3%	63.8%	61.1%
<i>PRS</i>	6.7%	12.2%	16.0%
<i>Housing Association</i>	5.7%	11.0%	10.8%
<i>Local Authority</i>	25.3%	13.0%	12.2%
<i>Total Dwellings (No.)</i>	2,303,000	2,482,000	2,585,000

Source: Stephens, Perry, Williams, and Young (2019) UK Housing Review 2019. Chartered Institute of Housing: Coventry. Tables 17a and 17b.

Note: Other public sector generally relates to arm’s length management companies running council housing and local housing companies set up by councils.

Third, social renting has fallen in England and has slightly reduced in Scotland. However, within the social rented sector, local authority housing provision has collapsed, falling in both countries to less than half of its level in 2000 (note that a significant proportion of the reduction in Scotland is due to one stock transfer to the housing association sector, that of Glasgow city). These tenure changes have had profound and ongoing ramifications. One is that more low-income households have moved to the rental market, facing market rents and qualifying for local housing allowances (housing benefit), putting strong upward pressure on benefit bills paid by the Exchequer.

### 2.1. Defining terms

There is an important UK-level distinction between what might be termed *affordable* housing and the notion of specifically *social* housing. Publicly supported and funded housing supply programmes distinguish between the two even though there is a tendency in some quarters to subsume both under the term affordable housing. We start therefore by seeking to clarify the difference.

Social housing refers to provision of typically general needs non-market housing by primarily councils and not for profit housing associations. These often have public capital (or historically revenue) subsidy attached to their initial development but also sometimes refurbishment/upgrading as well. Rents are set substantially below market levels (though in some lower demand areas rents between private market and social housing may not in practice be hugely different). Recent English policies have increased rents of existing stock when vacant units were relet – in order to cross subsidize new affordable supply.

For social housing, properties are allocated to tenants in terms of relative need priority determined by the provider within a common set of national policy expectations as to what they should contain e.g. homeless, medical needs, other social priorities. Normally, this involves a waiting list or form of choice-based letting (where the ‘currency’ used by the prospective tenant to bid for vacant properties remains their measured level of need). Social housing typically provides strong rights to the tenant in terms of security other than sustained breaches of tenancy agreements (recent experiments with probationary and fixed-term tenancies in England reduced this security for new tenants). Generally speaking, social housing tenancies are not income-related and access to social housing does not change once one is living in it or, for instance, if subsequent personal circumstances change (though, again, recent English proposals have sought to alter this).

Affordable housing can be thought of as a range of tailored nearer-market provision of housing, often by not for profit housing associations. These may be to either rent or provide forms of low-cost home ownership (or indeed *shared ownership*, which is part-own and part-rent). They normally do involve rents or housing costs below the market equivalent, sometimes tied to housing benefit personal housing subsidy caps, but are higher typically than equivalent social rents.<sup>8</sup> Affordable housing generally, compared to social housing, has reduced security attached to tenancies and may or may not be allocated by relative housing need. Instead, each scheme may have specific eligibility requirements e.g. income caps or for first-time buyers only. Shared equity home ownership products may also count as affordable housing supply – purchasers own a proportion of the property’s equity; the remainder being held by the provider or government.

Somewhat confusingly, the Help to Buy equity loan product,<sup>9</sup> with different rules in England and Scotland, does not count as affordable housing (though the same scheme does in Wales).

There are three major implications from this definitional complexity. First, governments tend to subsume both social and affordable supply in the ‘affordable supply programme’ in both countries – but we need to be clear that these totals are for quite different types of housing provision. This is particularly important in Scotland where the government has set targets for overall affordable supply but also a minimum level of that target to be exclusively social housing. This distinction is critical in England where, since 2010, there has been a collapse in the provision of genuine social housing supply (see Table 3).

We should also recognize, second, the importance of an established system of funding social housing prior to the GFC. This system, operating in both countries, was known as *mixed funding* for housing associations. It involved a large capital grant which was then supplemented by private loans. The rent charged sought to meet loan charges and other running costs. After the early 1980s, local authorities largely ceased to provide new social housing as a result of borrowing controls and the strong disincentive of council house sales. Many councils sold off their stock (with sitting tenants) to housing associations and ceased being landlords. In Scotland, this was pursued by 6 of 32 local councils. In England, in particular, associations shifted from reliance on the mixed funding model (grants were typically lower in England compared to Scotland) to a more pro-cyclical use of internal cross-subsidy of surpluses from sales of new build properties into home ownership, as well as shifting to low-cost home ownership, affordable renting and in particular benefiting from planning gain rules that allowed local authorities to demand proportions of larger new private sector developments were given over for housing associations to provide affordable and social housing. The risk of this pro-cyclical turn was crystallized by the recession which led to a collapse in this form of market-influenced support for English affordable supply.

Finally, there is the idea of a supply ‘programme’, which is taken here to mean a government-steered multi-year funded set of policies that operate consistently across the jurisdiction with clear aims and objectives. A comparison of Scottish and English affordable housing supply programmes, however, is not straightforward since the English model has shifted considerably over time, characterized by a degree of incoherence, changing emphasis and funding announcements, and done so across overlapping periods. This makes the programmes hard to measure and is equally as true under the Coalition government, the Cameron majority Government and the May Government before and after the 2017 general election. Nonetheless, it seems reasonable to split the English programmes into three: 2011–2015 (Affordable Homes Programme) and 2016–2018 (Supported Ownership and Affordable Homes Programme or SOAHP) and 2018–2019 to 2022–2023 (Homes England and the new SOAHP). Similarly, we can distinguish the two Scottish affordable supply programmes (2011–2016 and 2016–2021.)

## 2.2. Housing need

The measurement of housing needs attempts to try to quantify the levels of deficit or unmet need and the level of new affordable housing supply consequently required.

Increasingly, there are standard ways to do this adopting a common accounting framework. In Scotland, this was seen most clearly by the 2015 housing needs study carried out by Shelter Scotland, the Chartered Institute of Housing and the Scottish Federation of Housing Associations (Powell, Dunning, Ferrari, & McKee, 2015). This became the Government-recognized estimate of affordable housing need in Scotland. It used commonly accepted methods to achieve key aggregate benchmarks of need and affordable supply (Newhaven, 2010), suggesting that the annual housing need deficit in Scotland for affordable housing was 12,000 units per annum. In England, in contrast, a number of studies, none of which could be deemed to be completely official or achieving the consensus that the Scottish study reached, can be drawn on. They provide a range of estimates working on different assumptions and measuring different things. However, the main findings would suggest that there is a considerable level of unmet affordable housing need in England and in its regions. Table 2 summarizes the main results from a recent comprehensive study of England and Scotland using a consistent methodology by Glen Bramley (2018) and allows us to draw conclusions about the level of affordable housing need in England.

Bramley's model combines existing housing need, future need and estimated market requirements and seeks to build up an estimate of the required programme of housebuilding to meet these shortfalls over 15 years. It is not an official model though it does use government estimates of household formation. The numbers presented in Table 2 are directly comparable to the Scottish 2015 affordable housing need numbers (albeit under different assumptions about the time required to clear backlog need). The numbers also usefully distinguish market from social/affordable need numbers, which is not always clearly done in England. Specifically, the Scottish numbers have fallen from 12,000 to 10,000 per annum. The English non-market need numbers sit at 145,000. Actual market supply has also been considerably below the levels of requirements suggested by Bramley's analysis.

## 2.2. Affordable supply programmes in England and Scotland

### 2.2.1. England

In October 2010, in the wake of departmental spending cuts of more than 60% over five years that directly impacted on housing capital spend, a new Affordable Homes Programme was established to maintain a level of affordable supply across England. The main features of this programme were low grant per unit (i.e. up to £22,000 per unit), and a complex model of cross subsidy within the provider's housing stock. This worked by first setting rents on the new build at higher affordable levels with reference to the housing benefit ceiling for the private rented sector with rents, broadly, expected to be around 80–85% of this ceiling

**Table 2.** Social and affordable housing need in England and Scotland, 2018, expressed at housebuilding requirements, annual.

Country	Social housing need	Intermediate rent need <sup>a</sup>	Affordable ownership need	Social and affordable need (cols 2–4)	Total Requirements (market and non-market)
England	90,000	30,000	25,000	145,000	340,000
Scotland	5500	2000	2500	10,000	26,000
Wales	4000	1500	1500	7000	14,000
Great Britain	100,000	33,500	29,000	162,500	380,000

Source: Bramley, 2018, Table 1.2.

<sup>a</sup>The study quoted uses the term intermediate rent when we have been using affordable rent in this paper.

but with a lower rent possible in higher demand areas. Recognizing that more resource would be needed to support this model, the government proposed that as properties become vacant among the existing stock of the provider, they would also be relet at these higher affordable rents, thereby creating additional revenue to help meet the costs of the new build units. It was estimated at the time that around three units would be required to be relet at this affordable rent level to meet the requirements of every new unit built. The programme was set up pledging to build 80,000 affordable homes and in practice just over 82,000 were developed (House of Commons Library, 2019; Wilcox, Perry, & Williams, 2015). The second wave of the programme, now called Supported Ownership and Affordable Homes, delivered more than 86,000 units between 2015 and 2018 and the current wave of the SOAHP, now run by Homes England<sup>10</sup> proposes for the period 2018–2019 to 2022–2023 to meet a target of 130,000 started affordable new homes.

If we look at the programmes in terms of aims, design and outcomes, we find that the underlying goals were to expand access to home ownership (and only more recently has affordable and social renting begun to be prioritized under the May government – see Lund, 2017). Second, as important has been the goal to maximize new supply across a range of tenures for a given financial commitment. This also led to the collapse in social rented units and the dominance of affordable rent and supported home ownership. A third important theme has been the high demand and extreme shortages characteristic of London and the need for considerable resources to support affordable housing in the capital (GLA, 2019), identified an annual requirement to build 65,000 units, half of which should be *genuinely* affordable i.e. social. For the 2015–2018 programme, of the £2.9 billion identified for public funding, £1.2 billion went to London. Fourth, it should be stressed that these programme supply targets were delivered with considerably less public funding (recall that 60% cut for 2011–2015), and in output terms were much smaller than the previous pre-coalition government (the 2011–2015 programme was only 38% of the previous government’s programme – Wilcox et al., 2015).

The English affordable supply programmes can usefully be distinguished by the policy decision to reduce capital subsidy, thereby putting upward pressure on required rents (i.e. moving from social levels to higher, more ‘affordable’ levels or nearer market benchmarks in the sense defined earlier). This is in effect a shift in how new non-market supply is funded from housing public capital spending to social security spending, as low-income tenants require more benefit support to pay for these now higher rents. This trade-off is a political one about the form of subsidy, but it also takes place in a context of austerity cuts to housing assistance for low-income households, a growth in in-work receipt of housing benefit and greater tenant risk in the face of more conditional benefits for working age households. As we note below, the Scottish programme, in contrast, has remained tied to higher levels of capital subsidy and the public spending ramifications that brings, including the more favourable welfare benefit implications of relatively lower rents.

In addition to the various stages of the English affordable supply programme, there has in fact been much wider policy activity in the area. Housing policy in England has featured a succession of ministers responsible for housing working in short tenures while Downing street promoted a specific radical reform agenda that led to the 2016 Housing and Planning Act<sup>11</sup> which contained a number of controversial proposals, many of which have been dropped, stalled or neutered since the demise of the Cameron premiership (e.g. ‘pay to stay’ which would have charged high rents for social tenants on higher incomes; a

generalizing of probationary and fixed-term tenancies aimed at not providing life-time tenancies in the future; and, a continuing proposal to widen the Right To Buy in England to housing associations in return for promises to ensure that there could be one for one replacements for every unit sold). These policies might have successfully modernized social renting, but they undoubtedly created considerable uncertainty about the future of the sector and were widely condemned by large parts of the social housing sector.<sup>12</sup>

Across Britain, welfare reform roll-out has had a major impact on social providers via managing rising rent arrears among tenants in part due to income loss as a result of benefit cuts, problems with the introduction of new benefits conditionality-based sanctioning of benefits (a system for withdrawing benefits conditional on non-compliance with expectations on beneficiaries to seek work). In addition, the Government's decisions to freeze rents in England in order to reduce benefit bills – has compounded a major transfer of risk onto providers (and their affected tenants).

A feature of the Cameron coalition was a willingness to tinker with what has become known as the Section 106 planning gain rules (Crook, Henneberry, & Whitehead, 2016). This was a previously quite effective inclusive planning model by which social (and also affordable) supply could be supported in larger private developments in local areas if there was an evident unmet need. However, as a pro-cyclical planning tool, it unsurprisingly became less effective when private demand fell. The Government first tried to shift the onus on to promoting large scale private rented housing, then to support a proportion of discounted properties for sale (as part of the S106 agreement with the developer) and then simply to allow a viability test which meant that developers could argue that the affordable component would not allow them to earn fair rates of return. This became highly controversial when it emerged that local people were not able to test the veracity of these claims because the key information was deemed commercially confidential. What is now apparent, however, is that in recent years within a stronger market development context, S106 related completions have grown once more, largely associated with supporting ownership interventions (and less so with affordable renting or even more rare, for social renting). While it is the case that S106 agreements have continued to play an important role supporting the funding of social supply in England, we should note that overall social supply levels have fallen back significantly in England and that over the wider period the trend has been for S106 opportunities to be increasingly for affordable renting and low-cost home ownership contributions. Nonetheless, the significant potential for S106 planning agreements to financially support social supply remains.

The May government produced a series of pre-legislative documents<sup>13,14</sup> which did hold out plans to build more social and affordable supply as part of the task of 'fixing the broken housing market'. However, in the wake of the terrible Grenfell tower fire in West London in June 2017, where 72 social tenants died, the emphasis shifted to tenant involvement and landlord accountability in social housing rather than the means by which to develop more of it.<sup>15</sup> The government did finally remove council housing borrowing caps facing all English councils. This may, and appears already, to be encouraging new council housing supply. This is in addition to a significant programme in recent years of local housing companies (LHCs), that is, stand-alone housing interventions (out with the traditional council housing funding arrangements but usually on council-owned land) delivered by more than 150 English councils, often for affordable rent or for outright sale. Although rarely for social renting, some councils have used LHCs to meet specific

requirements across all tenures e.g. deliver the council's own form of commercial temporary accommodation for homeless people rather than go to the market (Hackett, 2017; Morphet & Clifford, 2018).<sup>16,17</sup>

### 2.2.2. Scotland

In Scotland, apart from a one- year experimental innovative funding programme (Field, McDowall, Trouten, & Gibb, 2012), the period has been dominated by two programme plans, each the length of their respective parliamentary term, designed to deliver a level of social and affordable housing (the affordable supply programme) – see Serin, Kintrea, and Gibb (2018b). In the first parliament (2011–2016) the Government sought to fund the building of 6000 units per annum with 2/3 of these being social (including 1000 per annum new council homes). The affordable component was primarily in the form of low cost or affordable home ownership, mainly shared equity housing, but also included a smaller contribution of affordable rented units. More than 32,000 units were delivered. Following a new national affordable housing needs study in 2015 (Powell et al. 2015), the programme was increased for the 2016–2021 Parliament to 50,000 or 10,000 per year in the face of measured unmet affordable need of 12,000 per annum. This involves a larger social housing share (70%) and more emphasis on affordable rent within the affordable 30%.

Unlike England, Scottish council housing has taken on a significant share of the programmes, initially made possible by abolishing the right to buy for new council homes in 2009. Moreover, Scottish councils did not face the English constraint of borrowing caps on councils and, critically, the Scottish Government initiated deep capital grants for council new build.<sup>18</sup> The 2011–2016 programme exceeded its target of completions, and while the 2016–2021 programme is presently running behind in terms of annual completions, the levels of approvals and starts implying that the programme has every chance of being completed successfully (Young & Donohoe, 2018).

As in England, Scotland has also been developing a series of complementary policies that impact on the wider housing system, including social and affordable housing. Chief among these have been a succession of private renting regulatory reforms culminating in 2016 legislation that ended fixed-term tenancies and replaced them with open-ended tenancies that outlawed no-fault evictions and created a finite set of legitimate reasons to cease tenancies. The new standard tenancy was also accompanied by restrictions on excessive rent increases and the potential (at least) to limit rent increases across specific localities. Alongside this initiative, Scotland also abolished all forms of council house sales in 2016. The enthusiasm for social housing reform found in England associated with the English 2016 legislation and discussed above is noticeable by its complete absence in Scotland. Perhaps the best example of this different path was the decision by the Scottish government to fully mitigate the impact of the 'bedroom tax' or spare room subsidy that otherwise would have cut working-age social tenant housing benefit by 14–25% if they had 'excess' bedrooms (Gibb, 2015).

Table 3 looks at completions, which in turn reflect decisions often made several years before when funding was approved. Hence in the early years of the programme, new build may be the result of pre-crisis funding agreements. Nonetheless, there are striking trends. First, there is the unmistakable collapse in social housing supply in England, falling from just under 40,000 units in 2010–2011 to as low as just under 6000 units in 2016–2017, though there was modest recovery thereafter. Alongside this fall, affordable housing

**Table 3.** Social and Affordable Housing Supply England and Scotland since 2010, completions.

Country and mode of provision	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
England:								
Social	39,559	37,667	17,618	10,924	9570	6794	5895	6434
Affordable	21,539	20,660	25,500	32,103	57,128	25,824	36,303	40,690
Social & affordable	61,098	58,327	43,118	43,027	66,698	32,618	42,198	47,124
All per (2011) 10,000 households	27.6	26.4	19.5	19.5	30.1	14.8	19.1	21.3
Scotland:								
Social	5836	5652	4274	4368	4376	3853	4580	5266
Affordable	1395	1230	1735	2644	2693	2665	2756	3268
Social & affordable combined	7231	6882	6009	7012	7069	6518	7336	8534
All per (2011) 10,000 households	30.1	28.7	25.0	29.2	29.4	27.2	30.6	35.6

Sources: MHCLG Housing Live Tables – Table 1000; Scottish Government affordable supply tables <https://www2.gov.scot/Topics/Statistics/Browse/HousingRegeneration/HSfs/NewBuild/AHSPtables>

supply waxed and waned though it did have one year (2014–2015) when a remarkable 57,000 units were built (linked to the Affordable Homes Programme). However, overall, the picture is one of rising and falling priority for affordable supply, a lack of consistent focus when set against a backdrop of much higher requirements for social housing.

Second, Table 3 suggests that social building in Scotland has held up numerically despite a dip in the middle period, alongside a more consistent growth, albeit from lower levels, in affordable supply. The net effect is a growing profile of the affordable supply programme in Scotland. Third, it is clear that when we standardize by number of households, Scotland's affordable supply has outperformed England in all but one of the years covered and, in recent years the gap has actually widened.

### 3. Comparative Effectiveness – methods of analysis

#### 3.1. A policy success and failure approach

What do we mean by policy success and failure in a general and operational sense? McConnell (2010) argues that policies too often are narrow conceptions of success or failure and that policy often has multiple dimensions. McConnell groups these dimensions around policy as a process, programmes of public policy and in terms of politics. For each of these elements, there is a spectrum of success through to failure. McConnell concludes, arguing (351) for a more pragmatic definition of policy success: 'A policy is successful if it achieves the goals that proponents set out to achieve and attracts no criticism of any significance and/or support is virtually universal'.

Schuck (2014) contends that policy success generally has six necessary attributes: (1) The incentives created by the policy must be able to result in the desired behaviours both of the policy makers and the actors they are aimed at. (2) The policy should be rational in terms of its selection of appropriate policy instruments or means. (3) The required information to make the policy work should be accurate, unbiased and up to date. (4) The policy must be adaptable to the changing or dynamic environment it operates within. (5) The policy must be credible to those who need to be induced to invest their own resources to make the policy succeed. (6) The policy must be sufficiently well managed to minimize waste, fraud and abuse.

Assessing whether there is evidence of policy failure is not simply the opposite of policy success. Schuck (2014) argues that there are 10 dimensions of policy failure. The first six are the opposite of the six success criteria listed above, plus:

- The power of market forces to overcome, go around or otherwise circumvent policy or intervention intentions.
- Implementation failures (for instance, participants in a policy may have inconsistent perspectives, or it may face several kinds of delays).
- Limits to law and legislation (for instance, its discretion, or its capacity to crowd-out low-cost co-operation and/or private solutions).
- Independent effects of the bureaucracy which itself has structural or endemic features may be positive or negative to the chances of a successful policy.

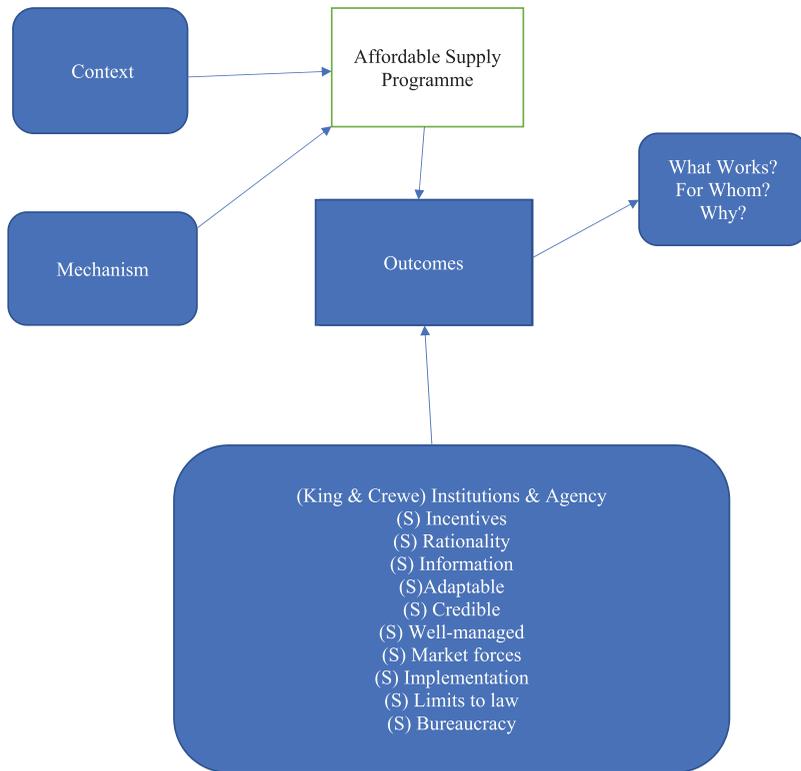
Emerging from these different perspectives is an attempt to draw on multi-disciplinary strands (political science, economics, law, policy analysis, history) with which to construct a systematic approach that can understand policy success or failure. Additionally, these approaches are usefully augmented by explicitly considering the relevance and significance of ideological and political ambitions that often frame policies. These high-level multidisciplinary accounts of policy analysis have also been effectively organized along the lines of combining structural or institutional drivers of failure alongside agency or human error (King & Crewe, 2013).

### **3.2. Realist evaluation organizing Principles**

Critical realism is an attempt to reassert ‘the primacy of ontology over epistemology – that is, it asserts the existence of an independent external world about which we may acquire knowledge, while recognizing the inevitably fallible and contextual nature of that knowledge’ (Mingers, 2016, 4). Pawson and Tilley (1997) contend that a realist approach seeks to get beyond the binary of positivism versus relativism and stresses the mechanics of explanation in scientific practice in terms of understanding ‘how things change’. Policy programmes can be evaluated as a process of building and refining theories of change which rely on situating policy programmes in their context, examining how mechanisms of change operate in that context and assessing the outcomes of the programme within this framework. Fitzpatrick (2005, 11) argues that the Pawson and Tilley approach goes beyond traditional evaluative approaches because it uses qualitative methods to dig into their key questions of what works, for whom and why.

### **3.3. A synthesis**

An important question for the paper is the extent to which these multidisciplinary policy failure ideas can be applied at a relatively abstract level to housing programme evaluation in this way and indeed whether they can be applied to critical thinking regarding the evaluation of affordable housing supply programmes. Figure 1 summarizes the approach taken in this paper. The affordable supply programme in each country is considered in terms of its context, mechanisms and outcomes, drawing on the lens of critical policy success. failure criteria from Schuck and from King and Crewe to assess, at least provisionally,



**Figure 1.** Schematic of Programme Evaluative Framework. Sources: King and Crewe (2013); Schuck (2014).

what has worked for whom and why (and the extent to which it has not worked). This paper is not conducting a realist evaluation per se but rather one that considers policy success and failure framed by the key building blocks of such realist approaches.

The Schuck and King and Crewe approaches provide multiple perspectives with which to consider the effectiveness of policy programmes, drawing on different disciplines and suggesting key lines of investigation. The organizing structure of the realist evaluation helps to structure such an interrogation and so in a logical sequential way (echoing theories of change logic models). A cross-cutting theme throughout is the importance or otherwise of politics and ideology, not just in terms of the values associated with governing parties in each country at a point in time when shaping policy programmes but in this case also with respect to how each government views each other given the highly interdependent relationships that prevail in a devolved system. The conclusion of the paper returns to the efficacy of the approach taken here.

## 4. Comparative effectiveness: A Structured discussion

### 4.1. The role of context

The comparative performance of the two countries' affordable supply programmes was undoubtedly affected by their shared and also unique contexts. As we have seen, the

two countries both faced recessions, the consequences of an austere public expenditure climate, as well as common institutions such as mortgage market regulation, social security systems, and the implications of the Barnett formula adjustment. However, at the same time it is clear that the two countries deviated in terms of political goals, ideological positioning, and the basic sense of support or otherwise for social housing as a solution to perceived housing problems.

They both also started from different positions in 2010. England was already more reliant on cross subsidy to fund non-market development (and hence the need for more market engagement by developing housing associations). There was also a greater emphasis on affordable rather than social housing, as was already apparent from declining social housing output and the shifting mix of outputs from S106 planning agreements (Crook et al., 2016). It was easier for the English to shift away from social housing in 2010 because that was where the increasingly pro-cyclical system was already taking them. In Scotland, in contrast, and in a context of higher grant rates, there was no such fundamental reliance on cross-subsidy. Instead, conventional Keynesian multiplier arguments were used about jobs and indirect spending that would mean the 2011–2015 programme would be pitched as helping struggling local economies and protecting the weakened construction industry (Gibb, 2015).

In England, the 2010 spending review led to major cuts across government departments in Whitehall for the 5 years to 2015. In no other large-scale spending department were the planned spending cuts as large as they were in Communities and Local Government (more than 60%), directly cutting a swathe through capital spend on housing. An ideological willingness to pursue deficit reduction measures by the secretary of state and a willingness to use a combination of lower grants, cross-subsidy and higher benefit costs to support their specific vision of new non-market investment set them apart from both their predecessors and other parts of the UK. Scottish Government budgets were also reduced significantly by Barnett-transferred cuts but they had the freedom to redistribute the pain of programme cuts across their departments and chose not to pass the housing cuts on to the housing sector (albeit after a year's experiment – Field et al., 2012). This is perhaps the single most important policy divergence in housing in recent times since it facilitated the Scottish programme and obliged England to seek other shallow subsidy benefit-driven affordable models.

#### **4.2. Aims and mechanisms**

When we turn to look at the aims of the housing policy programmes, we see strong ideological overtones particularly in the English programme, summed up by the 2016 legislation which sought to make fairly radical changes to social housing and move it quite a long distance away from what had been perceived to be the norms by which social housing was generally understood in England hitherto. However, in both countries, the programme aim has been to contribute to addressing the inability of the market to support housing and to provide lower-cost housing for those who struggled to pay market rents or prices. In neither case would the programmes seek to or be able to achieve meeting accepted levels of aggregate unmet need in total, but through markedly different mechanisms and prior beliefs about 'what works', both approaches planned to make a significant independent impact. It is important to further recognize that these

programmes seek to address symptoms of market failure by replacing or facilitating the housing market, rather than the underlying causes of failure. A systems-wide focus might consider the tax treatment of housing and land assets, the welfare benefits system, the mortgage market, the economics of development and planning, and the standards operating in the private rental market. Making the market work more effectively should reduce the demand for social housing.

The paper previously highlighted the main funding mechanisms used to deliver programmes. Schuck's policy failure model (see [Figure 1](#)) argues that programmes need to do certain things to avoid failing: they need to be perceived to be credible by stakeholders; they need to possess sufficient incentives so they are taken up by providers; and, they need to be efficiently implemented and managed. The strong take-up and interest in both countries' programmes, including the more radical shifts (like the original Affordable Housing Programme in England) suggests that incentives were well-aligned and the programmes were well-understood and credible, perhaps in part because of the weaker private market in parts of both countries meant it was for some the only game in town. The long-standing delivery networks and relationships between providers and different tiers of government (e.g. local planners) meant that opportunities could be advanced and normally be successfully implemented, though Young and Donohoe (2018) note local implementation variability in Scotland.

### **4.3. Outcomes achieved**

Recognizing the levels of unmet need in both countries, it is apparent that English and Scottish affordable supply programmes have achieved their output targets thus far. However, when we look at the English Affordable Homes Programme we should also recognize this wider impact on affordability that it has had by converting a considerable number of previously social rented properties into affordable homes with higher rents in order to cross subsidize the development of new build in the first Affordable Homes Programme. It is thought that nearly 80,000 units have been converted to affordable rent in order to fund the first Affordable Homes Programme (2015 UK Housing Review, chapter on public expenditure). Other things equal, in particular, the low-income status of affected tenants, implies that this must cost more to the Exchequer in additional benefit costs. If we take a longer time frame, there is an ongoing cost to the public finances through benefit obligations which will reduce the public savings on lower initial grants.

Despite the sense that formal programme targets have been met, there are clearly important qualifications. First, the tables in Section 2 of the paper highlight that the level of unmet need addressed by the programmes was much higher in Scotland relative to England, indeed Scotland seeks to achieve 5/6 of the total in the current Parliament. Second, the Scottish programme has been much more transparent and coherent than the English counterpart. The English affordable housing model's cross-subsidy was also arbitrarily negative redistributionally in that cross subsidy meant large number of new tenants faced significantly higher rents compared to social levels when they filled a new vacancy. Scotland, in contrast, produced primarily social housing without any of these wider consequences.

Both countries' programmes stressed numerical targets for completions. There is a long-standing concern that over-focus on outputs will be to the detriment of standards,

quality, place making and other more long-term sustainability goals. In recent years, however, this has become as much an issue for private development as non-market housing. Research continues to suggest that stronger social housing design values and energy efficiency standards are required for all new housing in both countries (Samuel, 2018; Serin, Kenny, White, & Samuel, 2018a). With a focus on national affordable housing need in Scotland – another risk is that the mechanisms by which funding for affordable and social supply is distributed locally can only approximately and imperfectly account for variation in types of local housing need. Developments in 2017 in England led to centralized top-down accounting of levels of local need that Government said English councils would need to work from on a consistent basis (Meen, 2017).

A key question concerns value for public money. Affordable and social housing funding models have not been formally evaluated by government in recent times<sup>18</sup> and Government economic impact assessments have been tarnished by the politics of the European Union referendum and also by Scotland and England publishing diametrically opposed assessments of welfare reform impacts (Gibb, 2015). This is also an area where partial analysis of specific direct costs and benefits may miss wider system-level impacts. The English approach has clearly sought to deliver more affordable units per pound of public funding through cross subsidy, provider contributions and higher rents. However, this is at the expense of higher housing benefit bills, and greater vulnerability for potential tenants facing lower benefit support and higher housing costs. At the same time, affordable or intermediate rent products may be aimed at those in less acute need and may require significant grant funding (as in Scotland) but there is anecdotal evidence that these new subsidized units are challenging existing standards and management quality in the traditional private rented sector.<sup>19</sup>

Another important aspect of this VFM discussion concerns the investment appraisal of social housing and the returns to social housing investment more broadly considered. Recent research in Australia considers the poorer quality of social housing investment appraisals in the literature compared to areas such as transport (Denham, Dodson, & Lawson, 2019). The analysis considers that there is too much heterogeneity, variety of assumptions and model variables in typical social housing analyses. The large cut in the housing budget in the 2010 spending review can in part be argued to be the result of a failure to provide a sufficiently compelling economic case for housing investment. There is a major job to be done to simplify and standardize the way in which social housing investment appraisals take place. Currently, public housing investment programme appraisals of the economic and social returns to housing investment are not being published, in a context where specific policies have not subsequently been formally evaluated and where needs assessment is deemed to be underpowered (Meen, 2017).<sup>20</sup>

In recent years it has also become apparent that not all non-market housing investment appears in the programmes. It was indicated above that this might logically be applied to Help to Buy programmes targeted at first time buyers,<sup>21</sup> as it might also be applied to S106 planning agreements outside of the affordable supply programme. A third important example is because English Council housing investment has been growing and councils have been playing a bigger role in the housing system (Perry, 2019). Part of that growth has been through the large-scale investments made through local housing companies (Hackett, 2017; Morphet & Clifford, 2018). With the recent freedoms granted by the ending of borrowing controls on council housing investments, evidence from the UK

housing press suggests that there is beginning to be a significant increase in investment for council housing.<sup>22</sup> At the same time, it should be borne in mind that the two other factors which supported a council house building programme to scale in Scotland (i.e. large capital grant-funded programme and the end of council house sales) have not applied in England.

In their analysis of the implementation of the Scottish programme, Young and Donohoe (2018) present a broadly positive picture of the Scottish programme. Acknowledging the existence of local issues inhibiting planning and delivery, they nonetheless conclude (p.8):

Overall, ... the scale of the programme is consistent with the Scottish Government's ambitions, both overall and in relation to socially-rented units. Almost all homes are to be newly built and will result in the first significant and sustained increase in the number of socially rented homes since 1981. However, there is work to do on understanding the distribution of those homes, the extent to which that best fits current and future needs and how best to balance the various priorities that a programme of this size seeks to address.

#### **4.4. Successful? For whom and why?**

How might the assessment and evaluation of the two programmes be summed up? On the one hand, it is clear that they have produced the number of units that they set out to do. The Scottish programme is more directed towards social housing than increasingly affordable housing outcomes pursued by the English Government. There are a wide number of reasons why that is the case some of which are more to do with a legacy of path dependency of ideas and ideology, others are to do with the political nature of the parties in power in their respective nations.

From a policy success or failure perspective, the remaining key issues within the Schuck framework (Figure 1) concern whether or not the housing policy programmes are sufficiently adaptable, and work alongside the market sector and relevant legal frameworks. None of these suggest fundamental policy failures: while it is the case that concern has been raised about the private sector's reliance on Help to Buy, this is not true in any significant way for the affordable supply programmes in Scotland and England, which are the successors of well-established policy programmes linking the private sector to social and public providers, regulators and funders – going back to the 1980s and even earlier. It would also be difficult to argue that the programmes have suffered because of the inadequacy of the legal frameworks that they operate within. However, one cannot be so confident about the resilience or adaptability to different context or external shocks. The programmes in England have and continue to rely on a strong pro-cyclical market demand requirement. Also, both England and Scotland are vulnerable to fiscal shocks and indeed unexpected politically induced changes in spending priorities. It is a fact that despite enduring levels of unmet need there is absolutely no institutional guarantee that funds for new affordable investment, of whatever form, are secure.

King and Crewe (2013) point to both structural or institutional reasons why policies fare more or less well and also areas of human error or agency that help explain policy performance. It is striking in this context that we see relative stability and consistency among the main stakeholders, ministers and senior civil servants in Scotland, as compared

to the revolving door of ministers that have run housing in England with no fewer than four ministers since the beginning of 2017 alone. King and Crewe are clear that too much ministerial change does not make for sustainable consistent policies – indeed, a ministerial context where ministers are seeking their next job and try to make a name for themselves in the present job too often leads to unfinished work which is shifted aside by the next incumbent and hence leads to a series of changes and reverberations in the policy system in which housing has to operate.. In the wider policy context, the housing ministry is not well placed in its relationship with the Treasury if the key personnel are changing and we see this reflected in the changes to the English programmes after 2013 often announced in Budgets or by Downing Street rather than by housing ministers. The consequences of a lack of policy ownership (fragmentation, lack of continued focus, sudden direction change) accumulate over time.

It does appear that there may now be a future for council housing as a provider and investor in nonmarket housing in a way that has not been conceivable since the early 1980s. But the question remains whether the English reforms can have as big an impact as those that happened in Scotland over the last 10 years if it does not follow the logic of ending council house sales and also returning to some form of more liberal funding of council housing itself.

A further interesting feature in England is the advent of Homes England, now a major national player in land, infrastructure, housing supply and partnerships with social housing providers. With a reasonable period of governance stability or institutional consistency, the opportunity presented means that Homes England could be a significant constructive part of the housing landscape. Homes England is one feature of housing policy emerging in England to which many in Scotland are quite envious. Often, in recent years, the flow of policy transfer and ideas has been in the other direction, as has been evidenced both between Scotland and Wales but also in terms of recent private renting reforms, for which there is considerable interest south of the border.

A key question is who do these investments in affordable housing work for? While it is logical that additional social rented housing will benefit those most in need, more affordable or intermediate supply at shallower levels of subsidy does assist those struggling to buy and who are less able to qualify for housing benefit. However, as we have seen the Scottish programme was strongly skewed towards social housing and met a far higher proportion of unmet need than the more affordable and low-cost home ownership focused English programmes. These outcomes produce benefits for the housing system as a whole. It is widely expected that the net outcome of the two Scottish Parliament programmes will be to increase the numbers of social housing in Scotland in absolute terms (for the first time in a generation). Additionally, a recent report by the Joseph Rowntree Foundation on the nature of poverty and child poverty in Scotland (Congreve, 2019) found that while high, poverty rates were lower in Scotland than in the rest of the UK and attributed this in large part to higher levels of social housing with relatively lower rents.

What will happen next in Scotland? Currently, a large-scale national consultation in Scotland is underway investigating long-term housing policy trajectories for the country. This appears to be in part a recognition that the level of spending on affordable supply is threatened by other priorities. Despite the risks to future programmes, at least the rhetoric, if not definite policies, remain radical in Scotland. Not only does the Scottish Government support social housing in a more direct and obvious way thus far but that

one sees a much greater willingness to contemplate reducing the speculative and more volatile impacts of the home ownership sector. In the summer of 2019, the Scottish Government repeated their vision for the future of Scottish housing, one which is to stabilize real house prices and to reduce the reliance on housing as a store of wealth.<sup>23</sup>

Making a more refined judgement requires a much more careful spatial analysis where programmes are delivered i.e. the regional, local and neighbourhood levels of analysis that allow microanalysis of affordability, non-housing benefits and enable a clearer sense of the distributional impacts on the ground of these programmes. A more detailed distributional analysis of the impacts of these policies should be part of the thus far absent evaluations of the affordable supply programmes in both countries. This speaks directly to the implementation failures that Schuck highlighted – the disconnect between top-down and local implementation/bottom-up realities.

## 5. Conclusions

The comparison of the affordable supply programmes in Scotland and England suggests that context and path dependency are important as are the politics of how housing policy is made and implemented. Reduced resources led to different approaches with a comparatively larger programme advanced in Scotland directed towards social housing, whereas in England, over the same period, the programme has evolved and mutated in response to a series of medium- and short-term questions but was always underscored by the dominant home ownership narrative. It remains to be seen whether the recent uptake in interest in social housing will survive another change of government leadership and ministerial personnel.<sup>24</sup>

Overall, the relatively larger Scottish programme has been more directed to social housing supply and has met more unmet need compared to the larger and less focused English programme which has been much more concerned with access to home ownership and affordable housing. Low-income households in both countries remain vulnerable to economic and political risks including the future of the welfare benefit regime and the consequences of not investing sufficiently in project appraisals, impact assessments or evaluations.

It is also striking that in a period of considerably reduced trust in politicians in the UK, that these policy programmes have broadly achieved their objectives (all the more striking to have done so in England given the complications and problems alluded to in this paper). Partly this is because of the shadow of Brexit which risks future economic growth and in turn future public resources for capital infrastructure like affordable housing; it is also clear that domestic policy development and the normal department policy process has been significantly impeded by the stasis caused by the EU referendum (Gibb & MacLennan, 2018). The Brexit aftermath remains a risk to policy continuity, the housing market and public finances. But a deal over the future EU relations may actually be the basis for a new wave of potentially progressive domestic policy reforms, including for housing. This all makes policy futures frankly near impossible in the UK till things settle down.

What do the contrasting approaches across the UK tell us about housing policy divergence, lesson learning and policy making? Housing policy is evidently diverging in important ways and will continue to do so. A reasonable question to ask is whether divergence normatively a good thing? On the one hand, it risks materially different outcomes by accident of location (what is called in the UK, a postcode lottery) but on the other hand, it seems to be a democratic and fundamentally desired outcome and expectation

of devolution by bringing policy choices and consequences closer to local people. In any case, the postcode lottery all too often still applies *within* devolved countries. There are also good grounds to support divergence from a public policy point of view, in that it promotes experimentation. Subsequent learning and mobility may be more feasible within a quasi-federal national entity.

Compared with the early part of the decade there does seem to be more interest in lesson learning and contemplating policy mobility – perhaps as a result of the advent of what works evidencing of interventions. It is striking that there is a body of stakeholders comparing homelessness policy in different parts of the UK, the regulation of private renting, the opportunities created by resourced and empowered national agencies like Homes England. Will we also see in time innovation and good practice in social housing funding and development (Gibb, 2018) also shared across UK jurisdictions?

Two final points. First of all, do the methods used here offer a useful way to make a sensible high-level assessment of policy programmes? Yes, the role of context, ideology, inter-governmental relations and the multi-dimensional aspects of policy success and failure are reasonable ways of cutting through the political economy of any assessment of such programmes. Both Schuck and the King and Crewe arguments are aimed at broad policy programmes across government so they should have a degree of resonance in any given policy area. They have value because they make us think about why programmes were introduced, how well designed they have been and how well they have anticipated problems or can be flexible in response to difficulties. They commend analysts to take a broad, critical, multidisciplinary view. But one should not take this argument too far – it is clearly no substitute for routine, detailed micro policy evaluations and published rigorous impact assessment and appraisals.

Second, what does this very contemporary, discursive examination of British housing policy tell international readers? It suggests that quite different policy stances, goals and mechanisms can coexist in a quasi-federal, devolved system of sub-national government. While the UK's recession/austerity decade has been tough, it was undoubtedly milder than in other parts of Europe. But it has been possible to continue to pursue affordable housing development. Policy divergence is a consequence of substantive devolution and offers evidence that federal systems can and should learn horizontally across states or provinces where they share substantive policy innovation powers concerning housing, planning and wider financial interventions in the built environment (although this as we have seen in the UK depends critically on the distribution of powers and levers between the centre and the lower level government). The British devolved system of government is still young and remains under a degree of existential threat depending on how Brexit unfolds. This makes the future uncertain and also increases the probability of future further constitutional change – with potentially much bigger impacts on housing policy than that which has been seen in the last decade. The moral is not to be over-confident that things will remain predictable or manageable.

## Notes

1. A succession of policies since 2013 aimed at supporting home ownership initially through state-backed mortgage guarantees and now by equity loans. These schemes operate differently in Scotland from England – see main text.

2. Including lending to social or affordable housing providers
3. Until universal credit was proposed, linking a number of key UK working age social security benefits in one payment, low income tenants received housing benefit, a means-tested benefit that paid 100% of eligible housing costs reduced by an income taper as incomes increase. Post 2010, a large number of cuts and restrictions were introduced, significantly restricting the system's generosity.
4. A majority Conservative government in the UK, after winning the 2015 election.
5. The UK Conservatives won a clear majority in the December 2018 general election, now under the leadership of Boris Johnson.
6. This is a mechanism in place since the late 1970s which combines population shares and the devolved status of individual departments to allocate a proportion of additional spending (or reductions) made in London by UK/English government departments forward to the devolved nations. It remains highly controversial.
7. New overarching priorities are child poverty, fuel poverty and ambitious carbon reduction programmes – all of which have significant housing ramifications.
8. Typically, in recent years a presumption of around 80–85% of the equivalent market rent housing benefit ceiling has been adopted, though this ceiling is still below the average local market rent.
9. A controversial policy aimed at supporting new build private sector turnover and which has had different variants since it was established by George Osborne during the Coalition Government phase.
10. Homes England is a relatively new national housing agency which describes itself as a 'housing accelerator', channelling public funds and managing a land portfolio in order to support new supply in the market and affordable sectors, as well as local economic development and supporting the better use of the existing housing stock. A key feature has been entering into large long-term partnerships with consortia of larger developing housing associations.
11. <http://www.legislation.gov.uk/ukpga/2016/22/contents/enacted>
12. [http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/What%20you%20need%20to%20know%20about%20the%20Housing%20and%20Planning%20Act%202016.pdf?dm\\_i=YRX](http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/What%20you%20need%20to%20know%20about%20the%20Housing%20and%20Planning%20Act%202016.pdf?dm_i=YRX)
13. <https://www.gov.uk/government/publications/fixing-our-broken-housing-market>
14. <https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>
15. Although of course the Homes England SOAHP programme to 2022–2023 remains.
16. Morphet and Clifford find that councils have set up wholly owned companies, joint ventures and also bought properties in the second hand market for a variety of reasons, including meeting requirements across their locality's housing system broadly, tackling homelessness but also to help increase the pace of supply and simply to raise revenue.
17. The English Government via Homes England are now delivering a, still relatively small, programme of grant-funded council housing.
18. Capital grants for social housing in Scotland typically range from £57,000 to more than £70,000 per unit.
19. There have been independent reviews of Help to Buy and aspects of welfare reform, carried out for relevant departments but not the affordable supply programmes or the principal delivery models contained within.
20. Scotland and the new private rented sector Part 1 and 2 by Gibb, K and James, G (June 2018) at <https://housingevidence.ac.uk/blog/>.
21. I am grateful for the comments of a referee who provided evidence of external peer review of the affordable housing programme appraisal which argued for the new programme on the basis among other things that savings would be made in benefit costs compared to a similar growth in private renting (though it did not compare with an equivalent social housing programme).
22. Since it is a form of supported access to home ownership using equity loans and making mortgage access easier than in the normal market.

23. Inside Housing 7 January 2019 <https://www.insidehousing.co.uk/news/councils-have-plans-for-more-than-20000-homes-with-borrowing-flexibility-59637>
24. <https://housingevidence.ac.uk/visions-of-scottish-housing-in-2040/>
25. Following the December 2019 UK election victory for Boris Johnson, the Government's withdrawal agreement from the EU has now a comfortable and expedited path to becoming legislation by the end of January 2020. While this is only the first stage of Brexit, it is a major milestone after three years of political chaos.

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