

Unknown

From: Bruce Forbes [Bruce@aha.org.uk]
Sent: 31 January 2008 11:53
To: Housing Consultation 2007
Subject: RE: Firm Foundations - Respondent Information Form

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Becky

I can confirm that Angus Housing Association is happy for our response to be made public.

At my Committee of Management meeting yesterday, the final response was approved by our Governing body although they did pick up a couple of typos that I have now corrected. Can you, therefore, substitute the attached version for our previous one?

Thanks for your assistance

Regards

Bruce

Bruce Forbes

Director

Angus Housing Association Limited

From: Rebecca.J.Smith@scotland.gsi.gov.uk [mailto:Rebecca.J.Smith@scotland.gsi.gov.uk] **On Behalf Of** HousingConsultation2007@scotland.gsi.gov.uk
Sent: 30 January 2008 16:33
Subject: Firm Foundations - Respondent Information Form

Dear Respondent,

Thank you for your response to our discussion paper Firm Foundations: the future of housing in Scotland which we issued on 31 October 2007.

We require your permission to make your response available to the public, to enable us to handle your response appropriately. If you ask for your response not to be published we will regard it as confidential and we will treat it accordingly.

You may wish send an email with your name and whether you grant permission or not for us to publish your response, and whether we may share your response with other Government departments.

Or you could complete the Respondent Information Form and return this to me. This form may be found at the below link:

<http://www.scotland.gov.uk/Consultations/housing/HousingFirmFoundations.asp>

The closing date for responses is 25 January 2008. Following this date, all responses will be analysed and considered along with any other available evidence to help us reach a decision on the future of housing in Scotland. We intend making all non confidential

responses available to the public on 22 February 2008, and a summary of responses will be published at the end of March.

Thank you again for your contribution to this consultation.

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ANGUS HOUSING ASSOCIATION LIMITED

Submission and Comments on the Scottish Government Discussion Document “Firm Foundations: The Future of Housing in Scotland”

INTRODUCTION

Angus Housing Association is pleased to respond to “Firm Foundations: The Future of Housing in Scotland.”

In general terms, an open Debate on the way in which we as a society meet one of the most basic of human needs is to be welcomed.

It is disappointing, however, that the emphasis of Firm Foundations is more about supply than need, more about the supposed aspirations to owner occupation than the urgent need for affordable homes to rent and more about how we can get more for less public investment than the quality of housing we build as our legacy for future generations.

In effect, the tone of the Debate on Housing Policy continues to centre around the policies espoused in the 1980s of a “property owning democracy” with housing provision market orientated and linked to the view of housing as a personally owned, as opposed to a community owned, asset.

It is precisely this view that has led to the social rented sector becoming marginalised and the safety net of last resort.

Significantly greater investment in an affordable rented sector will be needed if this residualisation is to be turned around to remove the stigma now associated with social housing.

In preparing our response, we have held discussions with other Housing Association colleagues in Tayside, Grampian and Fife and endorse the joint submission prepared by this group. In our detailed comments on Chapters 5 and 6, we have included parts of this paper but have modified or added to it where we feel a different emphasis is required to reflect the specific views of Angus Housing Association as opposed to the general Housing Association movement in the North East of Scotland.

With regard to format, we have followed the questions on the specific areas highlighted in the discussion document and cross referenced these with the main text on Chapters 5 and 6 as appropriate.

DETAILED RESPONSES TO CHAPTERS 5 AND 6

Question 1: *Do you agree that aiming to increase the rate of new housing supply in Scotland to at least 35,000 a year by the middle of the next decade is a sensible and realistic ambition, and that this will help set a necessary political context for acceleration in housing supply?*

Answer: The increased target of 35,000 new houses is a worthwhile, if limited objective (See comments on Chapter 6, Paragraph 2.1.). The real question, however, is how many of these new homes will be built to meet the needs of the homeless, the overcrowded and others wanting to rent at affordable costs.

A clear target to meet this demand needs to be stated separately within the overall figure. Private Sector building will be market driven and dependent on so many external factors that it is impossible to predict, especially in the current unstable economic situation.

Question 2: *Do you agree that, to give practical effect to the ambition, local authorities should co-operate regionally in setting realistic housing targets for housing market areas, and in enabling the delivery of these targets? If so, what arrangements should be put in place to support and private incentives for such co-operation between relevant local authorities?*

Answer: Housing markets are not defined by local authority boundaries. We agree that local authorities should work together to analyse needs and agree investment priorities. We do not see any needs to incentivise this as it is already a duty that is beginning to be undertaken as part of the Local Housing Strategy and Strategic Housing Investment Plan processes.

Question 3: *Is there a role for a specialist national function to provide expert support for local authorities in strategic planning for housing? What expertise do you think this function would require?*

Answer: We believe there is a need for a specialist national function that is geared to co-ordinating Government Policy to continue to break down the barriers identified by the Housing Supply Task Force. Accordingly, a range of expertise is needed but more importantly, strong, independent, problem solving leadership is necessary to ensure the local authorities work constructively together and that the barriers to the delivery of strategies, e.g. infrastructure and planning constraints, are broken down.

Question 4: *Even when land has planning permission there are still blockages that prevent new housing being built. What additional arrangements would, or could, accelerate development on land with planning permissions to help ensure that future housing supply targets are met?*

Answer: A system of financial penalties on developers/landowners who unreasonably delay construction on sites with clear planning consent (See Chapter 6 Comments, Paragraph 2.11).

Questions 5: *We have proposed that much expanded or new, stand-alone settlements may be a valid solution. How should we best encourage the development of new, sustainable communities that are sympathetic to Scotland's landscape and environment?*

Answer: We see no need for the directing of resources to the creation of new stand-alone settlements when there are massive available resources of brownfield land and infrastructure in existing communities. Many of these communities have unmet needs and have services such as local shopping areas, schools and other facilities that are under threat. Resources available should be directed towards sustaining existing communities.

Question 6: *How should different types of assistance within LIFT be targeted?*

Answer: To those households who can demonstrably afford to enter the owner occupied sector and who will continue to be able to afford to own should interest rates rise. Many existing mortgages will be unaffordable should interest rates increase by even 1 or 2 percent. Reducing the stake that can be purchased initially in a shared equity property could assist.

We must recognise, however, that households who are currently on the margins of affordability at current interest rates could potentially be the homeless of the future as repossessions will increase along with any upward trend in interest rates.

An incentive scheme for tenants under occupying large family homes to move in to owner occupation and release these assets for rent to homeless families should be explored.

Question 7: *How could the Government stimulate more innovative mortgage and related products and services to assist people in purchasing their first home?*

Answer: In our view, the issue is not about the mortgage products that are available. It is about an overheated market where prices are outwith the reach of first time buyers. This is fuelled by increased demand due to the lack of an alternative rented option.

Question 8: *Should the Government provide direct cash grants to first-time buyers?*

Answer: No. Giving £2,000 to every first time buyer is only likely to increase house prices even more by further fuelling the overheated market. Resources should be directed towards Shared Equity and other schemes and greater priority given to funding social rented housing.

Question 9: *How can the private house-building sector play a bigger role in providing, without public subsidy, increased provision of affordable starter homes?*

Answer: We do not see how this can be achieved unless the construction industry embraces alternative methods of construction that reduce building costs. (See Chapter 6, Paragraph 2.5.). The alternative of reduced quality and standards in starter homes is unacceptable.

Question 10: *What issues do you consider should be taken into account when considering the increased use of private sector lets to house low-income and homeless households?*

Answer: Given the complex and challenging needs of many of the households presenting as homeless, it is difficult, in our opinion, to see how private sector lets could meet their needs unless linked to a separately funded management and support arrangement. Some homeless presentations may be appropriate for reference to the private sector but our understanding is that if a secure tenancy cannot be offered, the statutory duty of the local authority has not been discharged.

It is unlikely that the Private Rented Sector would be willing to offer anything other than short assured tenancies in the majority of situations. There is, however, scope for further development of leasing schemes such as Lead Tenancies and further assistance for rent deposit guarantees and landlord accreditation to assure standards in the sector for vulnerable referrals.

Question 11: *How should we ensure an appropriate balance between safeguarding tenants' rights and encouraging the private rented sector to achieve its full potential in Scotland's overall housing market?*

Answer: The option of a short secure tenancy should be explored. Administration of Housing Benefit, while a reserved matter for Westminster, will be crucial in maintaining private sector interest as proposals to pay rent allowance directly to tenants will undoubtedly impact detrimentally on willingness to house those with complex and challenging needs.

Question 12: *Do you think there is sufficient engagement between the public sector and private landlords? If not, what else should national and local government be doing?*

Answer: Reasonably good progress seems to have been made with engagement by both of the local authorities in whose areas we operate. This is, of course, with the larger factors and representative bodies. It is, however, the unscrupulous parts of the sector and one off buy to let landlords who are unrepresented and fail to engage.

Question 13: *What other options should we consider for increasing the supply of private rented housing for low income and homeless households?*

Answer: See 10 and 11 above

Question 14: *How could more private landlords be encouraged to let to tenants on benefits and homeless households?*

Answer: See 10 and 11 above

Question 15: *What other schemes or incentives might help us to recycle empty properties more effectively?*

Answer: While it is a reserved matter for Westminster, the removal of VAT from work to existing properties would be of huge help.

Angus Housing Association participated in the pilot Empty Homes Initiative several years ago but unfortunately, this was not rolled out into a fully funded programme.

We believe there is a case for this as investment is needed in the existing stock resources to, for example, integrate bedsits and smaller flats that no longer meet tenant aspirations, into larger homes that will have a future. In many cases, this can be cheaper than new build and in some cases, is the only option where housing has been developed by regeneration of listed buildings and in conservation areas.

Question 16: *Do you agree that we should exempt new build social housing from the Right to Buy?*

Answer: Yes. We believe Government should go further and remove Right to Buy from all new social tenancies. More local control of RTB Policy should then be given to local authorities who within their LHS, would be able to develop sales policies provided these did not detrimentally impact on the meeting of local housing needs. (See Chapter 5 – Paragraph 2.14)

Question 17 : *Do you agree that we should subsidise local authorities in areas of need to use their prudential borrowing capacity to build new council houses?*

Answer: Yes. We would welcome any additional funding made available to increase the supply of housing to rent at affordable levels.

Question 18: *Do you agree that we should introduce large-scale competitions for subsidy?*

Answer: We do not agree. There is no evidence to show that this will produce the quality of housing aspired to any more effectively.

It would also remove the role of community based Housing Associations as local community anchor organisations performing many wider roles than that of solely landlord and developer.

This proposal runs contrary to the Government's policies being formulated for development of the social economy and the voluntary sector.

Quality outcomes in terms of housing provision should not solely be judged on a cost of public subsidy basis. The process, in itself, of Housing Association development ensures local scrutiny of need, design, diversity, environmental impact and affordability that has ensured private finance confidence and successful high demand housing that will provide good value in the long term.

Returning to the large scale, competitive processes of the sixties and seventies will only provide reduced quality which in many cases has led to demolitions of houses before loans taken to build them are paid off.

Question 19: *If not, how would you ensure that public subsidy is used to build as many good quality RSL houses as possible?*

Answer: Only Housing Associations and other developers who are assessed as performing to the standards and quality expected by Government within reasonable agreed cost parameters should continue to receive public subsidy.

Question 20: *Do you agree that we should subsidise the development of houses for mid-market rent?*

Answer: There may be a place for “mid market” rents but our view is that this is already the area inhabited by many private sector landlords. We believe, therefore, that there would need to be considerably more information available on any proposed scheme before offering any constructive views.

Question 21: *If so, should the subsidy be awarded as part of the competitive regime for awarding HAG that we are proposing?*

Answer: See 20 above.

Question 22: *If not, how would you increase variety in social housing?*

Answer: Social housing needs to be affordable and the issue of rents is not addressed anywhere in the Discussion Document. A clear definition of affordability is required from Government. At present, we do not believe the rents we are charging under the current funding arrangements are genuinely affordable.

The withdrawal rates of Housing Benefit for marginal increases in income mean that many of our tenants believe they cannot afford to work at low wage jobs because they will be worse off having to pay full rent.

While Housing Benefit is a reserved matter, we do not believe that any realistic debate on these issues can be held without the Scottish Government being given full powers to determine the personal subsidy arrangements that contribute towards determining the reality of affordability for our tenants.

Increased variety in social housing will come from adequate investment levels to respond to locally identified needs.

Question 23: *Do you agree that we should encourage landlords to look at means of adjusting the mix of their stock in the interests of achieving more sustainable mixed communities?*

Answer: We are not convinced by the tenure mix argument. This is only one factor. The more important issues are the size and quality of housing available and the accessibility to services. We have some very successful communities of more than 200 houses where all of the housing is social rented.

Question 24: *Do you think that subsidies for development should be provided to bodies other than registered social landlords?*

Answer: In the context of the rural situation detailed in the document, we have no objection but a degree of regulatory control would be appropriate.

Question 25: *What sorts of protections should be offered to tenants in these circumstances?*

Answer: A minimum standard of service guaranteed and a secure tenancy or a full, assured tenancy with protection from eviction where the Sheriff Court has no discretion.

Question 26: *Do you think that the Scottish Government should vary Right to Buy discounts by (a) locality and/or (b) type of property?*

Answer: We believe that Policy in this area should be devolved to a local authority level. See 16 above.

Question 27: *Do you agree that ALMOs can provide a satisfactory alternative to stock transfers?*

Answer: We are of the view that ALMOs are a worthwhile addition to the range of options available to tackle some of the acute housing problems faced by many communities.

Question 28: *Do you think that additional help from Government to enable landlords to meet the SHQS should be linked to improvements in a landlord's performance?*

Answer: No. Help to meet SHQS should be based on the need for investment in the property because of particular difficulties in construction or the way acquisition was funded e.g. Scottish Homes Stock Transfer. Poorly performing landlords should be dealt with through the regulatory regime (See Chapter 5 – Paragraph 1.16.). Tenants should not be penalised further due to poor performance of the landlord.

Question 29: *If so, what measures do you think would be beneficial? If not, why not?*

Answer: See 28 above.

Question 30: *Do you agree that we need to find new ways of focussing on the quality of place/open space and greenspace within deprived neighbourhoods?*

Answer: Yes. The quality of environment is just as important to successful housing development as the quality of the heating system or the space standards.

Question 31: *Do you have suggestions for approaches that are not resource intensive and that include stakeholders?*

Answer: No. Maintaining a quality environment is by its nature, resource intensive.

Question 32: *Do you agree that the lead role (and recipient of any resources) to undertake this work should be open to a range of stakeholders?*

Answer: Yes, but within a framework laid down by the Local Community Planning Partnerships.

Question 33: *Do you agree with the features and principles we have set out here for a modernised regulation framework?*

Answer: Yes. We think the regulatory approach has generally been moving in the right direction and these proposals are building on this.

Question 34: *How would you like social housing regulation to be organised? (For example, should it be a separate organisation or part of a group of other regulators?)*

Answer: As we are subject to regulation from other regulators such as the Care Commission, OSCR etc, we believe social housing should be integrated in a group of regulators working with agreed parameters and an agreed lead regulator and focussing on the quality of services delivered to tenants.

DETAILED RESPONSES TO CHAPTERS 5 AND 6

Chapter 5: Social Housing – More Than Just an Aspiration?

- 1.1 We share the concerns expressed about how the sector's tenant profile has become more residualised over the last 25 years. We agree it would be better if the profile were more representative of society as a whole (as it once was). However we strongly reject the implication in the paper that this change has somehow been brought about consciously by the sector. This changed profile has substantially been caused by government legislation and policy (e.g. RTB, additional client needs, emphasis of performance expectations, inadequate supply of new homes, increased regulation, homeless legislation). Many providers have expressed concern at these trends in recent years which have increased demands on social landlords resulting in higher management costs.
- 1.2 We welcome the paper's focus on mixed, balanced communities more representative of society as a whole. The RSL sector is already working towards this with mixed tenure developments of social rent and homestake or shared ownership developments. Affordable Housing Policies, including the use of Section 75 conditions can help deliver the objectives of more mixed communities. There are some problems in practice with AHPs and Section 75s which could be usefully addressed by the Housing Supply Task Force.
- 1.3 However we are concerned at some contradictory ideas in the paper. Providing LCHO and mid/market rent options targeted at existing social housing tenants will result in reducing even further the 25% with incomes over £15K a year and result in concentrating the residual profile of the sector even further.
- 1.4 Although the paper raises concern about the possible stigmatisation of the sector, little is suggested on how to change this and promote a more positive image or public perception. We would welcome and positively engage in a debate with government about how best to achieve mixed, balanced communities. We would also welcome a debate as to what the actual benefits of integrated tenure might be for the poorer members of these communities as there are some doubts as to how it impacts on poorer households living alongside those with significantly greater disposable income.
- 1.5 The paper comments on polls which report people's (including existing social housing tenants) aspirations for home ownership and then develops lines of policy direction to meet those aspirations. We find this approach shallow, uncritical, lacking in vision and disappointing. Current levels, demand for, and cost of home ownership, may already be at or beyond a reasonable level and appear to be a significant barrier to geographic mobility and economic growth in the UK as a whole. The merits of a large, more diverse rented sector (including mid-market renting) should be positively emphasised more.
- 1.6 Small scale RSL developments, which dominate the current pattern of provision, may mitigate against providing "mixed, sustainable" projects or communities. In large scale regeneration projects (Ardler in Dundee and Crown Street in Glasgow for example) the ability to provide such mixed profiles does arise. However while there

is research which indicates that such regeneration does change the population profile of the area but not necessarily the RSL rented homes segment as tenants who can afford to move, either out of the area or into LCHO outwith the RSL sector, do so during the regeneration process. This results in a more mixed profile for the regeneration area but not for the RSL stock. Traditionally, Housing Association developments have been small scale and on marginal sites due to our funding arrangements and our inability to compete with the Private Sector for the best land.

- 1.7 While the generic use of “social housing tenant” is convenient and understandable to an extent we do feel in some key instances, such as Chart 12, it does a significant disservice to RSLs and may blur what are, in some cases, significantly varying results between RSLs and Councils.
- 1.8 There is little doubt that Section 5 homeless nominations are a factor in changing the tenant based profile, and management costs, of the sector. There are different views on the impact of Section 5 nominations but even allowing for a variety of experiences and views it is fair to state that there is an uneasy relationship between Councils and RSLs in this area. Quick, credible research into Section 5 nominations would be welcomed.
- 1.9 Traditional needs based allocation systems, encouraged by performance standards and best practice, without doubt have altered the tenant profile and deepened recent trends. We would welcome discussion on the possible introduction of quota systems into allocation policies to allow a balance of lettings between “need” and “demand” to help create more balanced communities and improve the tenant profile. This suggestion would be a kind of “positive” quota. One of our members has had to introduce a “negative” quota to limit the number of people in any given development to no more than 25% who need tenancy support in addition to mainstream housing management. (A common reason for constantly increasing management costs).
- 1.10 The paper’s support for mid or market rent provision by the sector is welcomed though some form of subsidy will still be required which should be additional to funding programmes for affordable rent.
- 1.11 The profiles quoted show we have, *de facto*, become a “safety net” provider. It is not entirely clear from the paper what the government’s vision is for how the sector might potentially evolve.
- 1.12 The 2012 homelessness targets, re-endorsed by the current government, are admirable and bold and supported by the RSLs. However the paper is unconvincing on what we believe is the need to focus on programmes and funding to achieve the ambitious target and this remains an un-resourced objective.
- 1.13 The discussion in the paper on mixed communities is solely in relation to the role of social housing providers. What of the private sector’s role and responsibilities? Many private sector developments are “exclusive”, and consciously marketed as such. There can be no real achievement of mixed sustainable communities unless through national legislation, enforced locally at a planning level, private sector developments are forced to provide mixtures of tenure, type and affordability for the whole range of society. The paper is disappointingly silent on this issue and needs a far more rigorous link to planning legislation and policies. The focus on supply simply lets the private sector off the hook.
- 1.14 The paper acknowledges land supply problems and cross refers to the Housing Taskforce’s deliberations. We await with interest the Taskforce’s final conclusions which should be linked into the final version of the Firm Foundation document. Frankly the social housing proportion of the 35,000 target will be impossible without some radical improvement in the land supply (and cost) problems which threaten even maintaining the current, inadequate annual provision.

- 1.15 There is passing mention in the document to the attractions of a land assembly role (for whom? Government with the demise of Communities Scotland?). We believe there is great merit, and perhaps an absolute need, for such a role. We look on enviously at such a proposed role for the merged Housing Corporation and English Partnerships in England.
- 1.16 Regarding variations in performance of social landlords, we feel that repeated poor performers should receive severe sanctions including earlier stronger intervention, withdrawal of development funding, merger or forced transfer.
- 1.17 A key point in the paper is the concern expressed about the increasing dependence on subsidy for new homes. We are similarly concerned about this pattern. We would welcome independent, credible research into these trends. There are some clear contributing factors outwith the control of the sector; land costs, cost inflation running regularly ahead of general inflation (some specific examples of components such as copper and glass experiencing 30% cost increases in one year recently), skill shortages, tender price increases, industry capacity, utility charges, environmental factors, etc. Quality and standards must also be considered along with costs. The sector is rightly proud of having, over decades, pushed space, design and quality standards forward certainly beyond the lower to middle end of the private sector (where there is a different relationship between build cost, quality and purchase price).

1.17.1 We are not convinced by the paper's infatuation with the English RSL cost experience. While we may not dispute the figures, many of us have a lot of first hand knowledge of the English RSLs housing product. Compared to the Scottish sector it has;

- lower space standards
- higher density
- poorer landscape
- diminished common areas and space
- generally lower design quality
- much higher rents

There is a real danger (and irony) inherent in the paper of the Scottish Government uncritically aping the English experience at the cost of potentially undermining what is better about the Scottish RSL development product.

1.17.2 We welcome the vision to create "the conservation areas of tomorrow" which reflects our own ambitions and efforts. We see little or no evidence that the English RSL sector has produced any future conservation areas during the reduced subsidy environment of recent years. How does the government intend "the conservation areas of tomorrow" will be achieved in Scotland?

1.17.3 The dilemma of reconciling limited funding vs. supply figures vs. the aspiration for quality and standards is perennial in government and not some blindingly new cost/value awareness that the paper implies. Given the prominence of this section of the paper, it is disappointing that the government does not propose detailed, minimal aspirational standards for quality in design, specification, living space, quality of architecture, open space, insulation, sustainability and insulation features. We see defining these standards and aspirations as the government's job. Instead the paper casually states it wants high achievement in all these areas but at much reduced subsidy cost and throws the problem out to the RSL sector to solve (but notably less directly to the private sector?).

- 1.17.4 There is no reference or apparent awareness of “cost in use” in relation to the subsidy concerns of new provision. There is a vast and growing academic research literature on this subject notably at several Scottish universities.
- 1.17.5 We do agree there may be scope to increase rents, and therefore reduce subsidies. We will endeavour to do that bearing in mind affordability concerns for our generally low waged client group that is in work. There are anomalies in comparative social rents across Scotland, and therefore subsidy levels, and we would welcome government intervention to create more of a level playing field for providers through some efforts at harmonisation of rent levels.
- 1.18 Comment is made on increasing levels of management and maintenance across the sector. This is a complex issue. We unequivocally embrace the current policy drive for efficiency and the allied procurement agenda. There is already an inherent concern and awareness of the management and maintenance costs. RSLs feel those pressures and strive to manage those costs as best they can. There is an undeniable factor in recent years in increased service needs and demands from tenants as the sector increasingly houses more vulnerable people with a variety of needs beyond traditional housing management provision. Our sector deals with a concentrated level of people with challenging behaviour, part of the contemporary “broken society” theme, which eats up more staff time and resources. It is no surprise to us that management costs are rising as demands on our services are constantly increasing as our client group profile has changed. Impending duties in relation to the housing of violent and sex offenders will only increase pressure in this area.
- 1.18.1 Maintenance costs are also increasing but it would be false to simplify a complex picture. This is a particular area that RSLs have addressed seriously in recent years and the patterns are uneven although the global trend appears regularly above inflation. Substantial efforts have, and are, being made to modernise procurement of maintenance and there is a lot of change and efforts at innovation in the sector. Worryingly, there is emerging evidence that most efforts at improvement and change in maintenance procurement result in an increase in repair costs though often with improvements in time, quality and processing. Maintenance labour and material costs are rising faster than inflation. The often chaotic lifestyles of our client group has seen a substantial increase in void repair costs. There are more gas safety and electrical check requirements and recently introduced HSE rules on working at height invariably mean the use of scaffolding towers instead of ladders for even minor maintenance. In summary, the sector shares the paper’s concerns in relation to increasing maintenance cost, has embraced the efficiency and procurement agenda in this area, but the practical reality is more complex than indicated in the paper.

Chapter 6: Proposals for Stimulating Innovation and Choice in Social Housing

- 2.1 The government’s target to increase the supply of housing to 35,000 per year is admirable and supported, but the timescale is timid and disappointing. Sort out land supply, planning delays, find ways to dampen land prices and the target could be reduced to 2012.
- 2.2 We welcome the proposed encouragement for Councils to develop again but note their anticipated contribution is modest.
- 2.3 While noting the emphasis on the size of development providers, and concentrating expertise and rare skills, there is little correlation between size and cost efficiency. There is research commissioned by the Housing Corporation in England which

confirms our view. We know that procurement consortia can offer real savings on prices for some goods and services and there is interest and activity in our sector exploring consortia buying arrangements. The most promising areas for efficiencies seem to be in planned maintenance components (boilers, windows, kitchens) other forms of hardware (office and IT equipment) and some common services (insurance and other “backroom” services).

- 2.4 Although positively embracing the drive for efficiency through smarter procurement, we see no evidence, and little prospect, of achieving any notable cost efficiency in Scotland through development programmes. The potential size of regional programmes will still be too small, the Scottish contracting industry is not sufficiently strong with regional depth, the sector struggles to secure the three year or more land supply to put together attractive enough programmes, timing of programme delivery is chaotic because of planning constraints and problems. Some modest savings can probably be made on consultant’s fees, standard house types and on development overhead costs. Without major cultural and operational changes in the construction sector, savings on build cost will likely remain elusive.
- 2.5 We strongly feel that the paper, and the thinking behind it, misses the key point which is the need for radical transformation within the private construction industry. Many of us in the sector have been involved for some years as clients in trying to work with the construction sector to modernise the forms of contract and introduce more effective working relationships between client and contractor. Progress and achievement is slow and we believe more government attention should be focussed on the construction sector rather than implying blame and heaping responsibility on the RSL sector in their relatively small role as clients.
- 2.6 Despite the comments above, there is a willingness to support the principle of changed development procurement. There needs to be a corresponding focus on quality standards and social economy benefits. Training, apprenticeships and real employment opportunities need to be pre-requisites of contractor involvement in larger, long-term programmes.
- 2.7 Lead developers should have a base in the local area and a strong track record of local community engagement.
- 2.8 There is a need to ensure specialist customers, such as care clients, do not lose out in terms of provision through bulk procurement programmes. Perhaps such specialist designed projects simply will not fit with the standardised bulk procurement approach?
- 2.9 Our considerable collective experience indicates that the key drivers of building costs inflation are land, materials, labour and sub-structure costs. (See also paragraph 1.17 for other factors). It is not clear how bulk regional procurement arrangements address these issues.
- 2.10 Ensuring a continuity of land supply at “affordable” prices is more important than procurement arrangements.
- 2.11 We favour consideration of a form of land tax on owners/developers where there is unreasonable construction delay on sites with clear planning consent.
- 2.12 The paper, or more likely the Housing Supply Taskforce, needs to look closely at capacity in the Scottish construction industry.
- 2.13 We welcome the envisaged, extended role for the private rented sector but feel that tenants there should have the minimum protection of assured tenancies. The terminating of short assured tenancies by “buy to let” landlords to achieve liquidity of

their assets only leads to an additional burden on social landlords to meet their needs as statutorily homeless cases.

- 2.14 The restriction proposed on RTB is welcomed but sadly limited. Because of existing cost floor rules, the proposed amendments will have little or no practical impact for ten years. We would urge the government to be bolder and abolish RTB completely. Irregardless of ideological arguments over its merits it has had a huge historical impact which has created social damage along with random personal or family advantage. We believe all politicians severely over-estimate the political difficulties in taking a brave stand to abolish the legislation and under-estimate the changed, common sense view of the general public. An alternative would be the abolition of RTB for all new social tenancies as opposed to new build houses.
- 2.15 There is a phenomenon of couples occupying large houses long after their children have gone. This is particularly prevalent in former rented properties purchased under RTB as investment by the children of older tenants. Incentives to move would be useful to make more efficient use of the existing housing stock.
- 2.16 We are astonished at the reference to potentially giving exemptions to landlords for SHQS requirements in energy efficiency. This would be a retrograde step. Instead the government should look to increasing the current minimum SAP targets and providing subsidy to assist social landlords in genuine difficulties in meeting this part of the SHQS requirements.
- 2.17 While understanding VAT is not a devolved matter, agreeing to lobby for the reduction or removal of VAT on (a) refurbishment/improvement works, (b) energy efficiency measures, would be a huge boost to social housing finances, incentivise improvements and increase standards.
- 2.18 Debt write-off should not depend on whole stock transfer but should include partial transfer or regeneration where there is clear tenant support.
- 2.19 We agree with the aspirations for better neighbourhoods but specifications and associated costs for such proposed designs are generally the first things compromised on regular savings exercises. Collectively we are concerned at what we consider are recent downward standards on open space environments and communal areas even within the current subsidy regime.