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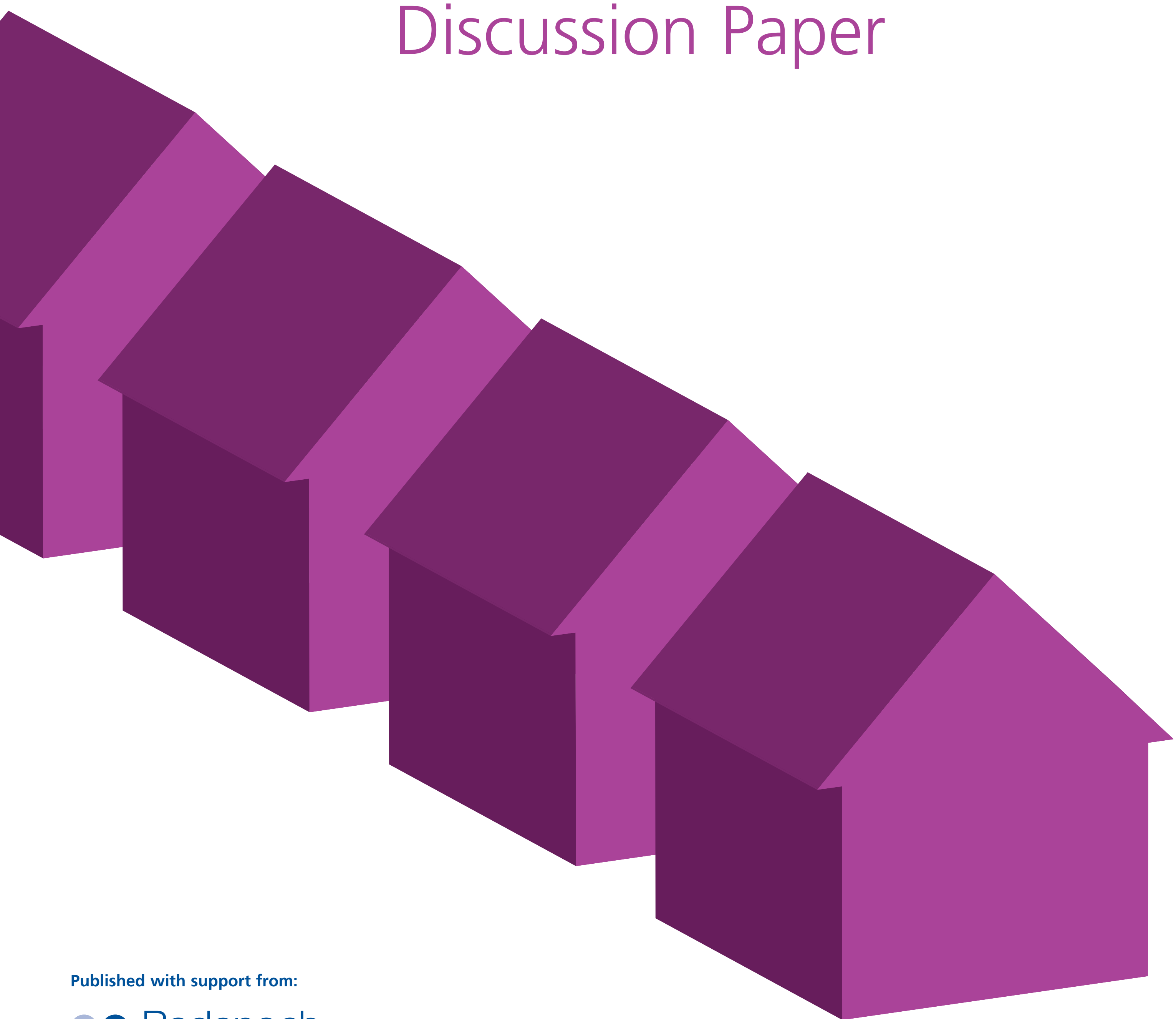
Scotland

The Future for Social Renting in Scotland

Discussion Paper



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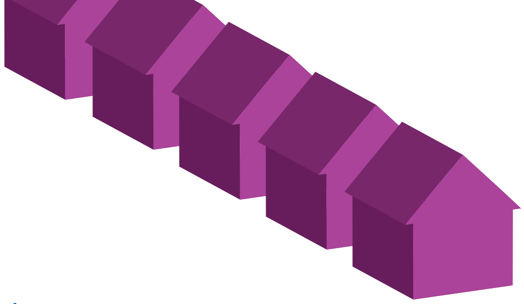

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THE FUTURE FOR SOCIAL RENTING IN SCOTLAND?

Executive Summary

The purpose of this discussion paper is to look at how the social rented sector in Scotland is evolving and the factors underlying that evolution, and to consider some of the most significant implications for social landlords. In doing so, the discussion paper has identified a number of questions that those interested in the future of social renting need to discuss and resolve. Social housing in Scotland is at a crossroads; the answers to the questions posed will determine what it looks like and what role it plays in Scottish society ten years from now.

The study is based on a number of key elements:

- A literature review;
- A review of social, economic and demographic trends;
- A review of trends in social renting in a number of other countries;
- An online survey of social landlords;
- Telephone interviews with a number of housing association and local authority directors of housing.

Key findings are as follows.

The changing tenant base

- Since 1981, single pensioners have replaced families and couples as the single most common type of household found in the social rented sector. Nonetheless, there has been a fall in the absolute number of single older people housed in the social rented sector.
- There has been a sustained growth in single adult households under retirement age in the social rented sector in both absolute and proportionate terms and the same is true, to a lesser extent, of lone parents.
- There has been considerable variation at the local authority level in how the sector has evolved over time.
- Not all social landlords feel confident they have a detailed understanding of the change process that is affecting their core business, and many feel a sense of foreboding – to a greater or lesser extent – as a consequence of it.

Main drivers of change

- Underlying economic trends are consistent with a continued switching away from social renting into owner-occupation over time. The Right to Buy (RTB) will, if retained, continue to facilitate this, but it would happen anyway (only more slowly) without RTB. The important driver is growth in the disposable incomes of households. Moreover, national policy remains firmly focused on assisting a growing share of households to meet aspirations to become homeowners.

- Demographic change is leading to an ageing population, but there is no necessary reason to assume this will maintain demand for social renting housing. Tomorrow's elderly are at present in their 40s and 50s and most own their own homes and are likely to opt to remain homeowners as they move into retirement. In the future older people are likely to be fitter than today and will be able to continue supporting themselves without assistance for longer.

- Demographic trends indicate there will be many more single and small households but, as incomes grow, a growing proportion of these households will also be able to choose to become homeowners. In addition, growth in the real disposable income of smaller households and changing lifestyles are likely to lead to a demand for more housing space (number and size of rooms) rather than less housing space as is often assumed. In short, the growth in smaller households will not necessarily translate into a requirement for smaller houses.

- Current housing policy on homelessness may add to demand for social rented housing over the next few years – although this is not necessarily the case, and the situation merits very careful and close monitoring.

- Demand for social renting from economic migrants adds a further layer of uncertainty to the question of the future of social renting: it could place an undue burden on the sector, or operate as its salvation. Indeed, depending on where across the country one looks, it could end up achieving both.

Trends in social renting in other countries

- Long-term decline of the social renting sector appears to be a recurring theme in other countries where such housing provision exists.

- There appears to be some growth in the number of younger households entering the sector in a number of EU countries but, more generally and more fundamentally, marginalisation of the sector and use of social renting to house migrant groups appear to be common phenomena.

- Government policy towards the sector is changing profoundly across the world. While most (if not all) governments see private housing provision as the natural and dominant mode of provision, they also seem more or less committed to reforming what remains of the social sector to emulate a market system, while managing its wholesale transformation into delivery of a solely welfare support function.

What will the future tenant base look like?

- Based on census trends, it has been suggested that as few as 8% of households may rent their home from a social landlord by 2020.

- Other somewhat more sophisticated exercises suggest the figure may be closer to 20%.

- In terms of who is housed in the sector, projections suggest that in future single adult households of non-pensionable age will constitute the biggest single tenant group, while few couples with or without dependent children will rent from a social landlord.

- On the whole social landlords believe they will be housing more young, single and vulnerable people in 10 years' time.

- However, only 40% believe the level of competition from other tenures and/or between social landlords will change – suggesting the majority assume the overall level of demand for social housing will remain unchanged.

- Most landlords believe that changes in the tenant base will lead to increased real service costs and a need for sector consolidation to avoid problems of small landlord (non)-viability.

The evolving housing management function

- In principle, housing management can relate to one of three things:

    - Management of actual properties;
    - Services to people living or wishing to live within them;
    - Actions to regenerate communities where stock is situated.

- In the past 10 years changes in the tenant base have increased the need for housing management to embrace the second of these – services to people. Further projected changes in the social rented tenant base point to some growth in the need for person-centred services in the coming decade and beyond.

- Some landlords are acutely aware of a need to provide more person-centred services to older frail tenants and vulnerable tenants, although how the delivery of these services is likely to be affected by technological change is not clear. It is less apparent that they or policy makers have fully grasped the service implications arising from younger single people being the fastest growing social rented sector client group. This group is likely to need support in establishing and maintaining tenancies for the period of time they see the sector as meeting their requirements.

- The increasing importance of younger single adults within the sector is also likely to have fundamental implications for community regeneration and the practical requirements and limits of this task. Younger households tend to be more mobile and therefore have less interest in or commitment to a local area. Better understanding of the expectations and needs of an increasingly young and mobile tenant base and the implications of this for the future development of community regeneration policy is likely to be a major challenge for policy makers and social landlords.

- Another challenge will be squaring community regeneration dimensions of housing management with any drive towards more market-oriented services, and the continued search for greater efficiencies in the delivery of housing management services.

What is the future for social rented housing in Scotland?

The issues arising from this discussion paper that we believe need to be considered by government and by social landlords themselves are as follows:

- Will future tenants predominantly see social renting as a lifetime choice or as an interim solution while they sort out other aspects of their lives?

- Will changes in the tenant profile lead to higher rates of stock turnover?

- Should housing management involve provision of more support to vulnerable people?

- Should allocation policies be needs-based?

- Should social landlords’ core activities cover a broader property management role across all tenures?

- What risks does a changing tenant base pose for community regeneration?

- Do those employed in the sector have the necessary skills to meet future roles?

- Will the sector need to restructure itself over the next 10 years?

- Will the future involve a reduction in employment in the social renting industry?

- What policy changes should the Scottish Executive introduce with regard to social renting?

It is the answers to these questions and how landlords and government react to their implications that will determine what the future of social renting actually is.

1. INTRODUCTION

> Tenants today are much more representative of the community as a whole and are, for the most part, independent, reliable citizens who no longer require the support and guidance which was thought to be necessary in the past. Local authorities must recognise this is a major social change, which is likely to become more marked in the years ahead, and that this recognition must be given positive effect in their management practice. Though the basic functions remain the same, methods must be continuously adjusted to keep ahead of changing conditions. It is this which constitutes the present challenge to all those engaged in housing management... To think of the tenants of today as though their circumstances and needs are the same as those of tenants of a generation ago would be unreal. Similarly to expect methods of management designed to meet the needs of tenants in the 1930s to be suitable for the 1950s or 1970s would we think be quite wrong. (Central Housing Advisory Committee 1959, quoted in Perry, 1995)

> Perhaps we have now come full circle, and are “only” housing the very poorest in society, conceptualised as being in “priority need”. However, we are only housing some of them – there remains a tacit concept of the ‘deserving poor’ meaning those unable to help themselves – such as children, elderly, sick, pregnant and so on. Those who are homeless but not in priority need are presumably the undeserving poor, on the grounds that if they pulled themselves up by their bootstraps they could help themselves out of poverty and homelessness. (Monk, 2004)

> ...the facts of the existing situation enter, in a sense disproportionately, into the formation of our long term expectations; our usual practice being to take the existing situation and to project it into the future. (Keynes, 1936)

There is a widespread perception that the social rented sector in Scotland and the rest of the UK is increasingly catering for the poorest and most vulnerable households in society. This is typically discussed in terms of a ‘hollowing out’ of the social rented population in the sense that the sector more and more caters for older households, younger single persons, lone parents and other households with few, if any housing choices. This hollowing out process has been attributed to the growing affluence of most households who prefer private housing and the trend for middle-aged social tenants – mainly families and couples - opting to exercise their Right to Buy (RTB) or move out of the sector into private housing.

Is this the future for social renting in Scotland? Are there further developments to come? There are good reasons for expecting further change:

- For much of the post-war period many households entered social rented housing with the intention of remaining in the sector for most if not all of their adult lives. However, a growing proportion of households may now be entering the social rented sector with a different perspective, seeing social renting as an essentially short-term solution, prior to moving on to owner-occupation.

- Looking further into the future, underlying demographic trends, economic trends and tenure preferences all suggest there may be a significant reduction in the number of older households in the social rented sector. This is also likely to lead to fundamental changes in the overall profile of social renters.

In this discussion paper, we consider trends in the tenant base for social renting, and explore their implications for the future role of social housing. The discussion paper is based on a programme of work comprising:

- A literature review (appendix 3 provides references and further reading);

- A review of social, economic and demographic trends and an assessment of their possible impact on the profile of social rented tenants over the next 10 years;

- A review of trends in social renting in a number of other countries;

- An online survey of social landlords to get their views of trends in their customer base;

- Interviews with a number of directors of housing in RSLs (registered social landlords).

Section 2 of this discussion paper considers current perceptions of change in the social rented sector, and compares those perceptions to available evidence.

Section 3 investigates the main drivers of change in the social tenant base over the last 30+ years, and how these drivers may evolve in the decade ahead.

Section 4 looks at trends in social renting in other countries, and therefore at the extent to which changes in Scotland can be considered part of a general phenomenon affecting social renting.

Section 5 speculates on the future size and composition of the tenant base, on the basis of projected current trends, and the views of social landlords themselves.

Section 6 considers how the housing management function has been changing over time, and whether trends in the tenant base and technological trends have implications for how it will change in future.

Section 7 summarises and offers some conclusions.

2. THE CHANGING TENANT BASE IN SCOTLAND

2.1 Perceptions and reality

To date, analysis of general mobility patterns within and between tenures in Scotland and in other parts of the UK has been undertaken (see for example Parkes and Kearns, 2002), and there has been much comment on social housing trends generally (see for example Chartered Institute of Housing, 1999; Perry, 1995; Power and Mumford, 1999; Scott, 2004). However, there has been little detailed analysis of the changing social composition of the tenant base itself.

The overall perception is of a sector that is increasingly housing the poorest, most disadvantaged, and most vulnerable in society and that social renting is now considered the tenure of last resort. The Chartered Institute of Housing in Scotland's (CIH) report into low demand housing observed, 'polls indicate a growing stigma attached to social housing, particularly council housing. Given a choice of tenure, few people wish to opt for social housing, and even fewer regard it as a good choice for their children or grandchildren'. In particular, the CIH noted that a poll by MORI in 2001 showed that '79% of people in Britain believe that owning your own home is either critical or important to a reasonable standard of living' (CIH, 2003).

In England, Burrows (1997) examined social rented sector flows data and found that the social and economic base of the sector was becoming narrower, and that new social rented tenants exhibited systematically different characteristics to those leaving. Specifically, Burrows found that households entering the social rented sector tended to be young compared to existing social rented households. New entrants were also more likely to be lone parents and far more likely to be unemployed or unable to work. He concluded from his analysis that:

> The process of residualisation has not just been due to changes in the tenure of dwellings, it has also been due to the intensification of processes of movement by people which can be traced back to at least the mid-1970s as those able to do so have left the sector and entered owner-occupation. As the number of dwellings sold through the Right to Buy declines, the movement of people is again becoming the primary mechanism through which residualisation operates. (Burrows, 1997)

A later study by Tang (2005) examined changes in the profile of households in the housing association sector in England between 1991 and 2001, using census and CORE data. Tang found a reduction in older people in the sector, and concluded that 'households comprising a person living alone and single-parent families have begun to rival the "traditional family" household as the dominant client groups in both new and existing HA [housing association] tenants' (see table 2.1).

Table 2.1: Changing Profile of Existing HA Tenants and New HA Tenants, 1991–2001, England

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Single older person											
HA sector (%)	33.6										24.1
HA new tenancies (%)	22.2	21.0	17.2	14.6	15.0	14.5	12.0	11.6	12.0	12.1	12.4
Single adult											
HA sector (%)	16.9										20.2
HA new tenancies (%)	27.1	26.0	24.4	24.6	27.1	28.5	43.3	46.0	47.7	48.5	48.2
Lone parent family											
HA sector (%)	9.1										19.7
HA new tenancies (%)	16.5	18.8	21.9	24.5	23.3	24.1	21.1	20.4	19.8	19.3	18.9
Two-parent family											
HA sector (%)	13.8										17.3
HA new tenancies (%)	15.0	16.9	20.6	19.4	17.6	16.6	11.9	10.7	9.9	9.3	9.1
Two adults											
HA sector (%)	21.4										12.9
HA new tenancies (%)	17.5	15.8	14.2	13.3	13.4	12.9	9.3	9.0	8.5	7.0	7.3

Source: Tang (2005), Table 3

Although equivalent studies have not been conducted in Scotland, census data provide evidence of trends in the composition of the Scottish social tenant 'base'.

2.2 Scottish census analysis 1971–2001

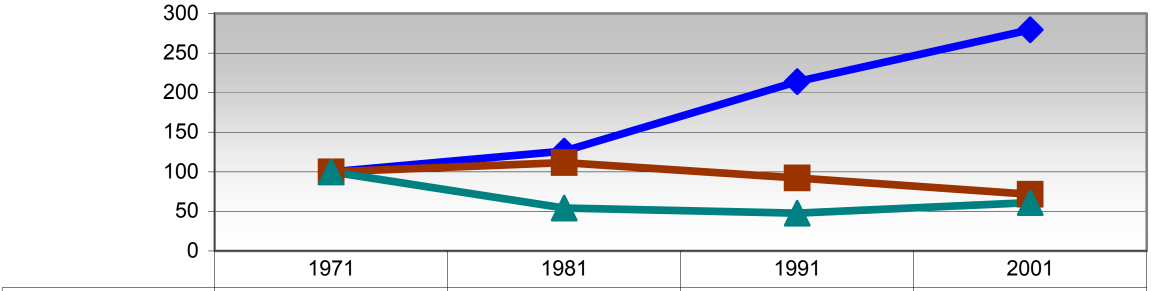
In this section we undertake trend analysis using the results from the national Census in successive decades. There are limits to what can be done in this regard for a number of reasons that are discussed in appendix 1. However, used with caution, this source provides further important insights, at the Scottish level and the local authority level.

Changing tenure profile

The last three decades have seen a substantial increase in the number of dwellings in Scotland together with an increase in the number of households. In the period from 1971 to 2001, the number of households rose from 1,676,000 to 2,192,000, an increase of 31% over 30 years.

Over the same period, there have been major changes in the tenure choices of households. Figure 2.1 shows trends in the household numbers in the owner-occupied, social rented and private rented sectors over the past 30 years as a percentage of the total number of households in each tenure in 1971. It shows that in 2001, 28% fewer households rented their home from a social landlord than in 1971. By contrast, 180% more households owned their home in 2001 than in 1971.

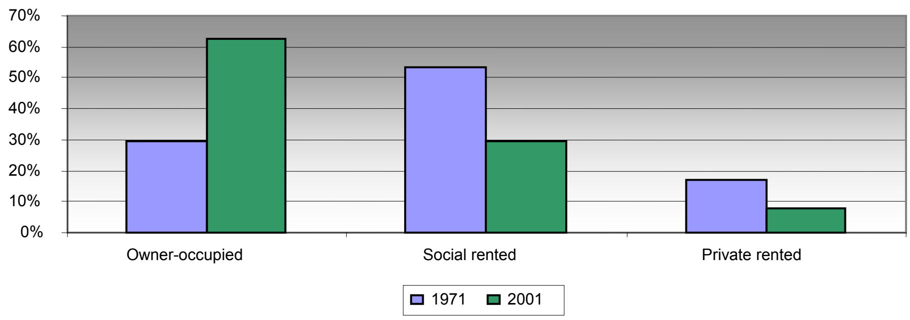
Figure 2.1: Change in the number of households by tenure as a percentage of 1971,1971-2001



	1971	1981	1991	2001
owners	100	126	214	280
social rented	100	111	92	72
private rented	100	54	48	61

Throughout the 1970s owner-occupation and social renting both expanded through a combination of housing construction and the transfer of properties from the private rented sector. Between 1971 and 1981 the number of homeowners and social renters increased by 128,600 and 103,300 respectively while the number of private renters fell by 131,500.

Figure 2.2: Changes in tenure in Scotland 1971–2001



During the 1980s and 1990s the number of owner-occupiers continued to rise and by 2001 owner-occupation had become the tenure of choice for 63% of households living in Scotland. By contrast, the proportion of households living in social rented housing fell from 56% in 1981 to 29% in 2001, largely due to tenants exercising their right to buy their home at a discounted price[1] (see figure 2.2). Hence, the number of social renters peaked at over a million households in 1981 before falling to 645,000 households in 2001, fewer than at any time in the past 30 years.

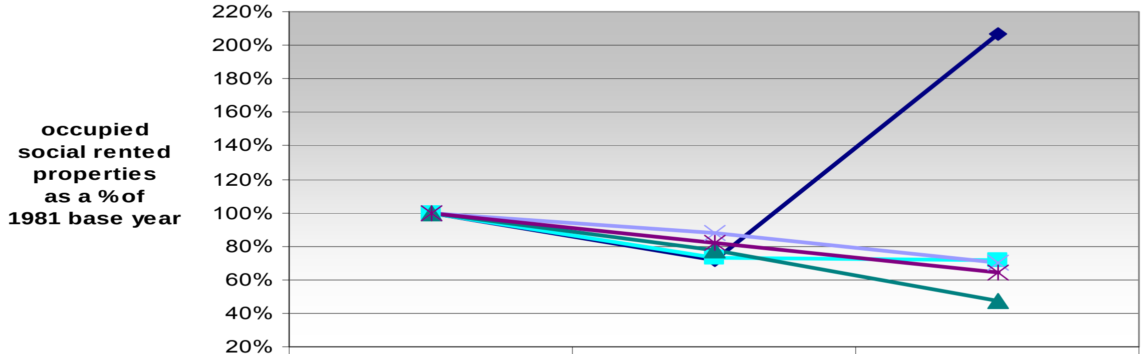
Changing attributes of social rented sector stock

Figure 2.3 shows the number of occupied properties in the social rented sector in 1991 and 2001 as a percentage of the total number of occupied social rented properties in 1981, broken down by dwelling type. Between 1981 and 2001, the number of occupied properties in the social rented sector fell by 36%, from 1,002,000

[1] By 31 December 2005 over 450,000 houses had been sold to sitting tenants. Scottish Executive (2006e) provides a survey of the impact of RTB in Scotland.

to 644,000 dwellings. The number of occupied flats fell by 29% (from 502,000 to 354,000) and occupied houses by 42% (from 500,000 to 290,000).[2]

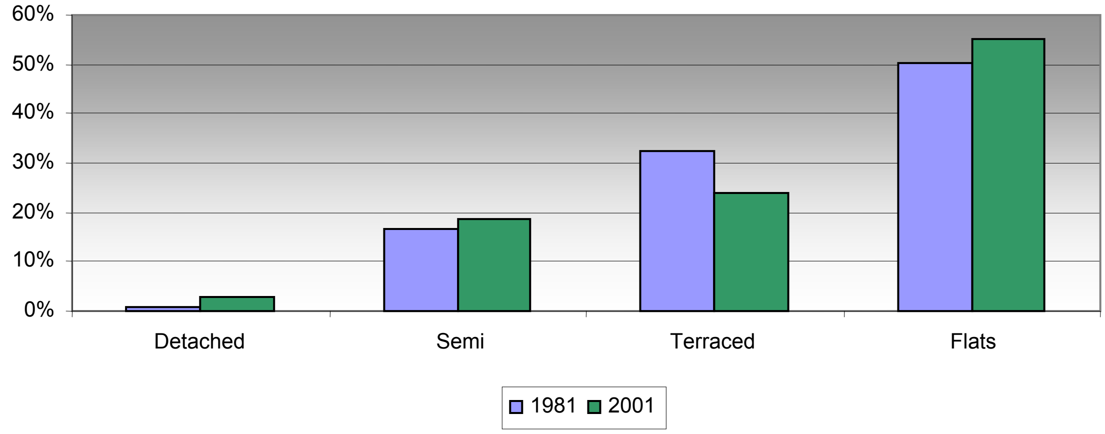
Figure 2.3: Change in number of social rented properties by dwelling type as a percetage of 1981 total, 1981-2001



	1981	1991	2001
Detached	100%	72%	207%
Semi	100%	73%	72%
Terraced	100%	78%	47%
Flats	100%	88%	71%
All Dwellings	100%	82%	64%

Most social landlords believe RTB sales have been concentrated in the more sought-after properties and that RTB has had an adverse effect on the range of property types and sizes available for households seeking social rented housing (Newhaven Research, 2005).

Figure 2.4: Changes in social rented stock dwelling types, Scotland, 1981–2001



Census data allow us to look at changes over time in the proportion of social rented sector tenants living in different types and sizes of dwellings. Figure 2.4 shows the proportion of all occupied social rented stock by dwelling type in 1981 and 2001. Figure 2.5 shows the proportion of all occupied social rented stock by room size from

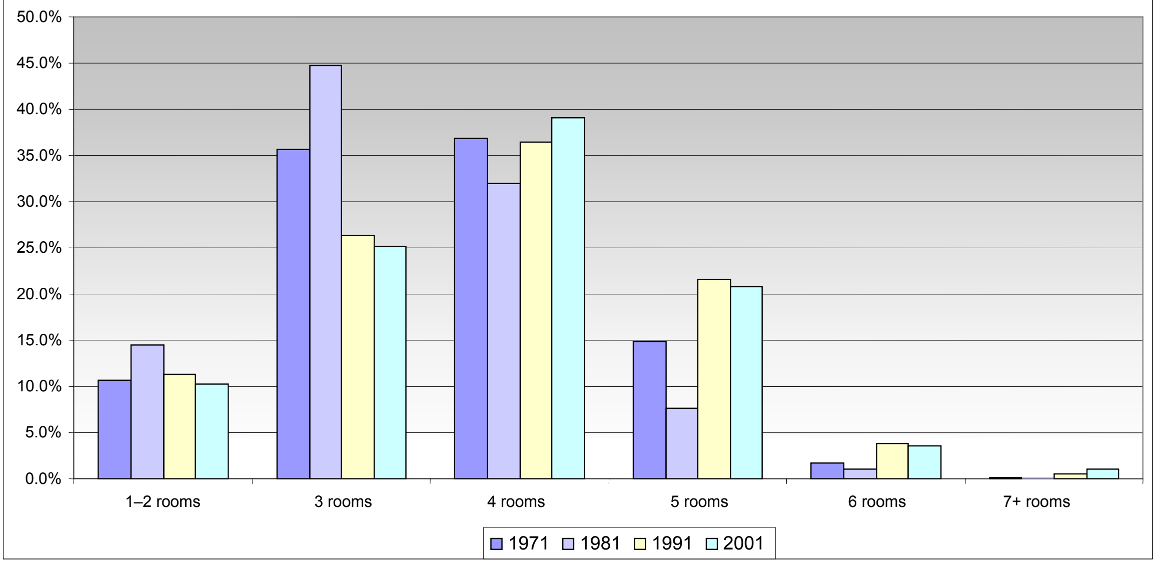
[2] Curiously, the number of occupied detached houses more than doubled to approximately 18,000 in 2001. The reason for this is not clear. It may reflect changes in the way dwelling type has been recorded. The construction of small sheltered housing units and other specially designed housing for people with special needs (which are exempt from RTB) may also be a factor.

1971 to 2001. The findings for rooms should, however, be treated with a degree of caution, as the definition of what constitutes a room and the wording of the instructions included in the Census have changed over time (see appendix 1). Figures 2.4 and 2.5 indicate that:

- There has been an increase in the proportion of social tenants living in flats, up from 50% in 1981 to 55% in 2001, but this increase, at least at the national level, is less than is often believed to have occurred.

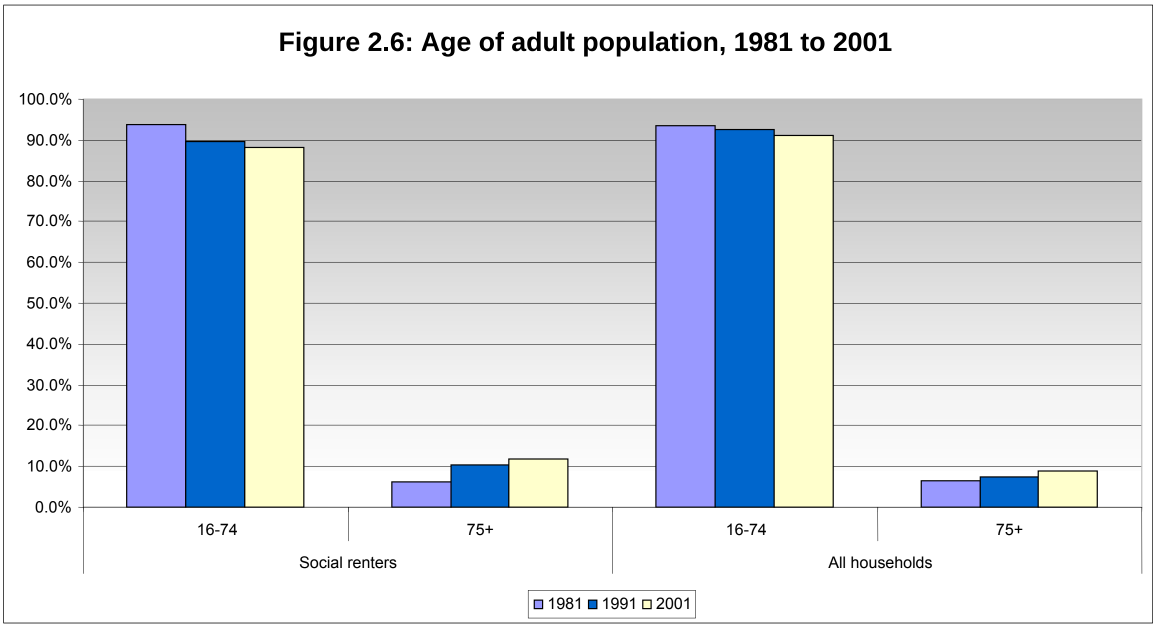
- Over the last 30 years, the proportion of occupied social rented housing stock comprising three or fewer rooms has fallen from 46% to 35%. This has been matched by a rise in the proportion of larger properties. Between 1971 and 2001, the proportion of properties with four or five rooms increased from 54% to 62%, and the proportion of dwellings with six or more rooms increased from 2% to 5%.

Figure 2.5: Size of social rented dwellings, 1971 to 2001



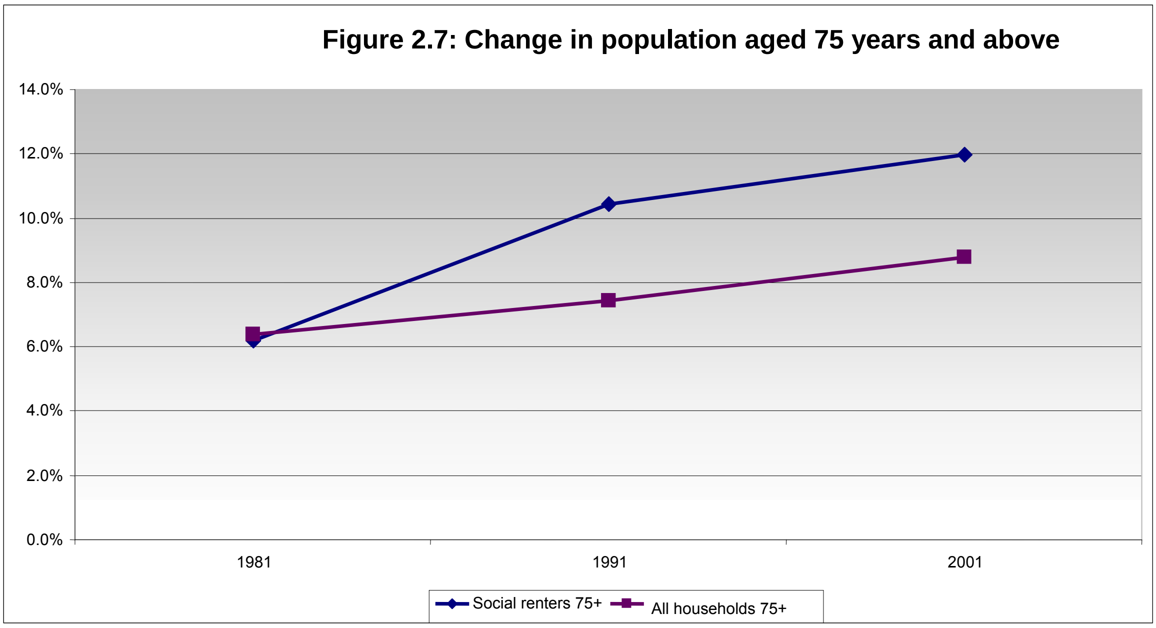
Changing profile of social renters

The number of people in any age group within the social rented sector depends on two things. First, it depends on the age structure of the population at large. Second, it depends on the tenure choices available to and made by households. Unfortunately, there are very limited accessible detailed data on the age of the population broken down by tenure for the years prior to 2001.



Figures 2.6 and 2.7 show that over the period from 1981 to 2001:

- The proportion of persons aged 75 years or older increased from 6% to 12%.
- The proportion of social renters aged 75 years or older grew at a much faster rate than in the adult population as a whole. Over the past 20 years, the proportion of the total adult population aged 75 years or older increased by 2.8% compared to 6% in the social rented sector.



However, the *number* of people aged 75 years or older in the social rented sector peaked at around 150,000 in 1991 and subsequently fell back, to under 130,000 in 2001. By contrast, the adult population aged 75 years or older for Scotland as a whole has continued to grow. There are several possible reasons for this. A number of tenants in their early sixties in 1991 may have exercised their RTB in the decade to 2001. Life expectancy among social renters living in more deprived areas tends to be lower than that for the population as whole. Finally, with the introduction and expansion of ‘Care and Repair’, fewer older homeowners are moving into the social rented sector.

With regard to the type of household found in the social rented sector, figure 2.8 shows that in 1981 the mix of household types in the social rented sector generally mirrored the mix of household types in the population at large. By 2001 this was no longer the case.[3] More specifically:

- In 2001 the most common household types found in the social rented sector were single pensioners (23%), single adults below retirement age (22%) and lone parents with at least one dependent child (15%).

- The trend towards owner-occupation has been accompanied by a decline in the proportion of couples and families found in the social rented sector. In 2001, only 25% of social renters were couples, including older couples (14%), or families (11%), compared to 39% in 1981.

- The society-wide trend towards more people living alone has contributed to a doubling of the actual number of single persons renting from a social landlord in the past 20 years. Nonetheless, single adults, in common with most other groups of households, are now more likely to own rather than rent their home. In 2001 36% of all single adult households rented from a social landlord compared to 52% 20 years previously.

- While the proportion of single pensioners living in social rented housing has increased, the actual number of single pensioner households renting from a social landlord has fallen by 19%.

- The majority of single pensioners now live in private housing. In 1981, 62% of all single pensioner households were tenants of social landlords compared to 45% in 2001.

- In the 20 years to 2001, there has been almost a four-fold increase in the number of lone parents with at least one dependent child in Scotland and a three-fold increase in the number renting from a social landlord.

- While lone parents remain more likely to rent than own their home, the number and proportion opting to buy their own home is increasing. In 1981, some 80% of lone parents lived in the social rented sector. By 2001, this had reduced to 62%.

- The category ‘other household’ includes a variety of different family structures, including households with three or more adults, extended families, and families and lone parents with non-dependent children. In 2001 they represented only 15% of households living in the social rented sector, down from 35% in 1981.

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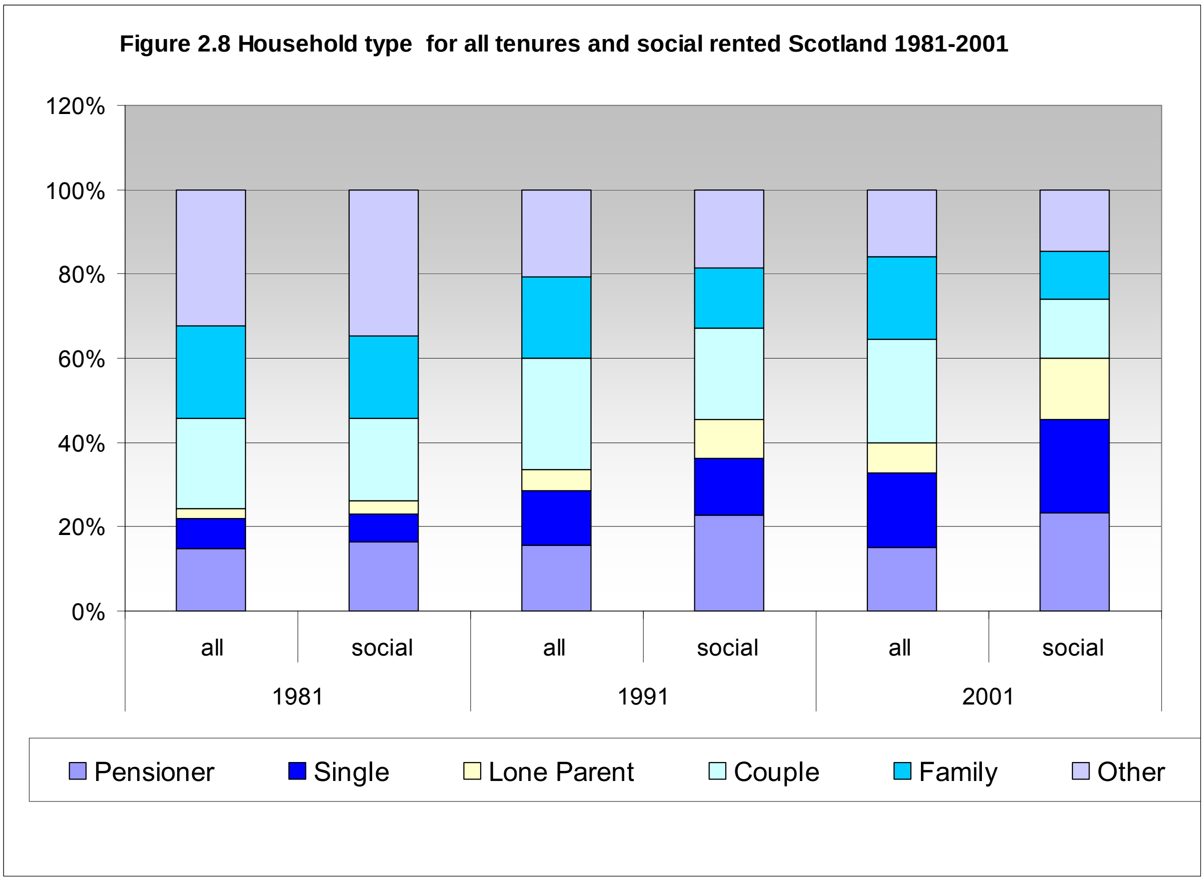
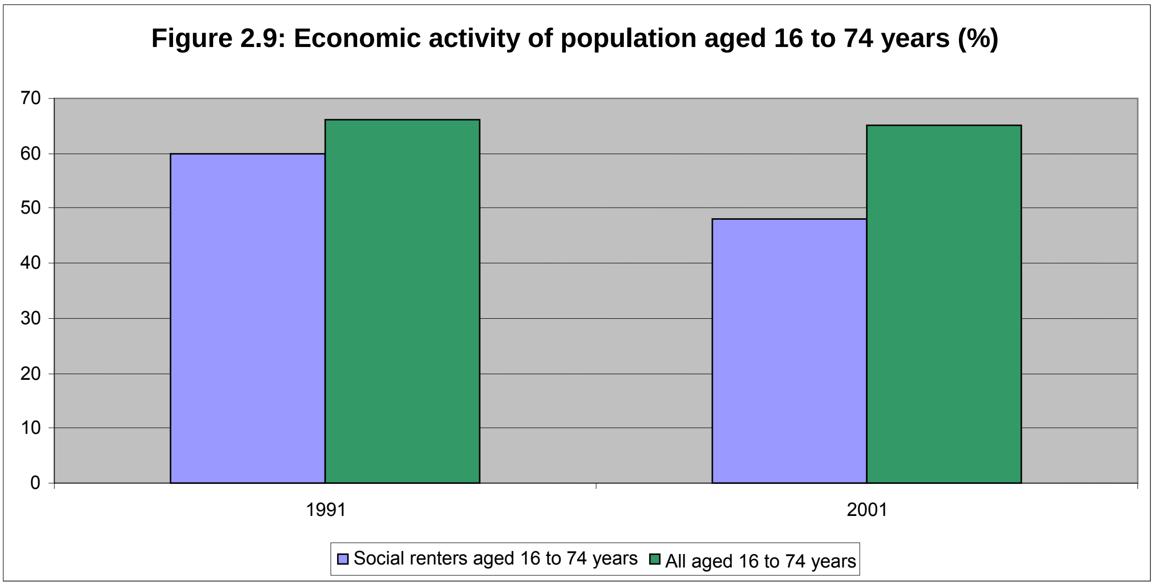
[3] Both the Scottish House Condition Survey and Scottish Household Survey confirm a similar change in the household composition of social renters. However, as both sources are sample-based, and employ slightly different household type definitions, some specific numbers differ. See appendix 2 for further details.



Choice of tenure is influenced by people's economic circumstances as well as their preferences and aspirations. Again, there are few consistent and readily accessible data in relation to the changing economic circumstances of social renters, but figure 2.9 confirms that the number and percentage of economically active adults living in the social rented sector has declined over the past decade. In 2001 less than half of all adults aged between 16 and 74 years of age and living in the social rented sector were economically active.

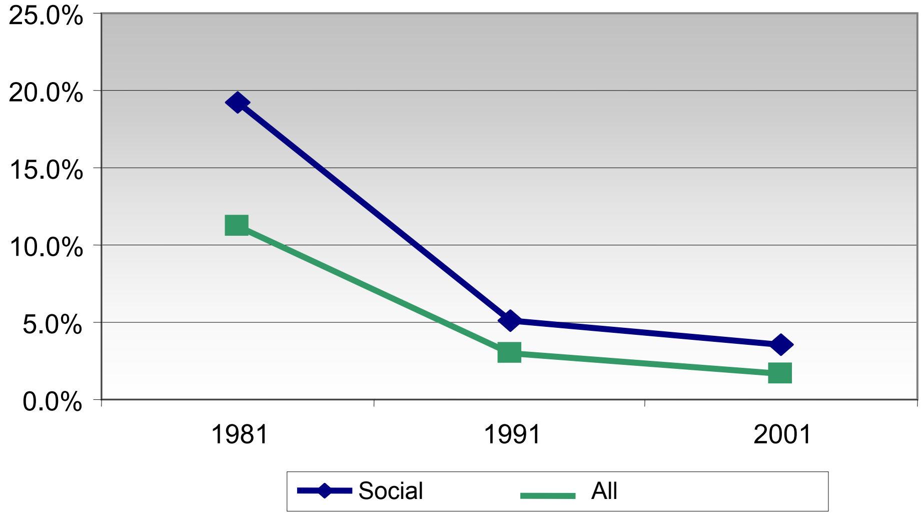


An ethnicity question was included in the 1991 Census but changes to the question and ethnic classifications in the 2001 Census mean it is not possible to examine changes in the ethnic profile of the social rented population. Whilst it is clear that the number of people from ethnic minority groups in Scotland has increased over the past decade, comparatively few rent from a social landlord. In 2001, just over 17,000 people who stated they were from an ethnic minority group lived in the social rented housing. Hence, in 2001, only 17% of people from all ethnic minority groups, rented from a social landlord compared to 27% of all those describing themselves as white.

This suggests that the social rented sector in Scotland continues to plays a smaller role than it does in England and Wales and in some other European countries in accommodating people from ethnic minority groups. The reasons for this are not clear.

A longstanding census measure of overcrowding (known as 'person per room') relates the actual number of rooms in a dwelling to the number of occupants. It is calculated by dividing the number of people living in a dwelling by the number of rooms in the dwelling.[4] A positive occupancy rating (i.e. 1 or more) indicates that there are more rooms than are 'required' by a household, while a zero indicates the actual number of rooms to be the same as the number required. A negative rating (-1 or less) indicates fewer rooms than are 'required'. Figure 2.10 shows the percentage of households with a negative rating. It confirms that overcrowding in the social rented sector has fallen over the last 20 years but remains more common among social renters than for all households in Scotland.

Figure 2.10: Reduction in overcrowding by tenure in Scotland, 1981–2001



[4] Unlike the bedroom standard, it does *not* measure the number of bedrooms available to a household against the number of bedrooms required, given a household's size and composition. As the definition of what constitutes a room has changed over time, the trends detailed in figure 2.10 should be regarded as indicative rather than definitive. For further details, see appendix 1.

Geographical patterns

The decline in the number of households renting from a social landlord has not been uniform across Scotland's 32 local authority areas (see figures 2.11 and 2.12).

At one end of the spectrum, six local authority areas had a higher number of social renters in 2001 than in 1971, mainly because of comparatively high levels of public sector housing construction during the 1970s. These local authority areas were Aberdeenshire, Eilean Siar, Highland, Moray, Orkney, and Shetland.

At the other end of the spectrum, seven local authority areas had at least 36% fewer social renters in 2001 than in 1971, partly because of relatively low rates of public sector housing construction during the 1970s. Other than Dundee, these local authority areas were in the West of Scotland (Inverclyde, Renfrewshire, South Lanarkshire, North Lanarkshire, South Ayrshire, and East Ayrshire).

Nonetheless, most local authority areas where 40% or fewer households rented from a social landlord in 1971 also had the lowest rates of social renting in 2001 and vice versa. For example, East Renfrewshire had the fourth lowest rate of social renting (30%) in 1971 and the lowest rate (13%) in 2001. By contrast, West Dunbartonshire had the fifth highest rate of social renting (72%) in 1971 and the highest rate (44%) in 2001. However, there are some exceptions.

Figure 2.11: Social renting by local authority in 2001 as a percentage of 1971 total

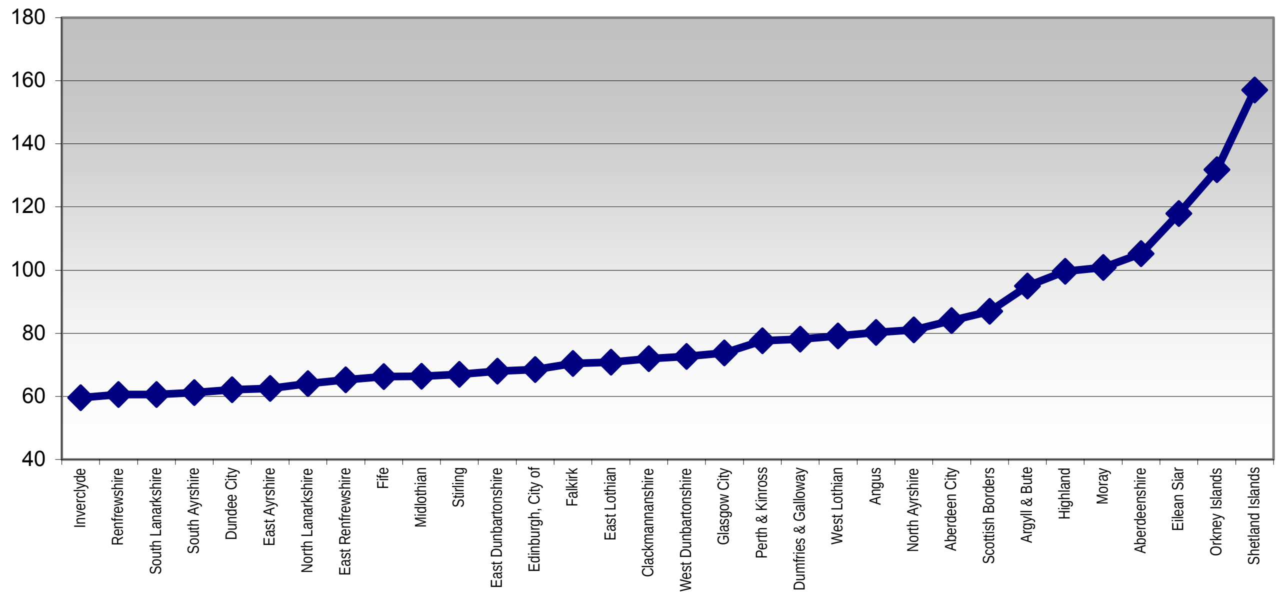
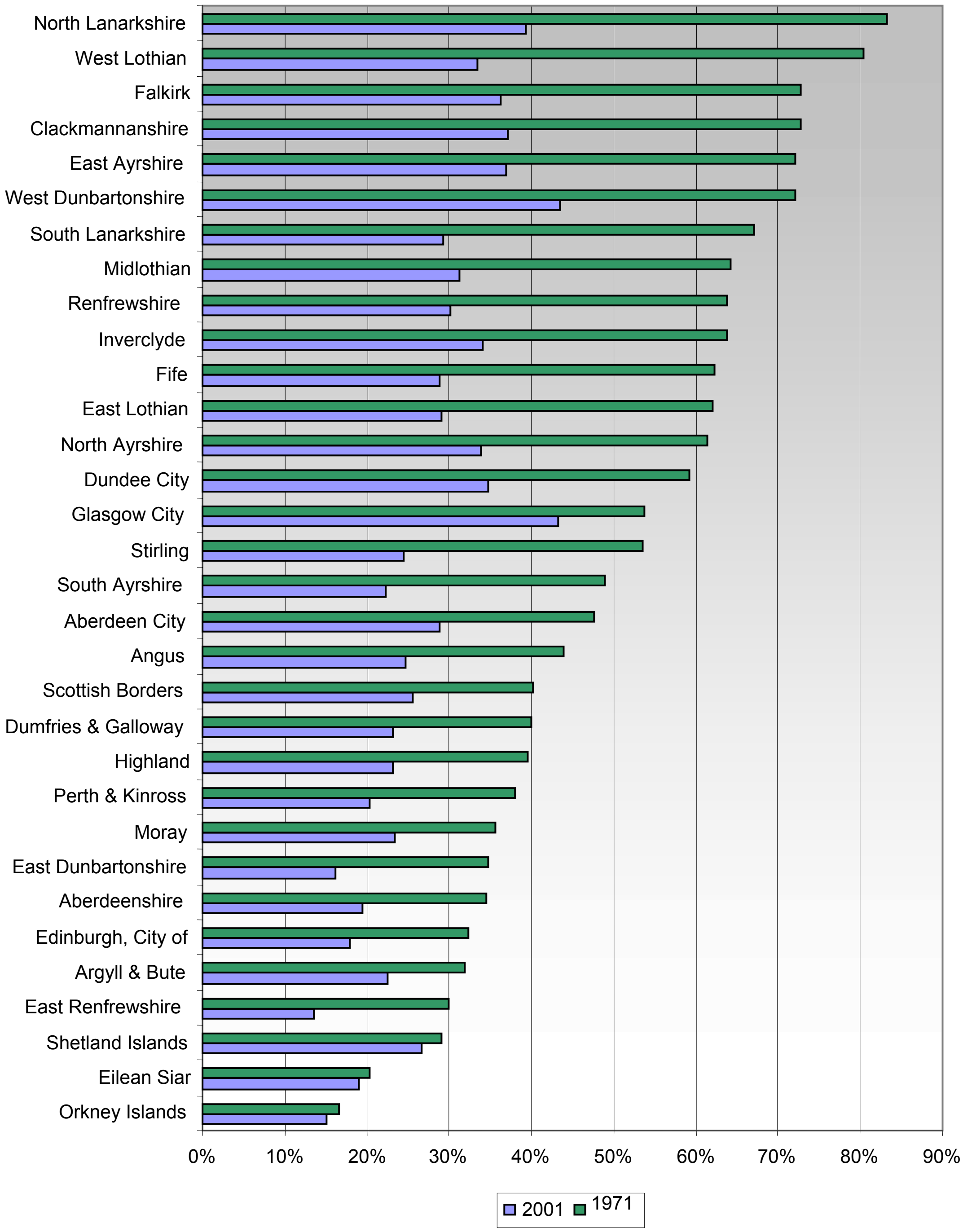


Figure 2.12: Percent social renters, 1971–2001



In 1971 over half (54%) of Glasgow's stock was in the social rented sector, in line with the national average. By 2001, the proportion of social renting in the city had fallen to 43% compared to 29% nationally. Glasgow had the second highest rate of social rented housing in 2001. This probably reflects the relatively high rates of RSL development and relatively low rates of private sector development in the city over the past three decades.

West Lothian (80%) had a much higher rate of social renting than the national average in 1971. By 2001 the proportion of social rented stock in West Lothian (33%) was around the national average (29%) reflecting the high level of private housing construction that has occurred, especially in the past 20 years.

Table 2.2: Percentage of households living in the social rented sector by local authority, 1971

Group 1 **Cities**	**Group 2** **Predominantly rural authorities**	**Group 3** **Predominantly urban authorities with below or around average levels of social renting**	**Group 4** **Predominantly urban authorities with above average levels of social renting**	**Group 5** **Island authorities**
Aberdeen Dundee Edinburgh Glasgow	Aberdeenshire Argyll & Bute Dumfries & Galloway Highland Moray Perth & Kinross South Ayrshire Scottish Borders	Angus East Dunbartonshire East Renfrewshire Stirling East Lothian Fife Midlothian West Lothian	Clackmannanshire East Ayrshire Falkirk Inverclyde North Ayrshire North Lanarkshire West Dunbartonshire Renfrewshire* South Lanarkshire*	Eilean Siar Orkney Shetland

* Both these local authorities have a lower percentage of social renting than other local authority areas in this grouping but share other characteristics in common with the grouping

Changing profile of the stock and its occupants at the local authority level

In order to examine the changing profile of the social rented stock and its occupants (see figures 2.13 to 2.16) we grouped local authorities into five categories, as set out in table 2.2:

- Group 1 comprises Scotland's four main cities. Although the cities have very different levels of social renting, they share some similarities in terms of stock profile and changing patterns of demand for social rented accommodation.

- Group 2 comprises predominantly rural authorities. Most of these local authority areas had below average levels of social renting throughout the previous 30 years.

- Group 3 comprises predominantly urban authority areas. In 2001 most of these local authority areas had below average or around average levels of social renting and had experienced a substantial fall in the rate of social renting in the previous 30 years.

- Group 4 comprises predominantly urban authority areas that had comparatively high rates of social renting over the previous 30 years.

- Group 5 comprises the island authority areas, none of which experienced a sharp reduction in the proportion of households renting from a social landlord. This is partly because of the scale of social housing construction in the 1970s and partly because the private sector has been home to upwards of 70% of households for the previous 30 years.

Group 1

In terms of the social rented sector in Scotland's main cities:

- At least seven out of ten social rented tenants in Scotland now live in flats, with Aberdeen having experienced one of the biggest increases in the proportion of flats in the period from 1981 to 2001.

- Area redevelopment has led to a slight reduction in the proportion of flats in Glasgow, but flats still make up over 80% of the city's social rented stock.

- All four cities have experienced a faster rate of growth in single person households than Scotland as whole. This is in keeping with a broad demographic trend for single persons, especially those in their late teens and early twenties, to move to cities in search of employment or to pursue their education.

- Dundee and Aberdeen experienced a much larger increase in single pensioner households than Glasgow and Edinburgh.

- Glasgow experienced a very substantial rise in lone parents between 1981 and 2001. This may be one reason why Glasgow continues to have one of the highest rates of overcrowding in the social renting sector in Scotland.

- Edinburgh also has an above average incidence of overcrowding and there are some signs that the sustained reduction in overcrowding witnessed in Edinburgh during the past 20 years is levelling off.

- Aberdeen is the only city where the majority of social rented tenants aged from 16 to 74 years are economically active, but all four cities experienced a 10% or higher fall in economically active tenants in the period 1991–2001.

Group 2

Turning to the group of predominantly rural authorities:

- There was a steep increase in the proportion of social rented sector tenants living in flats. Perth and Kinross is, however, the only area where flats exceed houses.

- There was a higher than average rate of growth in single pensioners everywhere other than Argyll and Bute. As a result, by 2001 single pensioners represented the single most common household type in the social rented sector in all eight local authority areas.

- The social rented sector remains home to a relatively high proportion of families but the proportions of single person households and lone parents with at least one dependent child have increased, albeit generally at a slower rate than elsewhere.

- Problems of overcrowding appear to be slightly less severe than for Scotland as a whole, reflecting the higher incidence of larger properties in the social rented sector in most of these local authority areas.

- The majority of people aged 16–74 years and living in social rented accommodation were economically active (other than in South Ayrshire), though the percentage has been declining.

Group 3

The third group includes two local authorities that share a boundary with Glasgow. The remaining authorities in this group are located in central and eastern Scotland. In terms of trends over the past two to three decades:

- Local authorities surrounding Glasgow historically had a much higher number and proportion of flats than local authorities to the east. Consequently, they have witnessed a slower growth in the percentage of tenants living in flats relative to local authorities to the east.

- East Renfrewshire and Angus experienced the biggest increase in the proportion of older social tenants who live on their own. In both local authority areas, three out of ten tenants in 2001 were single pensioners.

- Single pensioners are the largest group of households found in the social rented sector in these local authority areas, except in West Lothian where they share equal billing with single persons.

- At 15%, Midlothian and East Lothian had the second highest proportion of families on the Scottish mainland, although the proportion of families in both local authorities steadily reduced over the period 1981–2001.

- The majority of householders under 74 years of age were economically active in these local authorities with the exception of East Renfrewshire.

- Midlothian had the highest rate of overcrowding in the social rented sector in Scotland in 2001 and East Lothian was the only local authority to see overcrowding increase over the period 1991–2001. This is consistent with claims made by both local authorities that they have a shortage of accommodation available for let to transfer applicants in need of larger properties.

Figure 2.13: Social rented flats by LA, 1981 and 2001

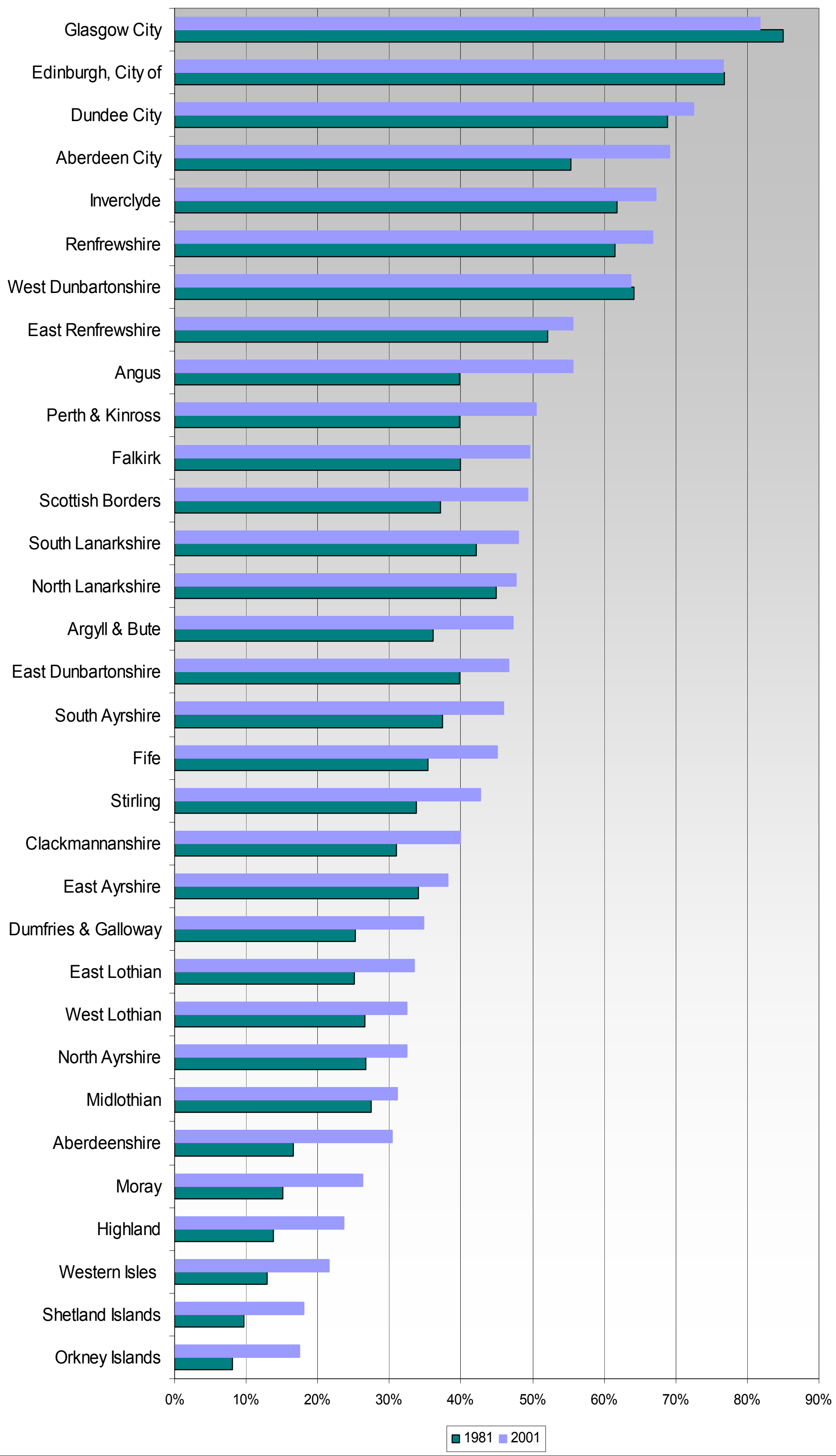


Figure 2.14a: Percentage change in pensioner households by LA, 1981–2001

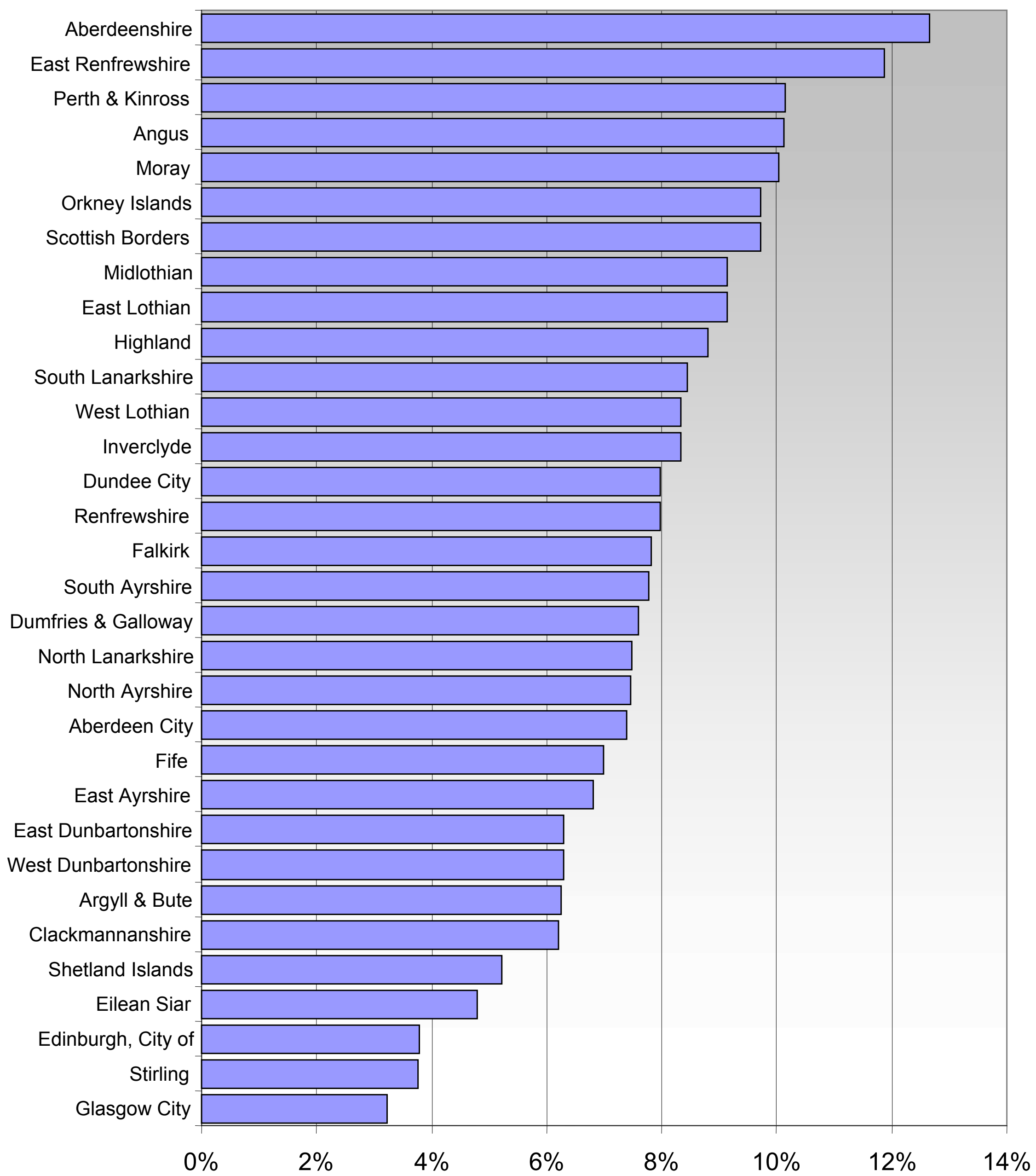


Figure 2.14b: Percentage change in lone parent households by LA, 1981–2001

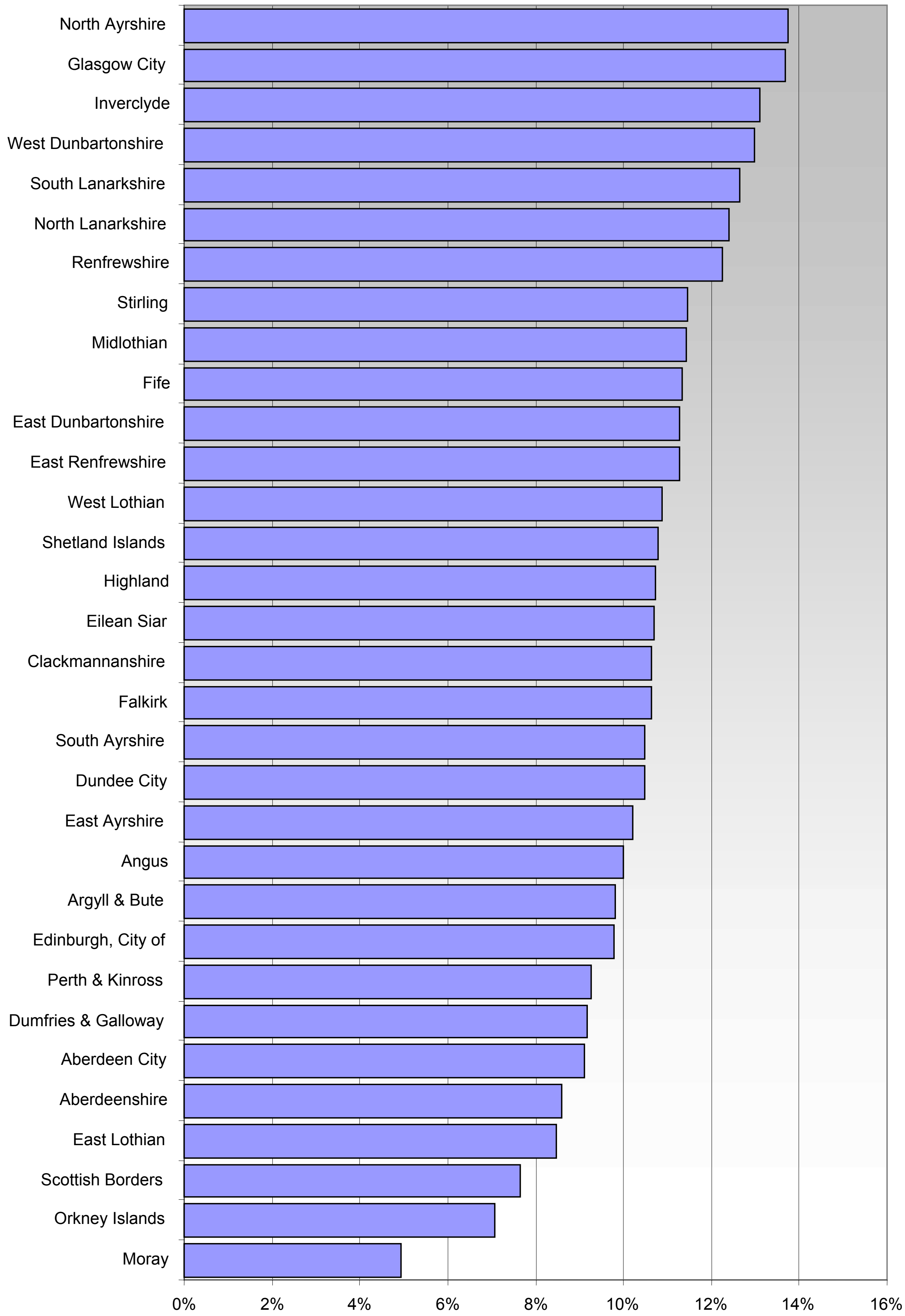


Figure 2.14c: Percentage change in single person households by LA, 1981–2001

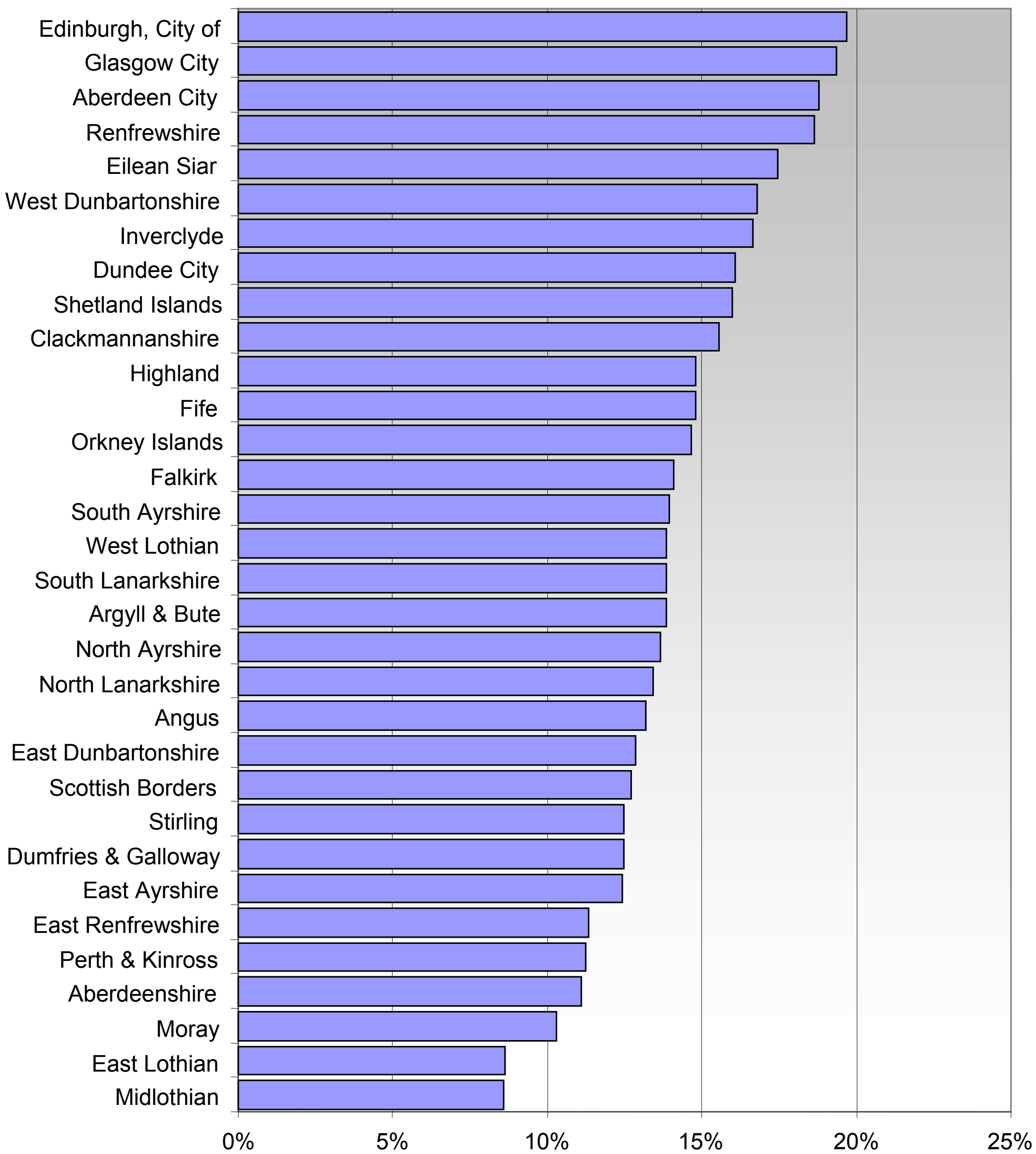
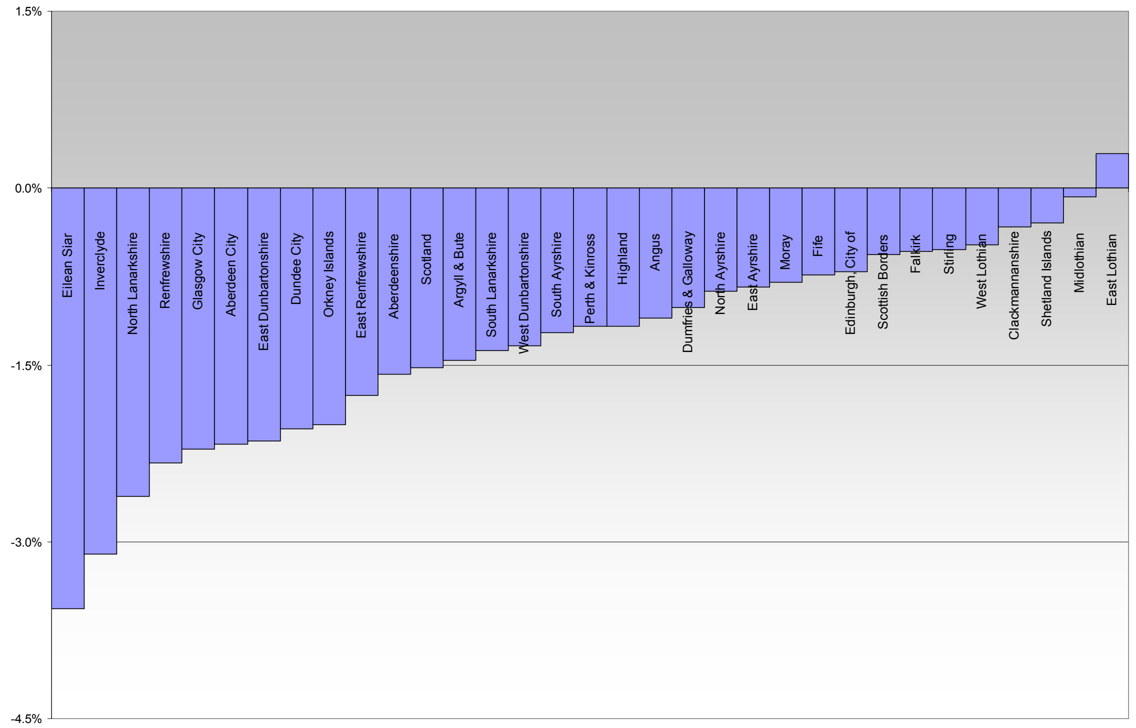


Figure 2.15: Change in rate of overcrowding in social rented sector by LA 1991/2001



Group 4

With regard to the fourth grouping (predominantly urban authorities with above average levels of social renting):

- These local authorities tended to have the highest proportions of single person households living in the social rented sector in mainland Scotland outside the four main cities. This is in spite of the social rented sector housing below average proportions of single person households in the 1980s.

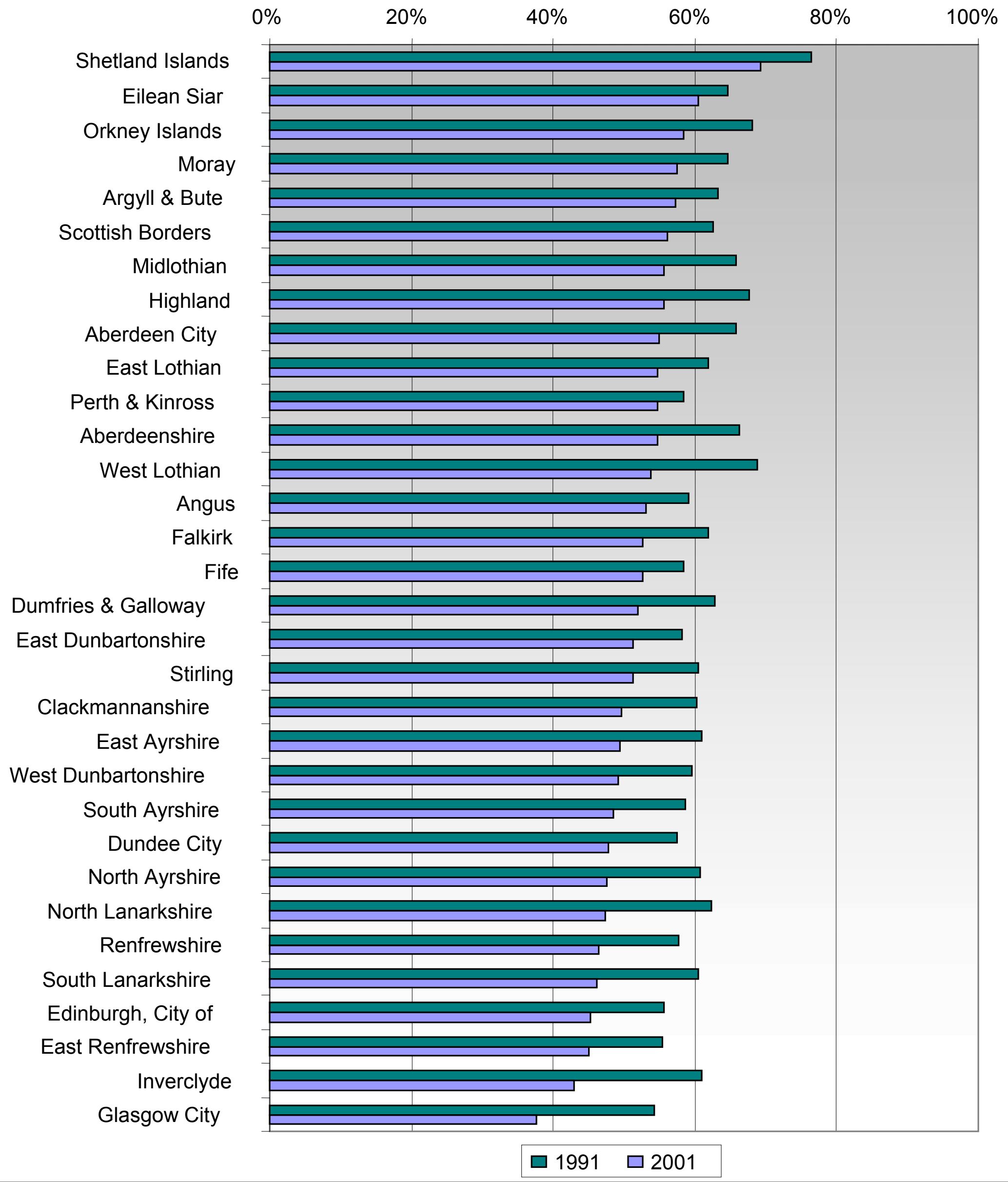
- The proportion of social tenants who are lone parents has increased, with West Dunbartonshire, Inverclyde, North Ayrshire, North Lanarkshire and South Lanarkshire all experiencing above average rates of growth relative to Scotland as a whole.

- Single pensioners, single adults and lone parents were the three most common household types in 2001, but the single most common household group varied from local authority to local authority.

- Falkirk was the only local authority in this group where the majority of 16- to 74-year-olds living in social rented housing were economically active.

- There were above average overcrowding problems in Inverclyde, North Lanarkshire, and Clackmannanshire. Why this should be the case is not entirely clear but it is possible that existing tenants living in overcrowded accommodation do not want to move to larger properties located in less desirable areas.

Figure 2.16: Economically active people aged 16 to 74 years by LA, 1991–2001



Group 5

In terms of the island authorities:

- There was some reduction in the proportion of houses over the period 1981–2001 but houses remained the dominant property type.

- Properties tend to be somewhat larger than on mainland Scotland and consequently overcrowding is less of a problem than in many mainland local authority areas.

- Over a fifth of tenants were single pensioners in 2001. The rate of growth (other than in Orkney) was lower than in most mainland authorities, reflecting the fact that island authorities have traditionally played an important role in housing older tenants.

- Over a fifth of households were single person households in 2001. All three authorities experienced a 15–17% growth in single person households between 1981 and 2001.

- The social rented sector continues to house a higher proportion of families and couples and a lower proportion of lone parents than many mainland local authority areas. However, the proportion of families and couples has gradually declined.

- The proportion of all social renters aged 16–74 years who are economically active continues to be higher than found across mainland Scotland – ranging from close to 60% to 70%.

The above changes in the overall volume and tenure distribution of the housing stock in Scotland as well as the composition of the social rented stock and the socio-economic profile of social rented tenants reflect the outcomes of a combination of economic, demographic, and political processes, which are discussed in section 3. Before we turn to these, we consider a third source of evidence on sector trends – the views of Scottish social landlords themselves.

2.3 Social landlords' views of trends in their tenant base

What are Scottish social landlords' views of trends in their tenant base? A total of 44 Scottish social landlords – roughly equally split between local authority landlords and housing associations – responded to an invitation to express their views on this and other issues to do with their core business.

Understanding of the profile of existing tenants

With regard to the current profile of tenants:

- A third of landlords responding believed they had an 'excellent understanding' of the age/household type profile of current tenants.

- The 25–39 age group was mentioned as the most common age group housed by a third of landlords, and nearly two-fifths (37%) identified non-retired single person households as the most common household type housed.

- For the most part, however, landlords do not review whom they are housing on a regular basis and over a fifth never consider the question at all.

How good is your knowledge of your current tenant profile? (%)

We have an excellent understanding of the age/household type profile of our current tenants	33
We have some knowledge of the age/household type profile of our current tenants	60
We have little or no clear picture of the age/household type profile of our current tenants	7

N=43

Most common age groups housed (ranked from 1 to 5, with 1 being most common) (%)

	1	2	3	4	5	DK	Total
16-24	22	17	14	17	22	8	100
25-39	33	43	5	13	0	8	100
40-59	24	22	38	8	0	8	100
60-75	16	5	34	37	0	8	100
75+	0	14	3	22	53	8	100

N=36

Most common household types housed (1 being most common) (%)

	1	2	3	4	5	6	DK	Total
Non-retired single person	37	16	8	8	3	8	21	100
Single parent with child(ren) under the age of 18	24	26	21	8	3	0	18	100
Two parent family with child(ren) under the age of 18	11	24	24	11	5	8	18	100
Non-retired couple or adult-only household	3	0	8	33	22	14	19	100
Single older household (person over 60)	11	16	16	8	22	8	19	100
Older couple (where at least one adult is over 60)	3	6	9	12	21	29	21	100

N=38

Landlord analysis of tenant base (%)

Yes, we review the tenant base profile on a regular basis	20
We do this sometimes on a one-off basis, but not regularly	59
We never take an explicit look at the tenant base profile	22

N=41

Understanding of households seeking to enter the social rented sector

Scottish social landlords were also asked about changes they have observed in who is applying for social rented housing. Specifically, landlords were asked if they could detect any trends in the types of households applying for a social tenancy over the last 10 years. Significant numbers reported increases in numbers of young single people and adults applying, and in numbers of vulnerable people requiring extra management support. At the same time, a number of landlords reported increases in the numbers of older people and couples/families applying but a significant number also reported declines with regard to these household types.

Can you indicate if the number of any of the following types of household applying to you to be housed has increased or decreased over the last 10 years? (%)

	Big increase	Slight increase	Same	Slight decline	Big decline
Number of young people under 19	50	47	3	0	0

	Big increase	Slight increase	Same	Slight decline	Big decline
Number of young adults aged 19–24	47	38	15	0	0
Number of single people aged 25–60	32	44	24	0	0
Number of older single persons or couples (someone over 60 involved)	9	35	41	15	0
Number of single parents	33	39	24	3	0
Number of couples (where both under 60)	3	12	61	24	0
Number of families	9	27	39	21	3
Number of vulnerable people requiring extra management support	64	27	9	0	0

N=39

However, the survey provided evidence that not all social landlords feel confident they understand the changes that are taking place. With regard to people wishing to become tenants (current applicants) the survey revealed that:

- 37% of landlords believe they have an excellent understanding of who is applying, but more than 1 in 10 said they had little understanding of this. Those with some understanding said they predominantly use this information to inform development and lettings plans.

- Most said they collect information from applicants on current housing circumstances and conditions, but only 43% collect information on employment circumstances and only 12% on income and savings (making it hard to see how social landlords could assess the affordability of their housing to these applicants).

- At least a third of landlords have no clear organisational view of what constitutes housing need and only 58% of those that do (i.e. 36% of all landlords responding) said they know how many of the current applicants for housing met their criteria for being in housing need. Of those that do, the typical proportion reported as in need was between 70% and 80%.

- 83% said they do not monitor trends in the percentage of applicants on the housing register assessed as in need; those saying they do predominantly indicated knowledge of trends of no more than 2–3 years duration.

- Nearly half of landlords said they conduct exit surveys, predominantly asking reason for leaving, but it is not clear if or how this information is used.

- A third of landlords said they had information on whether the average length of a tenancy was changing over time, with, surprisingly, more of these saying the average period of a tenancy was lengthening than shortening.

Knowledge of the profile of applicants (%)

We have an excellent understanding of the age/household type profile of housing register applicants	37
We have some knowledge of the age/household type profile of housing register applicants	51
We have little or no clear picture of the age/household type profile of housing register applicants	12

N=41

Other information collected on applicant households (%)

Current dwelling condition	80
Current housing circumstances (e.g. if in overcrowded conditions, any required adaptations, whether require wheelchair housing etc)	95
Current household employment circumstances	43
Current household income and savings	12

N=41

Does your allocation policy (or other written policy) contain an explicit definition of housing need? (%)

Yes	62
No	33
Don't know	5

N=42

If so, do you know how many of the current applicants for housing on your register meet your criteria for being in housing need? (%)

Yes	58
No	42

N=26

Do you monitor trends over time in the percentage of applicants on the housing register assessed as in need? (%)

Yes	17
No	83

N=41

Do you conduct exit surveys to determine why people cease to be a tenant of yours, and the profile of leaving households? (%)

Yes	45
No	55

N=38

Do you have information on how long people stay as a tenant of yours on average?

Yes	57
No	43

N=40

Do you have information on whether the average length of time people stay as a tenant of yours has been changing over time? (%)

Yes	36
No	64

N=42

If so, how has it been changing? (%)

Increasing	55
Decreasing	36
Same	9

N=11

Landlords were also asked if they had any evidence of ‘strategic behaviour’ on the part of applicants for housing, roughly defined as meaning people applying for reasons other than immediate housing need. Around half the landlords responding answered this question; interestingly, a quarter reported having evidence of households applying as homeless specifically to speed up the process of getting housed and three-quarters said they have evidence that households apply for social housing as an ‘insurance’ against future misfortune. A third of respondents saw strategic behaviour as increasing over time.

Do you have any evidence of applicants undertaking ‘strategic behaviour’? (%)

	Applying as homeless specifically to speed up the process of getting housed	Applying for housing although content with current housing, as an ‘insurance’ against future possible events	Other ‘strategic’ reasons
Yes	24	76	0
No	47	9	44

N=22

Do you think the amount of strategic behaviour by your applicants has been increasing or decreasing over time? (%)

Increasing	32
Decreasing	0
Same	21
Don’t know	47

N=38

Despite these views, the majority of respondents somewhat inconsistently see housing registers as a good measure of need, and a good basis for establishing future investment requirements.

Do you think your register is a good measure of need? (%)

Yes	64
No	29
Don’t know	7

N=42

Do you think your register is a good basis for establishing future investment requirements (i.e. additional social housing units)? (%)

Yes	61
No	22
Don’t know	17

N=36

Most social landlords agree the housing management task has become harder over time, with much (but not all) of the cause of this seen as changes in the tenant base itself.

Has it become more difficult to manage your properties than it was 10 years ago? (%)

Yes	79
No	19
Don’t know	2

N=43

Could you identify why? (%)

Nature of tenant base (age of tenants)	60
Nature of tenant base (household type of tenants)	57
Nature of tenant base (levels of vulnerability of tenants)	100
Nature of tenant base (level of poverty amongst tenants)	68
Nature of regulation regime	45
Increased competition from other landlords	20
Increased competition from owner-occupation	22
Ageing of the stock	48
Stock more fragmented (due to Right to Buy in tenements or flats)	71
Changes in the scale of stock under management	31
Rates of turnover	31
Existence and amount of low demand stock	37
Mismatch of house sizes to applicant profile	62
Mismatch of property type to tenant preference	71
Increasing need to target specific services at specific tenant groups	48
Other	8

N=35

Asked for their views on consequences of current trends in the tenant base, landlords offered a range of possibilities, mostly negative:

> 'RSLs will require to carefully review the manner and nature of the services they deliver and the nature of staff they employ. Organisation structures may have to adapt and the role of the traditional housing officer will have to alter. While these staff can have a range of skills and be trained accordingly – inevitably if we ask employees to take on board a wider range of roles – the ratio of staff to tenants has to reduce – and add costs to the RSL that must in turn be reflected in rents'
>
> 'Increased competition for Supporting People funding'
>
> 'Increased support staff; greater dependence on income from benefits'
>
> 'Higher turnover'
>
> 'Increasing levels of debt'
>
> 'Low demand arising from problem estates; house sales reducing in relation to profile of tenants'
>
> 'RTB will reduce revenues; rent level limitations as a result of cheaper mortgages and resulting competition'
>
> 'More tenants in low paid jobs – possibly higher rent arrears'
>
> 'Higher rents – squeeze on affordability for those not protected by benefit system'
> 'Increased voids in flatted, larger properties'

Social landlords were also asked for their views on whether they are in competition with anyone or anything for their tenants.

Do you consider yourself to be in competition with anyone/anything for your tenants? (%)

	Yes	No	DK
Other social landlords	65	35	0
Other private landlords	36	64	0
Owner-occupation	52	42	6

N=43

While two-thirds of social landlords see themselves as in effective competition with other social landlords for their tenants, only a third believe they are competing with private landlords (despite the growth in the sector through buy to let), and only half see themselves as in competition with the owner-occupier sector.

2.4 Summing up

What are the main messages from this array of evidence?

- **Since 1981, single pensioners have replaced families and couples as the single most common type of household found in the social rented sector. Nonetheless, there has been a fall in the absolute number of single older people housed in the social rented sector.**
- **There has been a sustained growth in single adult households under retirement age in the social rented sector in both absolute and proportionate terms·**
- **There has been considerable variation at the local authority level in how the sector has evolved over time.**
- **Not all social landlords feel confident they have a detailed understanding of the change process that is affecting their core business, and many feel a sense of foreboding – to a greater or lesser extent – as a consequence of it.**

One of the factors driving change in the tenant base has been change in the stock profile itself, predominantly through RTB. However, this is not the only reason, nor as commonly supposed necessarily the dominant reason. For example, the proportion of housing in the sector that is flats has increased, but perhaps not as much as most assume, and change in the size profile of stock also appears to be somewhat different to overall perceptions. Much of the observed and continuing change in the tenant base must therefore be due to other, complementary change drivers: drivers relating to both broader social forces and personal household circumstances.

In the next section we consider some of the other major factors that have been driving change in the social tenant base in Scotland, and which may continue to do so in future decades.

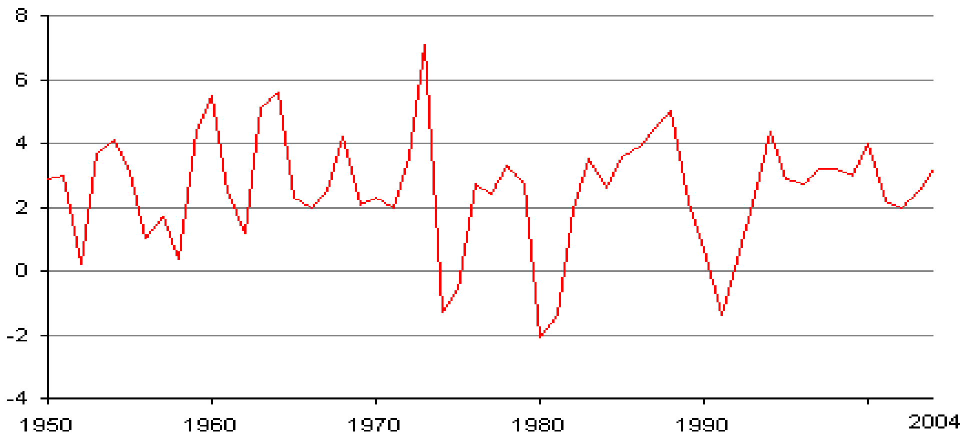
3. MAIN DRIVERS OF CHANGE

In this section, we consider some major factors that have driven demand for social housing over the last few decades, and how these might change in future. These can be broken down into economic, political and demographic drivers.[5]

3.1 Economic factors

> …ours is an era of mass affluence – when we factor out inflation, average UK household disposable incomes are fully three times what they were in the early 1970s, and fully double their level of 1980. Thus, the disposable incomes of today's working classes are now equal to those of the middle classes of the 1980s. (Nelson, 2006)

Figure 3.1: Annual growth in UK GDP in real terms (%)



Source: Babb et al. (2006), Social Trends, Figure 5.25
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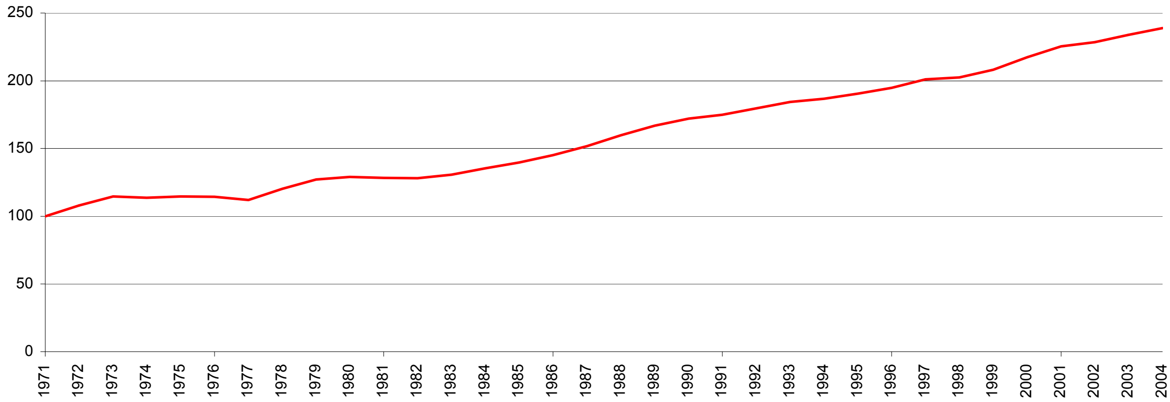
The United Kingdom has experienced significant economic growth since the 1950s. Gross Domestic Product (GDP) measures the level of income generated by economic activity. Over the period from 1950 to 2004, GDP growth has averaged 2.6% per annum (figure 3.1).

Household disposable income

Average household disposable income[6] per head, adjusted for inflation, increased more than one and a third times between 1971 and 2004 (figure 3.2), and since 1982 there has been growth each year.

Figure 3.2: Real household disposable income per head, UK, 1971 = 100)

[5] This paper does not revisit the RTB debate, which was extensively reviewed in an earlier paper (Newhaven Research, 2005). However, it is worth reiterating that RTB demand has been driven by a combination of real income growth, changes in the policy framework and the demographic trends discussed in this section.
[6] Household disposable income is based on earnings from all sources (wages, salaries and self-employment) and receipt of social security benefits minus a number of deductions. These deductions include income tax, council tax, and contributions towards pensions and national insurance. Thus household disposable income refers to the amount people actually have available to spend or save. This measure is commonly used to describe people's 'economic well-being' (for further details see Babb et al., 2006).



Source: Babb et al. (2006), Social Trends, Figure 5.1
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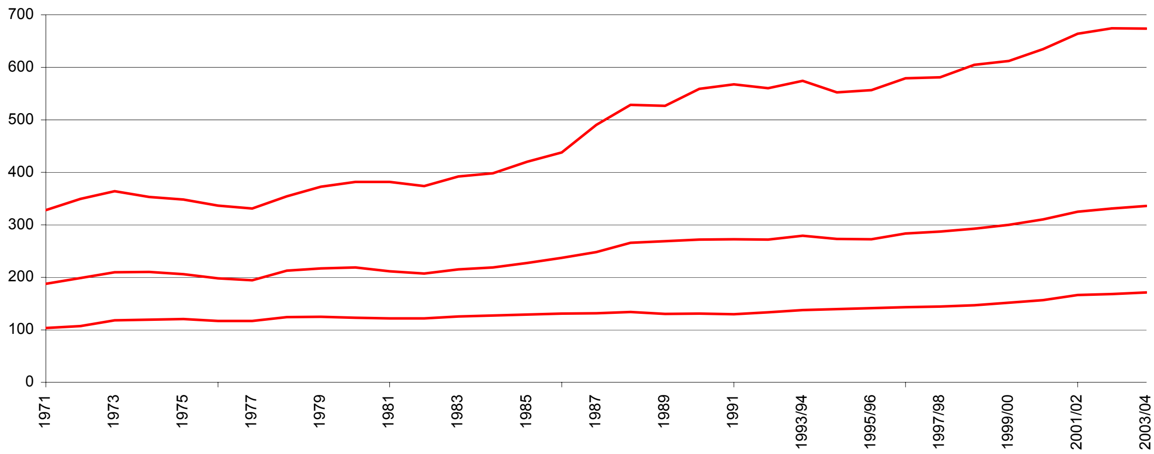
Turning to the distribution of disposable household income, the extent of inequality in the UK has changed a great deal since 1971. As figure 3.3 shows, after a period of stability during the early 1970s, there was a slight fall in inequality during the mid- to late-1970s. However, the extent of inequality in income distribution grew throughout the 1980s. During the 1990s, the extent of inequality stabilised again, although at a higher level of dispersion than in the 1970s.

Figure 3.3: Distribution of real disposable household income,[1] UK/GB (£ per week at 2003/04 prices at the 90th, 50th and 10th deciles)



Source: Babb et al. (2006), Social Trends, Figure 5.13
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[1] Equivalised household disposable income before deduction of housing costs

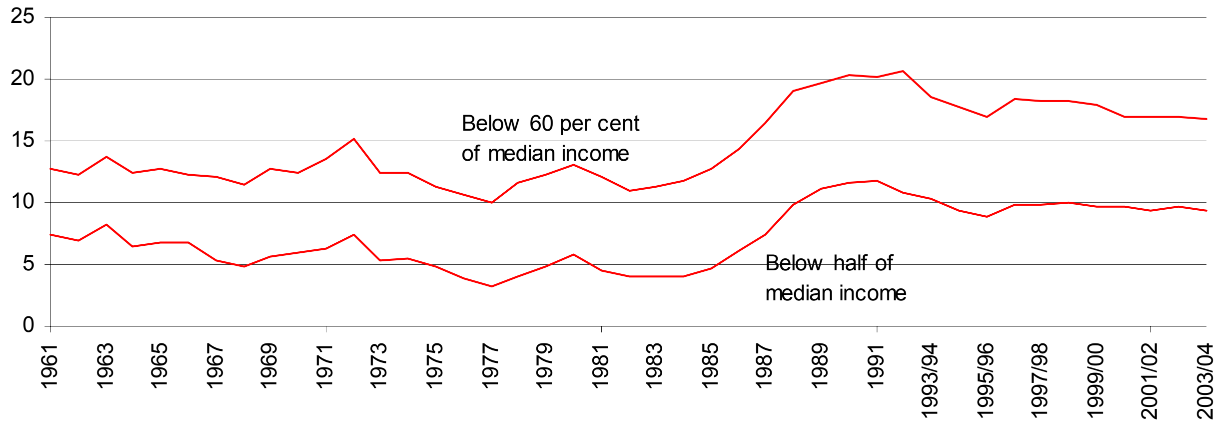
Goodman and Oldfield (2004) also note that for most households incomes became somewhat more equal over the 1990s. As Babb observes:

> During the 1980s the higher the income the greater was income growth, and it was this that drove the increase in inequality. Between 1996/97 and 2003/04, income growth has been much more evenly spread across the whole of the income distribution, with exceptions only at the very top and bottom of the distribution. (Babb et al., 2006)

One recognised low-income threshold is 60% of equivalised median household disposable income before the deduction of housing costs.[7] Using this threshold, the proportion of the population living in low-income households rose from 11% in 1982 to 21% in 1992 (figure 3.4), but then fell back to 17% in 2003/04. The same pattern was found for the proportion of people with incomes less than 50% of the median.

These trends indicate that real income growth at the bottom of the income distribution has occurred, although not necessarily at the same rate as for the richest households.

Figure 3.4: Proportion of people whose income is below various fractions of median (equivalised) household disposable income, UK/GB



Source: Babb et al. (2006), Social Trends, Figure 5.17

Equally relevant as an economic driver of housing aspirations and expectations are households' perceptions of the adequacy of the income they receive for meeting their needs. Table 3.1 summarises trends in people's perception of economic hardship or sufficiency. The proportion of households reporting that they were 'living comfortably' rose considerably between 1986 and 2003, before falling somewhat in 2004. The proportion stating they were finding it difficult or very difficult to manage fell from 26% in 1986 to 14% in 2004.

Table 3.1: People's perceptions of the adequacy of their income, GB (%)

	1986	1994	2002	2003	2004
Living comfortably	24	29	39	44	40
Coping	50	49	45	43	46
Finding it difficult to manage	18	15	13	10	11
Finding it very difficult to manage	8	6	3	3	3

Source: Babb et al. (2006), Social Trends, Table 5.15

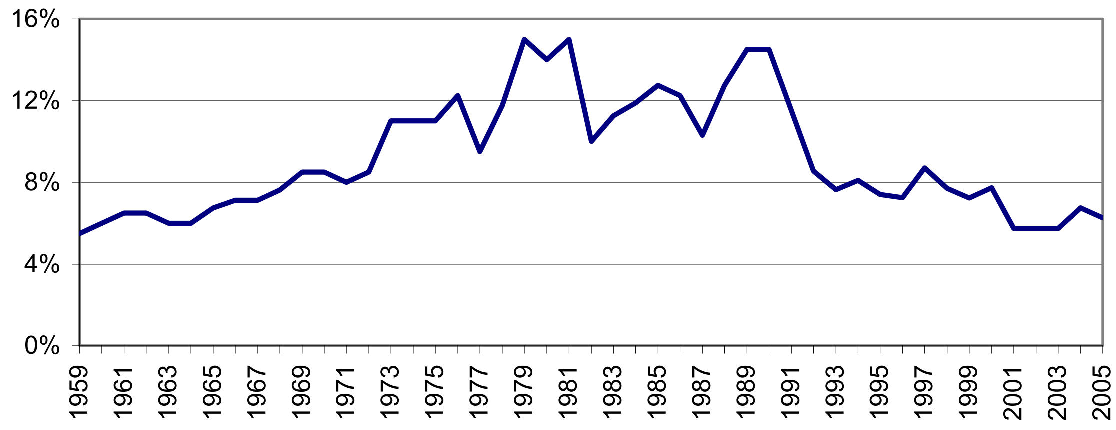
Housing market trends

[7] In 2003/04, this represented an income of £201 per household per week (Babb et al., 2006).

Turning from broader economic issues to housing market trends, figure 3.5 shows UK mortgage interest rates over the period 1959–2005. In addition, figures 3.6 and 3.7 show price to earnings ratios and mortgage payment to earnings ratios since the early 1980s for Scotland and the UK.

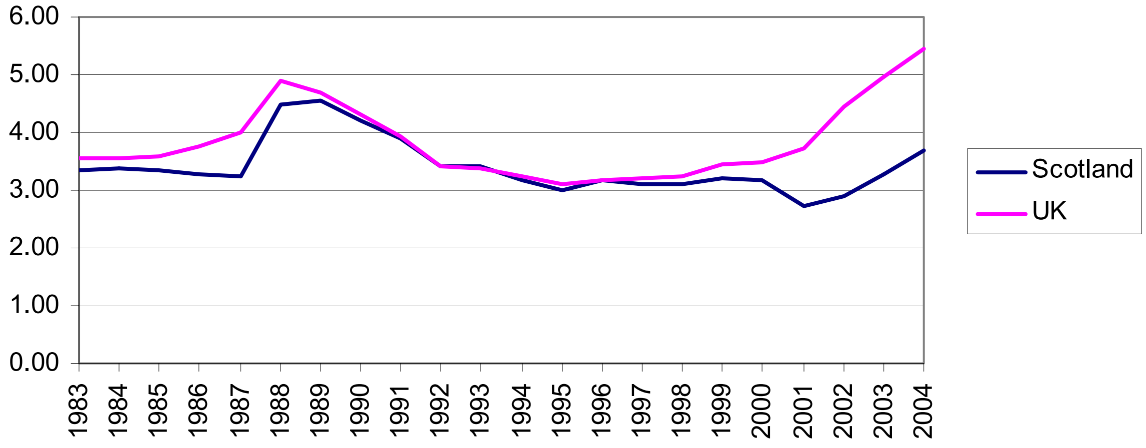
Although house prices rose sharply in the period 2001–2004,[8] mortgage interest rates declined over the same period. Mortgage payments as a percentage of average earnings therefore have remained much more constant. Moreover, mortgage payments as a percentage of average earnings in Scotland remain the lowest in the UK (Halifax Bank of Scotland, 2005). This suggests that recent house price increases have not translated into a major affordability issue for most households in Scotland.[9]

Figure 3.5: End Year Mortgage Interest Rate 1959-2005



Source: Halifax Bank of Scotland (2005), Table 4

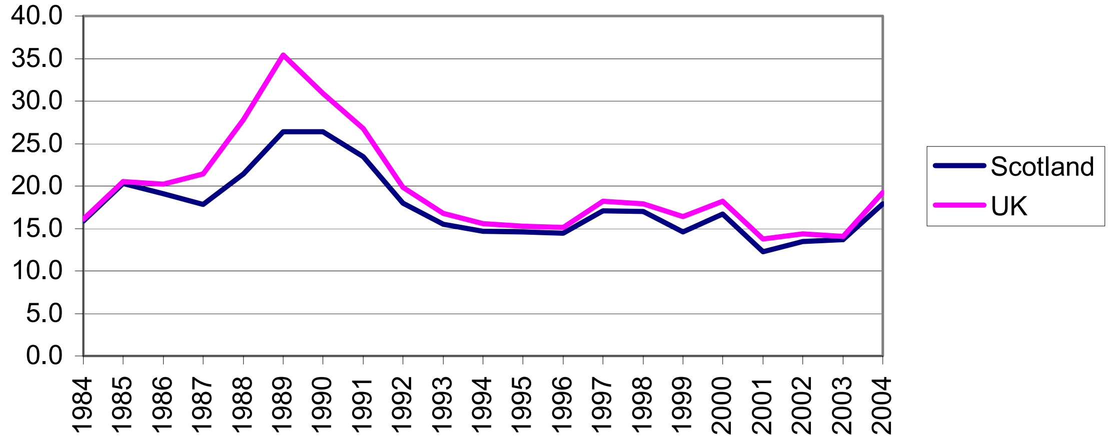
Figure 3.6: Q4 Price-Earnings Ratio 1983-2004



Source: Halifax Bank of Scotland (2005), Table 9

[8] Some of the recent house price inflation may prove to be cyclical in nature (McGregor et al., 2006).
[9] Which is confirmed by Wilcox (2005), who found affordability issues for first time buyers were essentially restricted to the Edinburgh housing market area.

Figure 3.7: Q4 Mortgage Payments as a % of Earnings 1984-2004



Source: Halifax Bank of Scotland (2005), Table 9

What do these economic and housing market trends tell us?

The above analysis indicates that there has been a substantial increase in the real disposable income of most households, even if richer households (particularly in the 1980s) have benefited most from long-term economic growth. This, along with easier and cheaper access to mortgage finance, has been a major factor in translating 'the strong aspiration to choose and to own' (Powers and Mumford, 1999) into expectation and reality.

There is little in the available evidence to suggest that long-run house price trends (as opposed to short-term cyclical movements) have prevented households converting increased disposable income into increased effective demand for owner-occupation. At present, there is also no reason to anticipate that economic and income growth over the next 20 years will be of a fundamentally different nature to that of the last 20 years. Nor is there any good evidence to suggest the housing market will function in ways fundamentally different to the past.

Economists classify some goods and services as 'inferior'. This term *does not* reflect on the intrinsic quality of these goods and services, but describes the process that as household income grows, demand for such goods and services falls.[10] While the issue has not been analysed formally,[11] it seems very likely that households in the UK perceive social renting (and possibly renting in general) as just such a good.

It therefore seems reasonable to conclude that future year on year growth in income, if those at the lower end of the income distribution continue to share in it, will lead to continuing reduction in demand for social renting.[12] In short, the most likely future

[10] Technically, the income elasticity of demand is less than zero, so a 1% increase in income leads to a reduction in demand.
[11] Because of data limitations.
[12] As an example, if the income elasticity of demand for social renting is –0.5 then a 2% increase in disposable income at the bottom of the income distribution might lead to a 1% reduction in demand. Over 10 years, such a

scenario is that demand for social renting will continue to fall, all other things being equal, as a direct result of continued income growth.

3.2 Political factors

> …we need to recognise and support the trend towards owner-occupation… In a responsive housing system, tenure should reflect people's requirements and preferences and respond to the nature and pace of economic and social change. (Scottish Executive, 2005a)

A second factor underpinning change in the social renting sector has been government policy. In March 2005, the Scottish Executive published *Homes for Scotland's People* (Scottish Executive, 2005a). This national housing policy statement emphasised that the growth of owner-occupation has been an outcome explicitly sought by government policy, and that the pro-ownership slant of housing policy in recent decades is to continue, with a 'pressing need both to expand investment and to introduce new ways of giving more people the opportunity of home ownership'.

In terms of the social rented sector, Homes for Scotland's People highlighted measures being introduced to ensure all social housing attains the Scottish Housing Quality Standard by 2015. It also re-affirmed the Scottish Executive's desire to meet the twin objectives of giving priority to those most in need (including homeless people) and the development of balanced communities. The document therefore stressed the need to review allocations policy and practice and to redefine the role of social housing management.[13]

> ...to simplify and maximise access to social housing for people who wish to rent. We also wish in the longer term to work towards offering greater flexibility and choice to those who rent… We will therefore consider as a matter of high priority the development of specific guidance for any landlords wishing to implement choice-based lettings. We will also examine if and how allocation policies impact on our area regeneration and tenancy sustainment objectives.
>
> We also recognise that it is at the front line that the linkages between housing, regeneration, community safety and other issues are most challenging to handle. We will work with the Chartered Institute of Housing, local authorities, housing associations and other

---

growth rate, which is eminently reasonable to assume, would lead to a fall in demand equivalent to roughly 10% of the original demand, all other things equal.

[13] *Homes for Scotland's People* also highlighted a need to assess the implications of proposed reforms of the housing benefit system for households renting from a social landlord. Following extensive consultation on proposals set out in its Green Paper (DWP, 2006a) the Department for Work and Pensions has acknowledged that there are many complex factors associated with reforming housing benefit for tenants of social landlords and has 'decided not to take forward legislation to extend the LHA approach to this sector. However, we will develop proposals for using Housing Benefit to help address the high levels of worklessness in social housing. This will include encouraging tenants to take greater personal responsibility for managing their own rent payments' (DWP, 2006b, p. 48).

> stakeholders to ensure effective workforce planning, training and support so that those dealing directly with the public are best placed to handle their crucial and changing role.

A major factor underlying the Scottish Executive's approach towards social renting has been its strong commitment to addressing homelessness. In the past six years, radical changes to homelessness legislation have been introduced through the Housing (Scotland) Act 2001 and the Homelessness etc. (Scotland) Act 2003. There have also been major changes to the associated guidance for local authorities (Scottish Executive, 2005d). As a result of these changes:

- Councils are expected to avoid placing households with children or pregnant women in temporary accommodation other than in exceptional circumstances.

- RSLs are expected to comply with local authority requests for permanent accommodation.

- All homeless people are entitled to the provision of a minimum of temporary accommodation, advice, and assistance to find more secure accommodation.

However, the most fundamental reform is the phasing out of a test of priority need. The Scottish Executive wants to ensure that by 2012 all unintentionally homeless people are offered permanent accommodation.

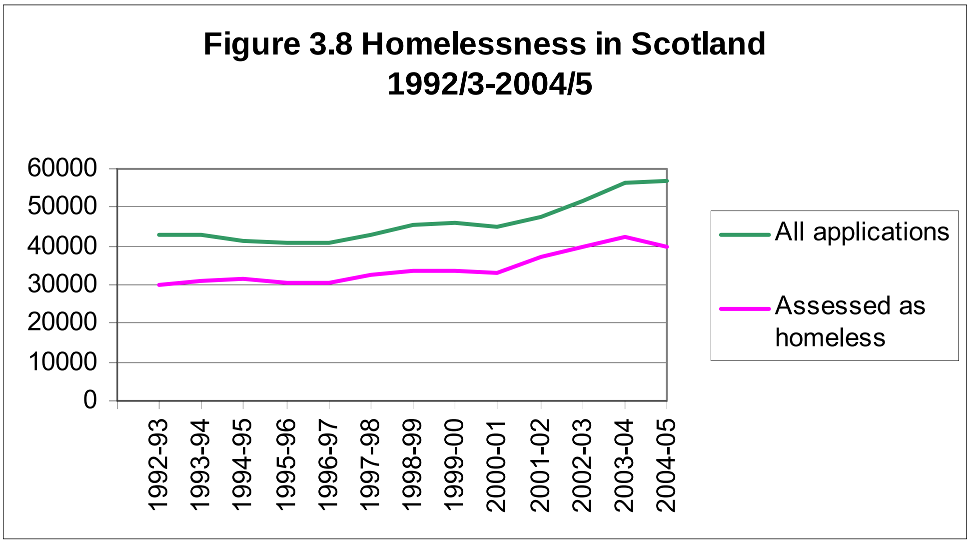
Many see this as a change that will significantly increase the overall demand for social renting. Indeed, the Scottish Executive has stated:

> The number of people applying for assistance has increased in the past few years, due to our ambitious legislation which gives homeless people more rights, and hence more incentive to apply to their local authority as homeless. The rise in the number of people applying since 2001/02 is due to an increase in the number of single people applying. These are the people primarily affected by the new legislation who would not have had any rights to accommodation before the 2001 Housing Act. (Scottish Executive, 2005a)

Figure 3.8 shows the position in terms of numbers applying and numbers assessed as homeless from 1992/03 to 2004/05. In 2004/05, the proportion of local authority lets to homeless people ranged from 9% to 54%, and around 14% of housing association lets went to homeless households (Scottish Executive, 2005b). The general expectation is that achieving the 2012 target will require these proportions to increase. However, there is a range of views and a great deal of uncertainty over the likely extent of this growth (Scottish Executive, 2005c, 2006a).

The changes made in homelessness policy might lead to a long-term increase in demand for social renting, but they could equally plausibly result in a shorter-term increase, with overall demand into the longer term continuing to ebb away. More generally, in section 2 we saw that a number of landlords see some proportion of current homeless applications as being from applicants engaging in 'strategic behaviour', rather than evidence of pressing need. This links to a question of whether increases in homelessness applications constitute a net increase in demand for social renting overall, or a switch in the way such demand presents itself. Discussions with a number of social landlords suggest that some homeless applications are now being made as a way of 'jumping the waiting list queue'. If more households opt to apply as homeless for strategic reasons then it is likely that an increase in homeless applications will be accompanied by a reduction in applications to the general register.

This is a very difficult area to interpret at present, and a sensitive one as many consider increases in homelessness applications as indicative of a need for additional investment in affordable housing for rent over the next decade. It will be important to monitor not just the trend in homelessness applications over time, but also changes in other applications for social housing (in addition to turnover rates and the number of lettings becoming available each year) in order to come to a definitive conclusion.



Source: Scottish Executive (2005e)

3.3 Demographic factors

Trends seen already in the UK include that older people act and feel young, and that lifestyles traditionally associated with different age categories are being blurred. SAGA has built a large and successful business on providing holidays (including to destinations such as Vietnam) and other services such as insurance, to those over 50. (Scottish Executive, 2006b)

…future generations of older people will not be like those of today. Today's older people have known rationing during the war years 1939–45, running on subsequently into the 1950s. The next generation of older people have been used to services available instantly, a wide variety of choice, and diversity of supply. They will have different aspirations and a higher expectation of services than previous generations. (Scottish Executive, 2006b)

Table 3.3 summarises past trends and forward projections in Scotland's population to 2016, while figure 3.9 shows projected changes in Scotland's age distribution towards the middle of the century. Although Scotland's population is expected to remain stable over the next 10 years, it is projected to fall significantly after 2021. Scotland's population is also expected to continue aging. This is mainly because people are living longer and the number of young people and children is falling. Thus, the median age of people in Scotland is expected to continue to rise into the future.

Table 3.4 explores the implications of this for the working and non-working age populations. Relative to 1971 (and contrary to popular perception), dependency ratios have fallen significantly. This is because, while the older non-working population has grown, the number of dependent children has fallen more rapidly.

Table 3.3: Population change and projections by the Government Actuary Department, by age

	1971	**2004**	**2016**
	000s	**000s**	**000s**
0-14	1,362	872	785
15-29	1,151	945	949
30-44	883	1,140	940
45-59	915	1,025	1,133
60-74	715	726	862
75 &over	216	371	458
All ages	5,244	5,078	5,127
	%	**%**	**%**
0-14	26.0	17.2	15.3
15-29	21.9	18.6	18.5
30-44	16.8	22.5	18.3
45-59	17.4	20.2	22.1
60-74	13.6	14.3	16.8
75 &over	4.1	7.3	8.9
All ages	100.0	100.0	100.0
Median age	*31.8*	*39.8*	*43.4*

Figure 3.9

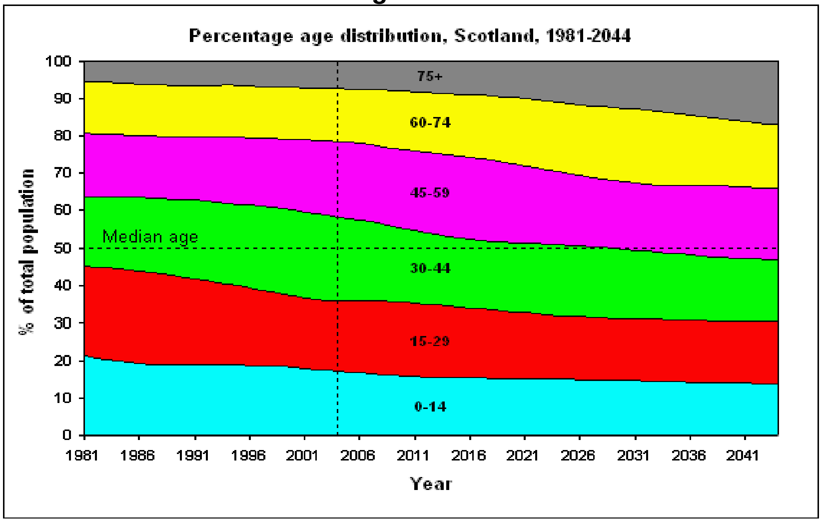


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Table 3.4: Children, working age population, pensionable age population[1] and dependency ratios			
	1971	**2004**	**2016**
	000s	**000s**	**000s**
Children	1,446	935	838
Working age	3,001	3,175	3,225
Pension age	799	968	1,063
	%	**%**	**%**
Children	27.6	18.4	16.3
Working age	57.2	62.5	62.9
Pension age	15.2	19.1	20.7
	Dependants per 1,000 persons of working age		
Children	482	295	260
Pension age	266	305	330
Total	748	599	589

[1] Children population is people under 16. Working age and pensionable age populations based on change from 65 years for men and 60 years for women, to 65 years for both sexes.
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Although the size of the population of Scotland is expected to remain stable in the decade ahead, the number of households is expected to continue to increase over this period. This reflects the ongoing trend for people to live alone or in smaller household units. As table 3.5 highlights, the number of single person, couple, and lone parent households are all expected to continue to increase. By contrast, the numbers of households with two adults plus children and households with three or more adults are expected to continue to fall.

Table 3.5: Projected changes in population and households to 2016						
	2006		2016		Change 2006–2016	
Household type	**No.**	**%**	**No.**	**%**	**No.**	**%**
1 adult	801,040	35	957,970	39	156930	20
1 adult with child(ren)	155,230	7	178,620	7.5	23390	15
2 adults with child(ren)	445,560	19	365,820	15	-79740	-18
2 adults	688,130	30	768,290	31	80160	12
3+ adults	196,700	9	175,460	7.5	-21240	-11
Average (mean) household size	2.20	NA	2.06	NA	-0.14	NA
All households	**2,286,660**	100	**2,446,160**	100	159500	7
Private household population	5,019,370		5,029,530			0.20

Source: GROS 2004 Household Projections

The General Register for Scotland (GROS) 2004-based household projections also indicate that between 2006 and 2016 the number of couples with a household reference person aged 65 will increase from 263,000 to 312,000 whilst the number of older single households will increase from 308,000 to 361,000. In addition, the number of very old households (i.e. headed by someone aged 85 or over) will increase by over a third from 63,000 to 87,000.

Some would argue these demographic trends necessarily imply significant future growth in the numbers of elderly households in the social rented sector, and also that community care policy, which has long been to maintain those who wish it in their own homes or in homely settings in the community, could increase demand for social housing as well as housing management costs over time. However, it is not the case that any of these consequences necessarily follow.

A recent working group into future care requirements for the elderly[14] noted ‘the great increase in owner-occupation in Scotland over the last 25 years means that people who have become used to owner-occupation may be very reluctant to entertain becoming tenants’ (Scottish Executive, 2004). Given the economic trends discussed above, and the evidence of tenure change from the Census considered earlier, it does in fact seem likely that, as the current cohort of elderly people dies it will be replaced with new cohorts of elderly people within which owner-occupation is increasingly common, and increasingly therefore the elderly in Scotland will be housed in the owner-occupier sector.

Moreover, current generations seem to be getting older in better health than earlier generations did. In its final report, the working group noted:

> There are a range of views about current trends and the likely pattern in the future. At the optimistic end of the spectrum is the view that the years of ill health (and high requirements for care) at the end of life will become ever more ‘compressed’ into the final years (the ‘compression of morbidity’ hypothesis). A more pessimistic view is that medical advances will lead to greater overall life expectancy but

[14] The Range and Capacity Review Group was set up by the Scottish Executive Department of Health in 2002.

> not be able to delay the onset of disability or ill-health – and therefore most or all of the additional years of life will be years of ill-health and disability rather than good health… Where the truth lies along this spectrum, we do not know for certain. (Scottish Executive, 2004)

Recent work by NHS Scotland (Clark et al., 2004) appears to confirm this, indicating that extra years of life arising through increasing life expectancy have contributed both increasing years of ill health *and* increasing years of health.

A final demographic feature to note is the increasing role social renting in Scotland is playing with regard to housing economic migrants from abroad, particularly recent flows from European Union accession countries. While there is, as yet, little hard evidence, in some areas of the country the increase in demand for social housing arising from this is seen as resulting in an additional strain; in others, such as several of the regeneration areas of northeast Scotland, it is thought to be alleviating long-run problems of low demand. Whether migration from abroad is likely to remain an important long-term factor in the future of social renting depends in part on:

- Policy towards migration, and there are indications that immigration policy may be tightened in the near future;
- The long-term intentions of the migrants themselves.

At present, we do not have a clear understanding of this process, and this again adds to the uncertainty of the future for social housing.

3.4 Drawing some conclusions

We draw the following conclusions from the discussion in this section:

- **Underlying economic trends are consistent with a continued switching away from social renting into owner-occupation over time. RTB will, if retained, continue to facilitate this, but it would happen anyway (only more slowly) without RTB. The important driver is growth in income. Moreover, national policy remains firmly focused on assisting a growing share of households meet aspirations to become homeowners.**
- **Demographic change is leading to an ageing population, but there is no necessary reason to assume this will maintain demand for social renting housing. Tomorrow's elderly are at present middle aged, and they own their own homes in increasing numbers. They are likely to wish to retain their status as owners. In general older people are also likely to be fitter people, and able to continue supporting themselves without assistance for longer.**
- **Demographic trends indicate there will be many more single and small households but, as incomes grow, people's demand for housing space (number and size of rooms) tends to grow and this is supported by changes in lifestyle,[15] and so smaller households will not necessarily translate into a**

[15] For example, separated couples wishing to have space for children to stay over; young people's desire for somewhere for their friends to 'crash' for a night etc.

requirement for smaller houses.[16] Eventually the Scottish population itself will fall significantly (though not in the next 10 years).

- **Current housing policy on homelessness may add to demand for social rented housing over the next few years – although this is not necessarily the case, and the situation merits very careful monitoring.**

- **Demand for social renting from economic migrants adds a further layer of uncertainty to the question of the future of social renting: it could place an undue burden on the sector, or operate as its salvation. Indeed, depending on where across the country one looks, it could end up achieving both.**

This all adds up to a challenging future for social landlords. Are these trends and challenges peculiar to the UK, or are they to be found in other countries around the world?

[16] It has also been suggested by some that the needs of black and minority ethnic (BME) households will require more large properties within the sector, although in truth the evidence base with respect to BME households and their housing requirements in Scotland is very flimsy.

4. TRENDS IN SOCIAL RENTING IN OTHER COUNTRIES

> It is important to recognise that some of the most important changes that have affected social housing are not unique to Britain but are found in other EU countries. There has been a general shift away from social housing investment in countries in which it was originally a priority, accompanied by a concentration on personal rather than bricks-and-mortar subsidy. Rising rents have also been a widespread phenomenon, accompanied by growing marginalisation of social housing towards lower income groups. (Chartered Institute of Housing, 1999)
>
> Increasingly, social housing has come to be targeted at specific groups (homeless, immigrants, the elderly, single people) and to be viewed as welfare or public housing (in the American sense) and in some places it has lost its cultural legitimacy as a means of general housing provision. (Gibb, 2000)

It has traditionally been difficult to access international housing statistics that are strictly comparable (Englund et al., 2006). While there has been some improvement, difficulties remain, even in a European context (National Board of Housing, Building and Planning, Sweden and Ministry for Regional Development of the Czech Republic, 2005; Czischke, 2005a, b; Ball, 2005; Norris and Shiels, 2004). Tenure figures quoted in this section should therefore been considered indicative only.

4.1 Trends in the number and profile of social renters abroad

While there is no single agreed definition of 'social rented housing' (Czischke, 2005a), an estimated 16 million households in Europe live in such housing provided by nearly 23,000 enterprises. Table 4.1 provides summary statistics on European housing tenure.

In common with the UK position, it is hard to find detailed analysis of the characteristics of households housed in the social rented sector in other countries. However, it does appear that 'social housing has had to increasingly target narrower sections of the population' (Czischke, 2005b), although in some countries, such as the Republic of Ireland, the sector has always focused on housing the poorest (Norris and O'Connell, 2002).

Ball (2005) provides interesting details of household 'sorting' across tenures in many European countries. For example:

- In Denmark since the 1980s, there has been a slight increase in homeownership among the over-fifties and the overall homeownership rate has remained fairly constant, but there has been a reduction in the rate of homeownership among younger households. Ball also notes that in Denmark and other EU countries 'immigrants and low income groups outside the labour market or with a high risk of unemployment are becoming increasingly significant in the social sector'.

Table 4.1: Housing availability in European countries, various years					
Country	**Year data refers to**	**Owner-occupied %**	**Private rented %**	**Social rented %**	**Other %**
Austria*	2002	56.9	40.3	2.8	
Belgium	2001	68	25	7	0
Bulgaria	2002	96.5	0	3.0	0.5
Cyprus	2000	64.3	35.7	0	0
Czech Republic	2001	47	17	17****	12
Denmark	2003	50.6	17.8	27.2	4.4
Estonia	2000	85	9	3	0
Finland	1999	58	17	17	1
France*	2002	56.0	19.7	17.2	7.1
Germany*	2002	43	51	6	0
Greece	2001	80.1**	19.9**	0**	0**
Hungary	2000	86.9***	10.4***	0***	
Ireland	2003	77.4 $^{\Delta}$	11 $^{\Delta}$	6.9 $^{\Delta}$	4.7$^{\Delta}$
Italy	2001	80	16	4	0
Latvia	2000	60.1	39.6	0.29	0
Lithuania	2002	87.2	8	3	1.8
Luxembourg*	2001	70	27.5	1.5	1
Malta	1995	74.1	22.4	3.5	
Netherlands	2002	54.2	10.8	35.0	0
Poland	2002	55.2	0	22.8	21.5
Portugal*	2001	75.7	21	3.32	0
Romania	2002	97.2	0	2.62	1
Slovakia	2001	75.9	0.1	3.7	10.3
Slovenia	2002	82.2	2.6	6.5	8.7
Spain	2001	81	9.7	1.6	0
Sweden	2002	38	22	24	16
Turkey	2000	63.8	27.2	8.9	
United Kingdom	2001	69	9.3	20.8	0
Mean (R)	N/a	69	16.9	10.1	7.2

Source: Norris and Shiels (2004), Table 1.4.2
* data refer to occupied dwellings only; consequently these countries are not included in the calculation of the mean number of dwellings per 1,000 inhabitants.
** 1994 data
*** 1996 data
**** This figure refers to dwellings rented from municipalities, but dwellings of this type may not necessarily be social rented. Depending on the policy of the individual landlord, some are let at commercial rents.
$^{\Delta}$ 2002 data

- In France, where a shift towards homeownership over the 1990s constituted a major economic and social change, Ball also found that 'despite the overall expansion of owner-occupation, for those with heads less than 39 years old there was evidence of a declining incidence of owner-occupation of about 5 percentage points over the decade from 1990 to 1999'.

- In the Netherlands on the other hand, 'progressively more Dutch households are choosing to become homeowners. The homeownership rate is consequently

> growing at a rate that is likely to accelerate over the next decade…the movement of middle-income groups out of the tenure into owner-occupied residential districts is resulting in greater spatial segregation of low-income households, particularly among ethnic minority groups. The big cities, like Amsterdam, have large shares of their housing stock in the social sector, so the threat of significantly increased polarisation in the social structure of these urban areas is high.‘

In a separate survey of EU social renting, Gibb (2000) concluded, ‘social providers must learn to cope with the differing pressures of international and regional migrants, concentrations of ethnic minority households, more single people, and elderly with additional supported needs. While some EU nations have succeeded better than others in maintaining social mix across their tenants, the tenant mix is becoming more polarised everywhere.‘

Similar trends in the tenant base are also evident outside Europe. For example in Australia, where ‘the prevailing ethos in…social housing, particularly public housing, is to gear allocations systems to households with urgent or complex needs‘ (Hulse and Burke, 2005).

4.2 Trends in the size and role of the social rented sector

Priemus (2000) sees the development of the social rented sector in western European countries, ‘in both a quantitative and a qualitative sense, [as] closely connected to the emergence and reforming of the welfare state‘. This view is shared by Malpass (2004), who argues:

> The crisis of the welfare state, however, was to turn it towards the direction in which housing was already travelling: greater reliance on markets, more use of non-municipal service providers, a smaller, residual public sector and more means testing… In the 1980s housing was effectively a kind of testing ground for reforms that were later adopted elsewhere.

Priemus sees the sector as having essentially performed the role of a ‘stop gap’ while markets reconstituted themselves following wartime carnage:

> The heyday of social rented housing construction was in the 1950s and 1960s. In some countries, the sector continued to thrive throughout the 1970s (Great Britain) and on into the 1980s (Sweden and the Netherlands). But at some point after its peak, many governments seem to reconsider the position of the social rented sector. As soon as housing markets return to normal, rents are deregulated, and the homeowner sector picks up, it seems that the share of social rented dwellings in new construction can be much smaller. At that point, the sale of the stock of social rented dwellings becomes a political issue… A small and market-indifferent sector soon becomes socially stigmatising, unable to house any but the most marginalised groups. A large sector with market rents eventually loses its social function and therefore becomes effectively

> unable to provide help to the lowest-income households. (Priemus, 2000)

Certainly long-term decline of the social renting sector appears to be a recurring theme in other countries. Ball (2005) confirms this to be the case in Germany, and Norris and Shiels (2004) note that a key tenet of German housing policy is the promotion of owner-occupation as an important component of people's retirement plans.

Low demand also appears to be a growing phenomenon across Europe (Oxley, 2000).[17] Dogge (2000) reports that emerging social housing surpluses in the Netherlands alongside promotion of owner-occupation is leading to a need for housing associations to actively market their services in order to compete with homeownership and each other and to find new ways of adding perceived customer value. In the Netherlands and elsewhere there is an expectation that the number of social rented dwellings will have to reduce in response to the policy-backed growth of owner-occupation and the resulting fall in demand for social renting:

> One of the prime aims of the new focus of housing policy [since 2001] is to increase owner-occupation to 65%, the EU average, by 2010. Even though almost 80% of new houses are now built for owner-occupation, such a major shift of 12% of households into homeownership in a relatively short space of time implies a significant absolute reduction in rental housing… Another important policy factor affecting the housing system in recent years has been the beginning of a reversal of the previous strategy of providing subsidised social housing for large numbers of households, coming from a wide range of social groups and income levels. General subsidies have now been withdrawn, and some of the more affluent previous social housing tenants have responded to the new fiscal situation by becoming homeowners. (Ball, 2005)

Ball says of Dutch associations:

> 'Adjustment to their newly perceived role in the housing system will probably take many years to work itself through the social sector. As better-off tenants shift towards homeownership, they may face higher vacancy rates in future, and resulting financial pressures. The only option then, under present arrangements, is for associations to sell off the better parts of their portfolios to balance their books. This might end up being the route by which some social housing is converted into owner-occupation.

In sum, 'In virtually all western European countries the future, purpose, and form of social housing are being questioned' (Oxley, 2000), while in eastern Europe 'The

[17] In a Scottish context, Audit Scotland and Communities Scotland (2004) define a low demand property as a property where one or more of the following symptoms are exhibited: 1) there is a small or non-existent waiting list for it; 2) tenancy offers on it are frequently refused for reasons other than personal reasons, and 3) a higher than normal rate of tenancy turnover affects it (relative to the turnover rate in the surrounding area). This definition applies to both void and occupied properties.

new [2004] accession countries brought with them a diversity of housing systems and standards, and a general enthusiasm for market-based solutions to housing provision' (Ball, 2005). In Australia too, 'the sector has become increasingly marginalised from the mainstream of housing provision, not just in numbers, i.e. percentage of all housing stock, but in terms of how we see its purpose and underlying philosophy and its role in the Australian economy and society. The most interesting thing about this process is that it occurred without malice or ill intent' (Burke, 2005).

Many western European governments share the Scottish Executive's concern at increasing spatial concentration of disadvantaged people. Similarly, their policy response has been to encourage spatial integration of owner-occupied and social rented housing (Norris and Shiels, 2004). The social landlord role is also being re-interpreted by governments in many countries as trends discussed above have become manifest. This re-interpretation, towards a welfare support and social justice agency role, is a theme we return to in the next two sections.

4.3 Summing up

In summary therefore:

- **Long-term decline of the social renting sector appears to be a recurring theme in other countries where such housing provision exists.**

- **There appears to be some growth in the number of younger households entering the sector in a number of EU countries but, more generally and more fundamentally, marginalisation of the sector and use of social renting to house migrant groups appear to be common phenomena.**

- **Government policy towards the sector is changing profoundly across the world. While most (if not all) governments see private housing provision as the natural and dominant mode of provision, they also seem more or less committed to reforming what remains of the social sector to emulate a market system, while managing its wholesale transformation into delivery of a solely welfare support function.**

5. WHAT WILL THE FUTURE TENANT BASE LOOK LIKE?

> Equally important to the dynamics of the social sector today are the cohort effects associated with the large scale production of social housing in the 1950s and 1960s. Those who entered the sector during that period – often from the private rented sector which was demolished through slum clearance – are now ageing and ceasing to exist. (Monk, 2004)

> The current age profile shows relatively low numbers of middle-aged tenants in the 45–60 age group compared with elderly tenants (aged 60–75). As these two groups move through the social sector (assuming they stay within it) middle-aged tenants moving into old age will not cover the loss of the elderly tenants. (Policy Action Team 7, 1999)

> …easier access to affordable housing in the owner-occupier and increasingly the private rented sectors…are also 'pull factors', allowing those on relatively low incomes to move out to better areas (Parkes and Kearns, 2002)

5.1 Where we appear to be heading – trend projections

From the perspective of this discussion paper, two features of the future social rented sector are of particular interest. The first is the size of the sector and the second is the social, economic and demographic composition of households likely to be renting from social landlords a decade and more from now.

The following projections of the changing social rented tenant base must be treated with considerable caution. Like all projections they become increasing less robust the further out into the future we look. These projections are therefore intended to provide an indication of the general direction of change rather than reliable numbers regarding the overall scale of change.

The size of the social housing sector

Some estimates of the future size of the sector seem rather apocalyptic from the perspective of social landlords. Using inter-censal trends, Parsons and Rees (2006) suggested that by 2020 only 8% of households in Scotland would live in social rented housing compared to 24% in 2001. A straight-line projection of tenure trends 1993–2004 out to 2020 produces an equally alarming reduction, to fewer than 10% of all households being housed in the sector.

Simplistic straight-line projections appear greatly exaggerated. Nevertheless, it is difficult to see how a credible scenario can be built that would not show a substantial reduction in the total amount of social rented housing over the next 10–15 years.

For example, Maclennan et al. (2000), using a more sophisticated model, forecast that by 2020 the sector would shrink to 476,000 dwellings – around 24% fewer than at present – providing for the accommodation requirements of around 20% of all households in 2020.[18]

Composition of the future tenant base

Again, simplistic straight-line projections generate somewhat apocalyptic outcomes in relation to the profile of social tenants in the future. Taking 1981 as a base, census-based projections suggest that 60% of social tenants will be single people (including single pensioners) by 2011 and 70% by 2021. Taking 1991 as the base reduces the proportions to 50% in 2011 and 60% by 2021. In both instances, the largest proportionate increase is in single adult households below pensionable age.

Projections based on the Scottish House Condition Survey provide a somewhat different picture. They suggest that in 2013 single adults of non-pensionable age would constitute the biggest single tenant group (table 5.1).

Table 5.1: SHCS-based projection of social renting households

	1991	2002	2013?
Single adult	13.8	19.8	25.8
Couple	10.6	10.1	9.6
Single parent	9.2	12.6	16.0
Small family	11.4	10.3	9.2
Large family	8.1	6.1	4.1
Large adult	9.0	5.8	2.6
Pensioner couple	14.5	11.7	8.9
Single pensioner	23.5	23.5	23.5
Total	100	100	100

However overstated the results of such simplistic projection approaches may be, they do serve to emphasise that in the near future few couples with dependent children will rent from a social landlord (13%).

They also highlight another important process. Table 5.1 suggests that while the proportion of single pensioner households appears to remain stable for some years into the future, the proportion of pensioner couples is expected to continue to fall. What is perhaps partly underlying this projected trend is the effect of death of an elderly partner of a longstanding social rented tenant, transforming ‘pensioner couple’ households into ‘single pensioner’ households. The impact of this process is likely to diminish over time. Over the next 10 to 15 years, it is likely that the proportion of social rented tenants that comprises single pensioner households will fall as fewer households of all kinds reaching retirement age will rent from a social landlord.

5.2 Where we appear to be heading – social landlord views

In order to cross-check the direction of change suggested by the above projections, we asked social landlords how they see their future customer base. Most social

[18] Based on GROS 2004 household projection for 2020 of just under 2,500,000.

landlords believe they will be housing more young, single and vulnerable people 10 years from now.

In 10 years' time, do you think the average age of a tenant will be older or younger than now? (%)

Younger	33
Older	33
Same	26
Don't know	7

N=42

Relative to today, what changes (if any) do you expect to see in the types of household you will be housing 10 years from now? (%)

	Big increase	Slight increase	Same	Slight decline	Big decline
Number of young people under 19	30	59	11	0	0
Number of young adults aged 19–24	33	49	18	0	0
Number of single people aged 25–60	26	49	21	5	0
Number of older single persons or couples (someone over 60 involved)	21	46	21	8	5
Number of single parents	15	41	44	0	0
Number of couples (where both under 60)	3	10	46	38	3
Number of families	8	15	67	5	5
Number of vulnerable people requiring extra management support	41	51	8	0	0

N=39

Social landlords were also asked if they felt the degree of competition they will face is going to change in the next decade.

Do you think the amount of competition for tenants will change over the next 10 years? (%)

Yes	40
No	43
Don't know	17

N=42

Around three out of five social landlords believed that the level of competition they will face in the next 10 years will remain unchanged or are not sure if it will change. However, 40% believed the level of competition they face will change in the next 10 years and seem more alert to the implications of the wider economic, political, and demographic trends discussed in section 3.

'Improved services and marketing, especially choice, will improve our market position, but owner-occupation will still be king'

'We may have more competition from the owner-occupied sector as more choice and options for people within this sector are available to older people'

'We anticipate increasing competition within the sector (possibly due to CHRs developing) and outwith from low cost home ownership'

> ‘It’s a matter of choice; customers will assess what’s available and take the best option for them‘
>
> ‘People are more aware of the housing options they have, and the private rented sector has expanded‘

Most landlords believe that changes in the tenant base will lead to increased real service costs and a need for sector consolidation to avoid problems of small landlord (non-)viability.

Do you think future trends in the social renting tenant base more generally will have any of the following impacts on the social renting sector? (%)

	Yes	No	DK
Lead to an increase in costs	86	0	14
Undermine the viability of smaller social landlords	74	7	19
Require more group structures or mergers between social landlords	79	7	14

N=42

Some social landlords were concerned that increasing costs and mergers would reduce tenant choice and influence.

> ‘(With a) smaller number of larger RSLs, community ideology may be lost’
>
> ‘Less focus on the tenant, more on the bottom line. Less responsive/representative housing associations’
>
> ‘Reduction in diversity; less opportunity for tenants to directly influence large-scale organisations’
>
> ‘Greater social segmentation within the public/social rented housing sector’
>
> ‘Care must be taken not to be seduced by merger or size as the way forward for RSLs as a return to monolithic inefficient structures will adversely affect the people who matter most – the tenants. How many tenants or tenants organisations have asked for or promoted merger?’

Some of these fears may be more apparent than real. Ultimately, the concerns boil down to a question of resources. In short, it depends on whether there will be sufficient resources available from rental incomes and other sources to meet the expectations of both the Scottish Executive and tenants and the consequences if they are not. As one social landlord observed:

> While the role of housing management remains essential, the variety of roles required is to expand markedly at a time when tenant expectations are increasing. Resources will have to be made available if these functions are to be performed well – but such services are best delivered in a locally sensitive manner catering for and remaining sensitive to local circumstances, needs, and aspirations.

5.3 Summing up

It was beyond the scope of this study to develop sophisticated projections of the future size of the social rented sector – this would be a major research exercise in its own right. Nevertheless, available estimates of the future size of the sector in 2020 are sobering.

- **Based on census trends, it has been suggested that as few as 8% of households may rent their home from a social landlord by 2020.**
- **Other somewhat more sophisticated exercises suggest the figure may be closer to 20%.**
- **In terms of who is housed in the sector, projections suggest that in future single adult households of non-pensionable age will constitute the biggest single tenant group, and few couples with or without dependent children will rent from a social landlord.**
- **On the whole social landlords believe they will be housing more young, single and vulnerable people in 10 years' time.**
- **However, only 40% believe the level of competition from other tenures and/or between social landlords will change. This suggests the majority assume the overall level of demand for social housing will remain unchanged.**
- **Most landlords believe that changes in the tenant base will lead to increased real service costs and a need for sector consolidation to avoid problems of small landlord (non-)viability.**

The current trend towards more single and younger households in the sector is recognised by many landlords, but it is potentially worrying that many more do not appear to recognise some of the implications of trends.

6. THE EVOLVING HOUSING MANAGEMENT FUNCTION

6.1 The traditional housing management function

> There is no one definition of housing management, nor should there be. But certain functions form the core of housing management for all social landlords. The relative importance of each of these varies from landlord to landlord and area to area. Generally, they include rent collection, void control, tenancy enforcement and repairs and maintenance, but they extend to services such as allocations and rent setting. Whatever wider role housing managers have, these bread and butter services must all be carried out efficiently and effectively. If they are not, tenants lose confidence in the landlord and the area is at risk of decline. (Policy Action Team 5, 1999)

> There is no single definition of the housing management task that would be acceptable to RSLs generally, to tenants and to local authorities and other stakeholders. (Andrews, 1998)

There have been a number of studies attempting to define elements of the housing management function[19] and arrangements for delivering these.[20] However, most researchers conclude that it is not possible to define housing management in a comprehensive way.[21] As the Policy Action Team 5 observes, ‘So long as the social landlord has existed housing management has existed, but there has never been agreement about what the housing management task is.‘

Andrews (1998) highlights that one consequence of the lack of a clear definition of the housing management function is that ‘there is no clear view within the sector of what constitutes a desired outcome and hence little monitoring and measurement of service impacts in relation to service costs‘. This fundamental ambiguity at the heart of performance management is an enduring problem in ensuring efficient and effective social housing. It has been made more intractable as the potential range of activities that might comprise management functions has grown over time:

> There appears to be no generally accepted definition of what constitutes a standard unit of housing management output and no explicit recognition that the nature of the task may need to be different in kind from one area to another, and potentially in relation to different client groups [or that it may change over time as the customer base changes]… As a result it is difficult to define what we mean by landlord services, to be clear about where the roles and responsibilities of a landlord end, and to frame how a landlord can best respond to the potentially diverse requirements of a wide range of residents and other stakeholder interests. (Andrews, 1998)

[19] See for example Clapham et al. (1995).
[20] See for example Taylor and Douglas (1998) in respect of local authority landlords, and Kearns and Malcolm (1994) in respect of housing associations.
[21] See Scott et al. (2000a–c) as well as Papps and Smith (2000).

Most would accept allocations, repairs ordering, estate management, rent arrears management, and void management as core housing management functions. A slightly wider range of functions suggested as likely to be provided by every local authority retaining a landlord function (Pawson et al., 2004) is:

- Allocations;
- Homelessness assessment;
- Tenancy support;
- Void management;
- Estate management;
- Tenant participation;
- Anti-social behaviour management;
- Repairs ordering;
- Improvement programme management;
- Rent arrears management;
- Sheltered housing management;
- Rent collection;
- Aids and adaptations provision.

Within these headings, however, what constitutes the core activity and what constitutes an 'added value' service remain unclear. As an illustration, as part of the online survey social landlords were asked their views on what the core allocations function of social landlords involves. There was universal agreement that it involves taking tenants through their tenancy agreement, but only 61% see the function as involving help with decoration and just 44% felt the core function extended to helping new tenants move in.

Do you think the core allocations function for new tenants involves any of the following? (%)

	Yes	No	DK
Accompanied viewing	95	5	0
Help with moving in	44	54	2
Settling-in visits	95	5	0
Help with decoration	61	39	0
Providing a 'welcome' pack	90	10	0
Taking new tenants through the SST/SSST	100	0	0
Identifying potential support needs	95	0	5
Other	38	46	15

N=41

Other activities suggested by (a small number of) landlords as part of the core allocations function included:

- Affordability testing;
- Maximising benefits;
- Sorting out energy suppliers;
- Accessing furniture;
- Completing benefit forms.

More generally, the increasing concentration of poorer and more vulnerable households has changed the nature of some core housing management functions, making them harder and more costly to carry out. Scott et al. (2000b) note a number of ways in which 'core' functions have become more demanding to perform over time, including:

- The need to introduce local lettings policies geared to reviving demand and/or changing the demographic mix within particular areas, which must potentially be operated in the context of increasing numbers of restrictions arising because of rent arrears and anti-social behaviour;

- Enhanced time and costs associated with void management due to increasingly weak or falling demand in many areas.[22] Perceived 'major factors' contributing to low demand include area stigmatisation, anti-social behaviour, drug abuse and high crime rates, and, by a relatively small number of landlords, 'overall surplus of housing';

- Management of growth in arrears problems.[23]

In addition, a major hidden expense has been the cost of complying with the Government's expectation that social landlords engage in multi-agency activity associated with these (and other) housing management tasks.[24]

6.2 New and emerging roles for housing managers

> Social housing is housing with a social purpose. This social purpose needs to be defined. (Oxley, 2000)
>
> Against a background of a changing role for social housing it has become appropriate to consider how to redefine the role of housing management. (Papps and Smith, 2000)

As the tenant base has changed, has this necessarily changed the nature of the landlord task to include regeneration or other functions?

Perry (1995) is correct in his view that the past decade has brought several new demands for housing managers. To take one example, both local authority and RSL landlords have been given powers to seek Anti-social Behaviour Orders and are

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[22] Scott et al. (2000b) note: 'The absence of any general improvement in void management performance over the past few years may be seen as somewhat surprising, given the emphasis on this function as a key area in terms of overall management efficiency', but advise: 'Most social landlords in Scotland believe that they are currently managing low demand housing on some scale. This is universally true among local authorities and also applies to 57% of surveyed RSLs.' Moreover, 'the balance of opinion among landlords affected by low demand housing is that the scale of the problem is increasing.' Overall, some 9% of social rented housing was estimated by Scott et al. to be low demand, and 'virtually all low demand social housing in Scotland is classified as "general needs" rather than sheltered or other specialist stock. Among local authorities, for example, less than 1 per cent of total low demand housing was identified as sheltered housing.' Audit Scotland and Communities Scotland (2004) estimate low demand to affect 7.5% of all council stock and 10% of all RSL stock, and that rent loss from unoccupied properties, or voids, amounted to £25 million across Scottish councils and £8.7 million in RSLs in 2002/03. This study found in contrast to Scott et al. that there is a significant low demand issue in respect of sheltered housing.

[23] Scott et al. note that Accounts Commission returns suggest that nationally local authorities' rent collection performance declined steadily over the period 1993/94–1998/99.

[24] Foord (2005), in a community care context, goes further and argues: 'the hazy nature of taken for granted concepts in the government lexicon, such as "partnership", "collaboration" and "joined up working" may be hindering the development of action on the ground'.

being urged to make better use of them.[25] More generally, Perry identifies the following as areas where new demands have been made of housing managers over time:

- Tenant support related to community care;
- Action to address the incidence and effects of crime;
- Attendance to race-related issues (avoiding discrimination, adapting to cultural and language differences and dealing with racial harassment);[26]
- Involvement in employment-generating initiatives;
- Action to tackle local environmental issues;
- Enhanced expectations regarding tenant involvement.

Certainly, Policy Action Team 5 has advocated that social landlords should adopt a wider role in relation to social inclusion. The Chartered Institute of Housing in Scotland, responding to the emerging social inclusion agenda at the end of the 1990s, welcomed such a role (Anderson, 1998). Scott et al. (2000b) concluded that many social landlords were embracing it also:[27]

> …housing management, as a service, is clearly engaging with the social inclusion agenda across a broad range of important initiatives. Their main focus was on anti-poverty initiatives and participation initiatives, less so on economic development work and activities related to facilities for children and young people. In overall terms, more local authorities were active across all the initiatives than RSLs. At first sight the difference may seem surprising given the 'social orientation' of Scottish housing associations and co-operatives but the explanation may lie in the broader remit and statutory responsibilities of local authorities compared with the tighter external regulation, narrower remit and fewer resources available to the voluntary housing sector'. (Scott et al., 2000b)

Perry (1995) also notes that some housing managers have rejected new demands on the housing management function, on the basis that their task is to carry out landlord tasks and nothing more. Evidence suggests that many tenants feel the same way:

> Tenants are inclined to define housing management in terms of the traditional landlord functions only. On the whole they do not expect RSLs to provide services of wider benefit to individual tenants or the community… Tenants are further inclined to believe that these

[25] Moreover, in England the 'respect standard for housing management' proposed for social landlords may shortly lead to a newly defined benchmark for housing management activity to address antisocial behaviour (ODPM, 2006).
[26] See for example the Policy Action Team 5's recommended *Code of Practice for Housing Managers on Black and Minority Ethnic Issues* in appendix 4.
[27] However, the survey carried out by Scott et al. did not question landlords on the specific practical ways in which their housing management contributions were being made, or which grades of staff were doing the contributing.

> services should not be funded from rents and are more appropriately provided by other types of organisation. (Andrews, 1998)[28]

At the same time as change in the tenant base has led some to see social landlords as having a wider social justice function, it has also led (often the same commentators) to recommend a more commercial response.[29] As the Policy Action Team 7 notes, however, 'There are difficult issues to address in ensuring that a safety net can be provided whilst introducing the capacity for individuals to choose where to live subject to their capacity to pay for it, which is how the remainder of the population decides on its housing'.

6.3 Implications of future change in the tenant base

> ...many of the groups who are disproportionately represented within the sector require additional support – which is a very different picture from, say, the 1970s. … This implies that the role of the social sector may be changing – from simply being a housing tenure, in which housing managers collected rent and maintained the property – to a form of care, in which a range of specialised staff must be coordinated and resourced so that vulnerable people do not 'slip through the net' – and this includes children 'at risk'. (Monk, 2004)
>
> There is evidence of women being rehoused while they still have intensive support needs and where there are insufficient resources to provide follow-on support for them. (Edgar et al., 2005)

As the social renting sector has come to house an increasing concentration of disadvantaged and often vulnerable households, there has been a growing awareness of a requirement for more intensive housing management services for some individuals. Indeed, many local housing strategies refer to the provision of intensive housing management services to some of their tenants. However, it is often unclear what in an operational sense these services are or might be. The nature of the housing management task continues to evolve and adapt.

More generally, as we have seen, the profile of the social tenant base in Scotland continues to change at a fairly rapid pace, and this could well result in a need for further adaptation of the housing management function. It is reasonable to pose a few questions in this regard:

- Will the growing number of younger single people that are likely to enter the social rented sector see social housing as a lifetime choice, or as an interim solution while they establish other aspects of their lives, such as getting launched in the labour market? If it is the latter case, stock turnover is likely to continue to accelerate.

[28] We return to this issue in section 6.5.
[29] Policy Action Team 7, 1999; Chartered Institute of Housing in Scotland, 2003; Power and Mumford, 1999).

- Will higher numbers of younger single people require social landlords to provide higher levels of ongoing support and monitoring to ensure tenants understand and fulfil their tenancy obligations and can make a success of their tenancies?

- Will younger single tenants have any real interest in being consulted on or involved in the delivery of housing management or community regeneration?

- Will growth in the proportion of younger single tenants make delivery of area regeneration more difficult, or alter the case for seeing housing organisations as a primary delivery vehicle of such regeneration?

As we have also seen, trends suggest there will remain a significant proportion of older people (in the main single pensioner households) within the tenant base in the next decade. This invites questions such as:

- Is it reasonable to assume that single pensioners (as well as other vulnerable tenants with particular needs) will require additional housing management support?

- Will new information and communication technologies affect how these services are delivered?

6.4 Implications of technological trends

> In 1991, the Internet was a network for academics and scientists; by 2001, around 40 per cent of Britons could access it from their homes. (Pleace and Quilgars, 2002)

> I think Internet transactions are OK for buying something, but, when it's a service, when it's a support relationship orientated service, you need some personal contact in there somewhere; I think if you're buying CDs or buying books then that's fine, you get your book, but when it's a service, it has a relationship attached to it, and you can't form that over the Internet. (quoted in Pleace and Quilgars, 2002)

> Some community alarm providers are now beginning to develop more proactive forms of telecare by incorporating passive alarms and smart sensors that can alert the call centre automatically when hazards arise. A range of devices including fall, smoke, gas and flood detectors, temperature sensors, pressure pads and door switches is now being deployed or tested. Economic modelling suggests that low cost investment in the service could provide major cost savings across the care system. (Barlow et al., 2005)

> It seems clear to us that there are significant advantages to be gained from the provision of telecare. Regardless of whether or not additional funds are made available for this purpose, we believe local authorities should consider the use of telecare as part of their response to the challenge of providing services for the increasing

> number of older people in Scotland in the future. (Scottish Executive, 2006b)
>
> Social landlords have not yet responded to the new way that homes work. Generally, they have seen web access as a welfare service issue. They have housing allocation policies which take little or no account of the applicants' interest in having a room for work. (Dwelly, 2002)

The future of housing management will be influenced by technological trends as well as changes in its customer base and in the policy environment. One dimension of this, which is of central interest to the Scottish Executive in terms of improving efficiency, is the area of electronic service delivery (ESD).

To date ESD has not been extensively employed in housing and related service delivery areas. Pleace and Quilgars (2002) have identified a number of perceived barriers. Tenants have concerns with the security of information transmitted using the internet, while both landlords and tenants have reservations on the replacement of face-to-face service provision with impersonal ('self-service') arrangements. Nonetheless they concluded that 'in order to fully deliver the envisaged savings and efficiency gains, ESD has got to start taking traffic away from "assisted contact" channels of access like area offices, community workers and call centres, and start handling it through "self-service" channels like websites'.

Other commentators suggest new technologies may open up a means of providing support services specifically for more vulnerable tenants. Barlow et al. (2005) argue two main types of telecare are emerging: systems designed for information provision, and systems designed for 'risk management'. The latter 'uses sensors to take measurements from an individual's body or surrounding environment, such as the home…the measurements are transmitted to a control centre which will then act appropriately – process and transmit the data to a care professional, provide support remotely or alert a relative or neighbour'.

The implications of all this for housing management are ambiguous.[30] On the one hand, the emergence and spread of these technologies could increase the number and range of vulnerable people that can realistically maintain a social tenancy, without reducing the specific housing management costs associated with providing these tenancies. On the other, ESD technologies might have a broader range of application for property management for tenants as a whole. For example, ESD could enable tenants to self-report repairs and do away with the need for staff to handle tenant repairs reports and arrange repairs.

The extent to which ESD will be introduced and evolve will partly depend on the extent to which organisational and cultural resistance to such innovations exists, and can be overcome. Barlow et al. (2005) suggest such resistance could be considerable, particularly where more than one organisation is involved.

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[30] While many acknowledge information and communication technology can lead to both service quality and efficiency improvements (e.g. Marsh et al., 2005), Croucher et al. (2006) point out that available evidence in the UK tells us very little about the role of telecare technology, its actual or perceived usefulness to households, or potential impacts on staffing requirements.

Finally, looking at technological trends from a different angle, Dwelly (2002) argues that new technologies are redefining the role and meaning of the home. He suggests that social landlords have been slow to understand the implications of this for their business, to the detriment of their tenants. He points to allocations policies and restrictive tenancy agreements that essentially prevent tenants from working from home and argues that this constitutes a form of social exclusion.[31] Dwelly therefore argues for a radically different approach to allocating housing, even where housing need is likely to remain unmet:

> In high demand areas, landlords will say that underletting [letting a property with more rooms than strictly determined by housing need] is simply not possible. To let on this basis would deprive homeless and badly housed households of a chance to get somewhere decent to live the argument goes. However, if this means (and it does) allocating properties that cannot realistically be used for work…how much is this actually helping those in need? …A radical approach in areas of high demand would be to recognise that supply of social housing will not ever meet demand, then to ensure that whatever is allocated is a genuine help to the household's wider needs. In other words, house fewer people properly. Such a quality before quantity approach would require a rethink of the purpose of social housing.

Although Dwelly's argument is contentious, the broader message – of a need to rethink the purpose of social housing – is, as we have seen, arising in a number of different ways on the basis of current trends.

6.5 Scottish social landlords' views on housing management

Views on core housing management functions

Our landlord survey shows that social landlords' views on the core housing management function are evolving over time. It is striking that several services have moved (or are expected to) from being seen as a non-core activity to a core activity by most landlords. Our survey showed that these include:

- Factoring;
- Mediation of disputes;
- Moderation of anti-social behaviour;
- Action to design out criminal activity on social housing estates;
- Tenant information and participation;
- Practical support for vulnerable people;
- Delivery of area regeneration;

[31] Dwelly's argument is not solely concerned with internet-based employment opportunities. He identified various types of work that social tenants were doing, often covertly, from their homes. Examples provided include secretarial work/typing services; translation services; taxi control; admin for small businesses; call centre work; fashion design; packing and processing; book-keeping; therapy; child care; IT technical support; craft; food production; website/graphic design. Dwelly also argues that in allocating properties to families, an extra room should be allowed for children to do their homework as the norm, reflecting expectations in the owner-occupied sector.

- Business planning;
- Provision of information and advice, including money and debt management.

What do you consider as core housing management functions? (%)			
	10 years ago	Current	10 years from now
Rent and service charge accounting	76	71	68
Rent arrears management	90	95	88
Making allocations to new tenants	98	98	87
Managing transfers and exchanges	93	90	88
Getting empty properties into a state fit for letting	88	79	84
Providing planned maintenance (general)	68	74	75
Providing an out-of-hours emergency repairs service	83	76	74
Providing other response repairs services	80	76	72
Providing property management services (factoring)	31	38	75
Tenancy condition enforcement	98	98	100
Mediation of neighbour disputes	44	80	82
Moderating anti-social behaviour e.g. community wardens	15	63	70
Implementing measures to design out crime e.g. CCTV	10	51	64
Providing estate management services	73	93	87
Dealing with tenant enquiries	98	98	100
Informing tenants about policies and activities	59	95	97
Increasing tenant participation by financing Registered Tenant Organisations	29	76	85
Increasing tenant participation in other ways	42	85	92
Housing homeless people	85	95	97
Providing practical (housing) support for vulnerable tenants	28	78	88
Delivering area regeneration	33	72	78
Providing housing-related information and advice to tenants (e.g. regarding energy efficiency	28	80	90
Providing money management advice and debt counselling to tenants (e.g. regarding rent arrears and benefits availability)	28	61	82
Undertaking business planning	21	67	79
Recruiting, retaining and developing housing management staff	68	88	88
Making sure the housing service is run according to the requirements of law	90	98	97
Engaging elected/committee members and keeping them involved in the housing service	62	85	88
Improving stock condition over time	72	79	82
Other	0	36	46

N=42

With regard to ‘other’ possible core management functions (now or in the future), survey respondents tended to focus on facilitation or regeneration activities:

‘Acting as “community regeneration” facilitators. Increasingly the role of housing management is to assist stabilise communities, to assist the development of sustainable mature communities where people want to live and work’

‘Everything to do with a community focus as opposed to a traditional people or tenancy focus’

‘Community safety issues’

‘Co-ordination of other services like Joint Future’

Are the following housing management functions the same for local authorities and RSLs? (%)			
	Yes	**No**	**DK**
Rent and service charge accounting	79	18	3
Rent arrears management	89	8	3
Making allocations to new tenants	87	11	3
Managing transfers and exchanges	92	5	3
Getting empty properties into a state fit for letting	87	8	5
Providing planned maintenance (general)	87	8	5
Providing an out-of-hours emergency repairs service	87	5	8
Providing other response repairs services	84	8	8
Providing property management services (factoring)	62	28	10
Tenancy condition enforcement	100	0	0
Mediation of neighbour disputes	68	24	8
Moderating anti-social behaviour e.g. community wardens	37	53	11
Implementing measures to design out crime e.g. CCTV	51	33	15
Providing estate management services	87	8	5
Dealing with tenant enquiries	97	3	0
Informing tenants about policies and activities	90	5	5
Increasing tenant participation by financing Registered Tenant Organisations	77	18	5
Increasing tenant participation in other ways	74	16	11
Housing homeless people	51	46	3
Providing practical (housing) support for vulnerable tenants	67	33	0
Delivering area regeneration	27	65	8
Providing housing-related information and advice to tenants (e.g. regarding energy efficiency	68	24	8
Providing money management advice and debt counselling to tenants (e.g. regarding rent arrears and benefits availability)	64	31	5
Undertaking business planning	56	31	13
Recruiting, retaining and developing housing management staff	74	13	13
Making sure the housing service is run according to the requirements of law	92	5	3
Engaging elected/committee members and keeping them involved in the housing service	69	23	8
Improving stock condition over time	74	18	8
Other	27	36	36

N=37

Some social landlords draw a distinction between the core functions of local authority landlords and those of housing associations, although it is not evident that national policy would always support these interpretations. Examples of the areas where differences were felt to exist include:

- Mediation of neighbour disputes and moderating anti-social behaviour;
- Provision of factoring services;
- Homelessness services;
- Providing practical support for vulnerable households;
- Delivering area regeneration;

- Providing information and advice;
- Business planning.

Views on tenant expectations

All but one landlord that participated in our online survey stated that they take steps to understand tenant expectations and aspirations. The most frequent method of investigating tenant views is by means of a tenant survey, followed by meetings with representative groups and tenant focus groups. Around half also reported that tenant representatives are included on policy working groups. Other methods mentioned less frequently were:

- Regular estate management visits and feedback;
- The hosting of policy/issue ‘master classes’;
- Extending of invitations to attend landlord strategy development days;
- Supporting tenant conferences.

What do you do to find out what tenants expectations and aspirations are, and if these are changing? (%)	
Nothing	2
Periodic tenant surveys (i.e. at least every 3 years)	90
Regular meetings with tenant representative groups	69
Use regular tenant focus groups	52
Use a ‘tenants panel’	47
Include tenant representatives on any working groups that are set up	52
Other	16

N=42

Our survey results indicate social landlords believe that tenants value efficient repairs services, good information relating to the repairs service, estate management and dispute mediation. Tenants are also believed to give high priority to having meaningful choices when applying for transfers and exchanges. By contrast, social landlords felt that opportunities to be involved in stock management or community regeneration issues were not important for most existing tenants.

Over 60% of responding social landlords said tenant priorities have changed over the last decade. Landlords offered a wide range of views as to how tenants’ priorities have changed, but almost all landlords agree they now have high expectations of action to deal with anti-social behaviour.

Which of the following do existing tenants consider important? (%)	
Availability of different ways of making payments	69
Choice when applying for transfers and exchanges	74
Good information when you intend to undertake planned maintenance	90
Provision of an out-of-hours emergency repairs service	95
Flexibility of appointment-making with respect to other response repairs services	86
Less restrictive tenancy conditions (e.g. relating to pets or using home as a base to work from)	27
Mediation of neighbour disputes	62

Which of the following do existing tenants consider important? (%)	
Action to moderate anti-social behaviour (e.g. community wardens)	83
Implementing measures to design out crime (e.g. CCTV)	60
Provision of estate management services	88
Provision of an enquiries service	69
Information about your policies and activities	51
Increased possibilities for participation and involvement in the management of the stock	25
More regular contact time with housing staff where they feel this would help them	65
Provision of housing-related information and advice (e.g. regarding energy efficiency)	53
Provision of money management advice and debt	67
Action to improve the environment around their houses	81
Participating in regeneration initiatives	34
Investment to meet the SHQS	53
Investment to meet another, locally set standard	34
Other	6

N=43

'They are looking for more space in their homes'

'Aspirations for what we can deliver in terms of house types'

'Customers are more interested in a clean, safe, secure environment'

'Tenants' expectations have increased – more expectation that the council will resolve not just housing management problems. The condition of their home is less important due to investment over the last 10 years'

'There is a far greater intolerance and concern on issues of anti-social behaviour'

'Tenants compare their housing standards with the private sector'

Why do you think tenant priorities have changed in the last 10 years? (%)	
Change in the composition of the tenant base (e.g. more single people, fewer families etc)	40
Change in the socio-economic circumstances of the tenant base (e.g. fewer people employed, more poverty etc)	40
Changes elsewhere in society have led to changes in tenant aspirations and expectations	88
Other	12

N=25

Overwhelmingly, landlords believe that expectations have risen due to changes elsewhere in society. In other words, as households in other tenures have secured better housing and living circumstances for themselves, social tenants have not unreasonably come to expect improvements as well.

A large number of landlords also believe that the changing tenant base is shaping tenant expectations. Consequently, seven out of ten respondents anticipated further changes in tenant expectations, aspirations, and priorities over the coming decade. Again, landlords expressed a range of views as to how priorities might change:

‘Society has become more insular and consumerist. Tenants, like all consumers, are increasingly focused on their personal aspirations and priorities, not those of a communal nature. As a result the majority of tenants focus only on issues that effect their immediate environment’

‘[They will want] more control over their own lives in terms of the choice that is offered to them, in particular in areas like allocations/letting and repairs’

‘To be better informed and provided with greater choice in relation to services’

‘People will continue to expect more from their landlords’

Interestingly, 78% of responding landlords said they are confident that tenant expectations are well matched with their current service priorities. Moreover, a similar proportion said they expect the fit between service priorities and tenant expectations to stay the same or improve over the coming decade. However, a significant minority of respondents (17%) disagreed with both propositions and gave various reasons as the basis for their views:

‘It is increasingly difficult to match the expectations and priorities of tenants within the resources available to us… It often seems that the more “services” we provide the greater the expectations of tenants. Increasingly tenants expect housing management staff to address all issues – while we can signpost and work in partnership with other organisations, more often than not the expectation is that their housing officer will address any matter they deem appropriate’

‘There is a high demand for housing with limited stock, and this may have been exacerbated by RTB. Also there is a mismatch of property size/type in relation to need/demand’

‘Service is meeting expectations in many areas, but insufficient housing means that people’s aspirations are not met in terms of their allocations requirements’

‘Services have not kept pace with changing aspirations and expectations’

‘Poor partnership/participative working’

‘Demand exceeds availability of stock’

‘I envisage that the current “service requirement” trend will continue and the expectations of tenants will continue to increase’

‘Ever-increasing need to do more with less’

‘Lack of resources to extend area-based initiatives on a district-wide basis’

There was also less confidence that tenant satisfaction levels have been increasing in the recent past.

Have tenant satisfaction levels with your organisation’s housing management service been the same, falling or rising over the last 5 years? (%)	
Rising	43
Falling	2
Same	40
Don’t know	14

N=42

Views on regulation

Respondents were also asked for views on the regulation framework. Most concur that landlords are being regulated on things that matter to tenants and that the regulation framework leads to service improvements over time.

Do you think the current regulation framework leads to improvements in services to tenants? (%)	
Yes	60
No	26
Don't know	14

N=42

Are you being regulated on things that matter to tenants? (%)	
Yes	60
No	29
Don't know	12

N=42

However, a significant minority disagree, generally for a diverse range of reasons:

'Tenants simply want well-managed, safe and well-repaired homes. Good practice that emanates from regulation is not always required or appreciated by tenants'

'I think we need to go back to basics and ask tenants – recently tenant participation was flavour of the month but the reality is that many/most tenants do not want to get involved, so often the cost outweighs the benefit'

'The whole regulation and inspection framework is bureaucratic, onerous and does not lead to improved quality of service – the regulator would be better investing in housing, not inspection, and allow landlords to self-regulate, via their own tenants'

'Communities Scotland still struggles to realise some of the intangibles of outputs are much more important for tenants than inputs. Regulation may ensure more efficient bureaucracies but at what cost to tenants?'

'Still not enough focus on outcomes, e.g. tenant satisfaction as key indicator'

'I think tenants are less interested in core policies such as rent arrears, estate management etc., and more interested in community safety issues'

'A more rounded fit for purpose assessment would help – the current assessment framework is too process-driven and bureaucratic'

6.6 Drawing some conclusions

Housing management has proved impossible to define and is often interpreted differently by landlords and policy makers. This roadblock ultimately undermines efforts to measure the efficiency of social landlords, and poses real challenges for the effective regulation of social landlords.

- **In principle, housing management can relate to one of three things:**

    - **Management of actual properties;**
    - **Services to people living or wishing to live within them;**
    - **Actions to regenerate communities where stock is situated.**

- **In the past 10 years changes in the tenant base have increased the need for housing management to embrace the second of these – services to people. Further projected changes in the social rented tenant base point to some growth in the need for person-centred services in the coming decade and beyond.**

- **Some landlords are acutely aware of the growing need to provide more person-centred services to older frail tenants and vulnerable tenants, although how the delivery of these services is likely to be affected by technological change is not clear. It is less apparent that social landlords or policy makers have fully grasped the service implications arising from the fastest growing social rented sector client group, namely younger single people. This group is likely to need support in establishing and maintaining tenancies for the period of time they see the sector as meeting their requirements.**

- **The increasing importance of younger single adults within the sector is also likely to have profound implications for community regeneration and the practical requirements and limits of this task. Younger households tend to be more mobile and therefore have less interest in or commitment to a local area. Better understanding of the expectations and needs of an increasingly young and mobile tenant base and the implications of this for the future development of community regeneration policy is a major challenge for policy makers and social landlords.**

- **Another possible challenge will be squaring community regeneration dimensions of housing management with the drive towards more market-oriented services, and the continued search for greater efficiencies in the delivery of housing management services. Increased competition between social landlords for a shrinking tenant base may give further impetus to the drive for a more market-oriented approach.**

Overall, the management of social housing, ill-defined as it may be, is at a crossroads. How housing managers and policy makers respond will be significant in shaping the future role and relevance of the sector as a whole.

7. THE FUTURE FOR SOCIAL RENTED HOUSING IN SCOTLAND?

> Social housing as we have known it for the last fifty years is close to dead… How we respond to the problems of an increasingly moribund system in part depends on where we want it to go and what issues we want it to deal with. (Burke, 2005)

> The strict emphasis on rehousing tenants according to need has destroyed the social viability of much council housing and may do the same for housing associations. (Power and Mumford, 1999)

> As long as the social rented sector is primarily oriented towards low-income households and as long as profits are reinvested in housing, social rented housing will maintain its 'social' profile. A differentiated social housing sector with a substantial size and with a differentiated tenancy mix may play a crucial role in preventing spatial segregation of income groups. In this way social housing can contribute to the sustainability of a modernised welfare state. (Priemus, 2000)

> Low demand can be a product of changes in population, the economy and social outlook… Programmes that do not consider this wider context risk wasting millions of pounds on projects which fail to tackle underlying structural causes. (Scott et al., 2004)

> The shadow across social housing in the long term is one of viability – can investment and stock utilisation be sustained in order to maintain these organisations and meet their financial and regulatory requirements? In short, can they provide a sufficiently attractive service and product to keep their properties occupied? (Gibb, 2005)

> Will the minister comment on the fact that the challenge going forward is to deal with perhaps as much the areas of net surplus as those of net need in our continuing efforts to rebuild communities in Scotland? (Wendy Alexander to Malcolm Chisholm, Scottish Parliamentary Debate on Right to Buy, 28 September 2006)[32]

> Times have changed – but modern social housing seems somehow stuck in a time warp. (Dwelly, 2006)

> Life is what happens to you while you're busy making other plans. (John Lennon)

Around the world, countries are re-evaluating the future role of social renting, in response to trends similar to those being experienced in Scotland. We can perhaps empathise with Burke (2005) when he says the social rented sector in Australia is experiencing

[32] The full text of the debate is available at the following website address: http://www.scottish.parliament.uk/business/officialReports/meetingsParliament/or-06/sor0928-01.htm

> an element of self-administered hardship created by excessive client targeting, uncritical acceptance of the new public sector reforms (particularly in the 1990s)…and incessant organisational and program reform to the degree that the sector now suffers a certain degree of reform weariness.

Unfortunately for the long-term health of the social rented sector as a whole, it is not possible to let things lie as they are and avoid further reform. Critical to any future reform must be a clear answer to the question: What do we want the role of the social rented sector in Scotland to be? This is ultimately a policy choice, but again many in Scotland might warm to the vision offered by Burke:

> Social housing is more than about providing affordable shelter for households however these are defined through allocative rationing. It should also be about ensuring that our cities and towns have economically and socially sustainable urban forms, it should be a check or balance on price or rent increases in the private sector, it should be about providing opportunities for assisting households to integrate into the economy and society, not about further marginalising the already marginalised, it should be a mechanism for urban and economic development in locations, e.g. some older outer suburbs, where there is currently under-investment and evidence of urban decline. Finally, it should be a vehicle for facilitating choice, by enabling even low-income households to acquire a housing product or service of their choice and appropriate to their personal requirements.

The Chartered Institute of Housing (1999) has also offered a radical vision of the future:

> Existing social landlords could be transformed into new agencies – the name chosen could reflect the way in which social housing is to be 'rebranded' – which would build new developments only for mixed income groups, whether for sale, market rent or subsidised rent. Equally importantly, they would seek to diversify their existing stocks of housing by encouraging sales in some areas, buying on the open market, and refurbishing property for market renting, sale and subsidised renting. They may start off with homogenous stocks of rented housing, serving mainly people on benefit, but they would aim to diversify over, say, a ten year period into catering for wider needs – without losing their original market… The new bodies would have to be constituted so as to use public and private funds, and be able to manage their asset base in the ways that best suited their objectives. They could meet needs in the market place that are not currently met – for example, they could sell houses with long-term maintenance packages attached to them, they could do 'private' renting with good quality management and repair services.

Some commentators concerned about the future of the social rented sector argue that nothing less than a profound shift in culture is a necessary ingredient for its long-term survival. However, few are as blunt as Burke (2005), who argues for a more contemporary definition of social housing that eliminates the term ‘not-for-profit’ and potentially enables the private sector to have a role in its provision. Is it realistic to believe this could ever happen in Scotland?

In reviewing the literature on social renting, we have been struck by how little attention anyone gives to the composition of the likely tenant base when discussing the future of social housing. Ultimately, it is not whom the sector thinks it is housing, but whom it is actually housing, and what they actually want from it that matters. In this regard it is also striking that the online survey findings indicate that social landlords generally do not have a precise understanding of their tenant base and what the majority of tenants want and expect. In a recent review of social housing, Pawson (2004) felt obliged to note:

> Other than the use of satisfaction slips to monitor repairs performance, relatively few Scottish LAs are experienced in collecting customer feedback on housing services… Case study evidence suggests that, in terms of housing performance management systems, Scotland’s most proficient authorities compare well with their English counterparts. In many Scottish authorities, however, performance management and self-assessment techniques remain under-developed. Commonly weak areas include the involvement of tenants in service monitoring and review, the setting of area- or team-specific performance targets, and the collection of customer feedback data.

Housing associations may score more highly on these counts than authorities, but few conduct research as an effective private business typically would to understand its customer base.

The future for social housing is therefore a challenging one. Continued long-term economic growth is likely to increase the amount of competition social landlords face and chip away at demand for social housing over the next 10 to 20 years. This could well require landlords to restructure their businesses within the context of a scaling down of the sector as a whole. Social trends will also do little to help as the number of single person households grows and consumer housing preferences continue to shift away from flats to houses. In particular, the increase in younger single tenants is likely to be accompanied by higher turnover rates and more demanding and tougher customers to satisfy (Andrews, 1998).

For social renting to emerge at the end of this period as a vibrant sector with a continuing purpose, policy makers and social landlords will have to assess the customer base for social housing in terms of likely size, and tenant aspirations and expectations in a frank and honest manner. As Burke rightly notes,

> To build a contemporary system requires challenging a lot of the current orthodoxies of thought around the relationship between the market and the state, between social housing provision and support, and between past housing needs and those of the future.

Questions about the future of social renting in Scotland

To conclude, we pose a number of questions that we believe those with an interest in the sector need to consider and debate. We include in what follows a number of quotes from current directors of social housing landlords in Scotland to further inform that debate.

Will future tenants predominantly see social renting as a lifetime choice or as an interim solution while they sort out other aspects of their lives?

> 'We still have a large 45–65 cohort (roughly 60%). Some will exercise RTB directly or via their children, but only 15% work and a lot are on Invalidity Benefit. They will still be with us in future. They may live longer but be frailer – they will need to be looked after. In addition a whole swathe have registered for insurance against the future – mainly owner-occupiers thinking about old age. They might switch back, selling their homes to protect their capital, or giving it to their children'
>
> 'Young people will dominate. We are talking about a demographic that is by nature transient. The sector needs to adjust to this. It will create a high turnover sector'
>
> 'In future it might not be need that drives tenancies, but rather that, for a moment in time, social renting is seen as the right thing to do by young people'

Are tomorrow's tenants going to see social renting as a lifetime choice or, especially if – as looks increasingly likely – the sector predominantly houses younger and single people, as an interim solution while they sort out other aspects of their lives – such as securing employment, or getting a foothold in the private housing market?

Will changes in the tenant profile lead to higher rates of stock turnover?

> 'Some of the increase in young single people is just due to excess supply in some areas. I also think there is a limit to this – the assumption that in future it will all be about young single people should be challenged, because there isn't a willingness to indefinitely expand the sector for this group'
>
> 'The vast majority of new incomers are young, and are not expecting to spend a long time in social renting – they are treating us more like the private rented sector. People now move freely between sectors. They trade off low quality/low rent options in the ex-council sector for higher quality/higher rent options in private renting. There is now competition – that wasn't there before'

As younger households tend to be more mobile, will this lead to higher rates of stock turnover? What impact will this have on attempts to stabilise local communities?

Should housing management involve provision of more support to vulnerable people?

> 'Far more people are coming on board with a dysfunctional lifestyle. I see that continuing. The line between housing, social work and even health is starting to blur a bit. More and more bolt-ons are required'
>
> 'The sector does have to adapt, and it is now taking on tasks that institutions previously performed – that's a big story. Private landlords don't see that they should have a social function – the social rented

sector has been a bit ambivalent about that as well. But this is an area of change – it's about becoming more of a social service'

'There is a question about sustainability – many young people would like to sustain a tenancy for longer, but in some cases they get inadequate support'

Are we likely to see a major social welfare role developing for social landlords in housing those that cannot cope easily with independent living? How might this fit with other dimensions of the housing management function?

Should allocation policies be needs-based?

'Landlords that adhere to needs-based letting regardless of outcome are doing people a disservice'

'I feel a bit like I'm betraying the sector saying this, but the survival of the sector demands we don't stay focussed on or driven by need – we have to offer choice'

'It's said social housing is about need and not aspiration, but that's not right. People are constantly looking to have their aspirations met'

'Needs-based letting dooms both the individual and the community to failure. We can't go on fitting square pegs in round holes – we need some square holes'

'The key problem facing people is the difficulty of getting into the sector on the grounds of what you can afford. Currently allocations are made on the basis of the physical quality of current accommodation or of vulnerability. What people can afford doesn't count at all. For example when single parent families vote with their feet and take housing in the private rented sector to get a better neighbourhood, they are all right for a time, but then their children grow up and move out. At that point they lose housing benefit, and would like to move back into social renting, but they can't get it as they are judged to be adequately housed – even though they can't now afford it'

'I can't say needs-based allocations are the best way to go – it prevents other better ways of using the stock'

'You require a balance between meeting [different types of] need and meeting the aspirations of current tenants with no particular need issues, and those of the new market. If we are to survive as a sector we have to continue to have the freedom to do that'

'You can't arrange the sector to supply for people that don't need to be provided for – there is no political support for that and it would be too expensive. The SHQS is a higher standard than required in the private sector – to justify that you have to have a needs basis'

'We've been social engineering forever – needs-based allocation is social engineering. If you are going to social[ly] engineer, do it properly'

Does the issue of allocation policies need to be revisited? Currently at national and local authority level we assess the requirement for additional housing provision predominantly on people's ability to buy, but allocation policies do not use this as the major consideration. As a result, simply having a low income is currently no guarantee of securing access to the social housing sector. Is this sustainable?

Do we know if existing allocation policies will lead to large numbers of young people being housed together? If so, what kind of management problems might this be creating for the future?

More generally, should the sector embrace a more ‘quasi-market’ perspective, including choice-based lettings?

Should social landlords’ core activities cover a broader property management role across all tenures?

‘In effect we have to see the housing role as changing to one of more general property management, and we have to provide a tenure-blind property service’

‘Social landlords need to think about new service offerings – a factoring service; a professional sheltered housing service; a furnished let service; a paid-for neighbourhood management service and so on. We need to see ourselves as a business, seeing the different market niches and starting to behave in a more commercial way’

‘We should adopt market-based approaches, including incentive and reward schemes – like “Good Apple”. We should dig into our pockets a bit. This would start to undermine the perception that it’s just about those with nothing left to offer’

‘We are in the mindset of new build for social renting. That’s an unimaginative mindset. People are essentially restricted to the existing social rented stock base or new build – why? Off the shelf is quicker, and we can pepper-pot social renting through existing areas at the same time as we look for proper integration through new developments. Housing associations say they don’t want to manage old property, as it is too difficult – that’s not good enough. The profession is far too conservative’

Is there a core role for social landlords in providing factoring services – if for no other reason than to ensure that the image and quality of the local neighbourhood where social landlords have stock remain attractive to prospective tenants?

Should they be involved in more commercial activities and compete more explicitly for business against the other tenures?

Is there a business case for ‘off the shelf’ housing as a complement to current efforts to secure mixed-tenure developments through new build? Would it help to ensure social renters were more dispersed through our towns and cities? Would it help to make tenure less of a consideration in how people are housed?

What risks does a changing tenant base pose for community regeneration?

‘It’s going to be a revolving door thing’

What risks does a changing tenant base pose for community regeneration as currently understood in Scotland? Will an increasingly footloose tenant base make regeneration of specific places harder or easier to achieve? What implications will this have for the wider role, housing plus and neighbourhood management aspects of the housing management role that have been developing?

Do those employed in the sector have the necessary skills to meet future roles?

‘Staff have skills for the industry as was, not the industry we are becoming’

‘With respect to the job itself, what is it any more? Some housing management, but after that a whole set of human skills. I see no prospect at all of us doing the same things in 10 years’ time’

‘Up to now the housing officer has been the backbone of the service. Enforcing tenancy conditions is such a small element of the service now. Now it’s about support. There is a growth of vulnerability of tenants that will continue. “Lower tariff” support will be needed – information and advice; the “home-maker theme” that used to be done by granny and mammy. Now there is little of this and wardens pick up the pieces. And we need to provide advice they don’t get from school’

‘People take the need for core stock management skills for granted, but this doesn’t equip you to deal with customers – for that you need people management skills. The profession – like most professions – sees customers as an interference. We deploy customer skills when we let temporary accommodation – making sure people in the vicinity know, and reassuring them, offering them contacts if things arise, while supporting the tenants at the same time. With the other 99%, we just bung them in’

‘There is a need for a common basic level of training. The Institute has a primary qualification for people that will become senior in the sector, but there needs to be more basic training. Going back to the two types of household in the sector, the second type (vulnerable households) has been growing and I don’t think the sector has adapted to this. It’s pretty obvious to social workers and other professionals that there is a lack of basic training for housing staff. While training is needed, it will take decades to build up a suitable core competence within the sector for meeting the needs of vulnerable people being housed there. We need to distinguish between general clerical functions (like rent collecting and repair logging) and housing management, and for the latter we need a basic qualification that is much less ambitious than the current diploma but that would give foundation training in dealing with vulnerable people’

‘We can’t cut it. Generally speaking we don’t have the skills we need – that is skills relating to business change management, and project management. What is it we are good at? We are good at strategy development, but not in terms of making changes – in terms of strategy implementation. In future when I recruit a CIH qualification will be on the list, but I’m looking for life experience and experience in organisational change – that’s my shopping list. I’ve been saying to my staff when they approach me regarding housing training fair enough, a housing course is fine, but there are other things – do an OU course; get business skills’

‘There is also a shortage of development/financial skills. In England it’s dominated by big businesses. It’s hard to get professional competence in small organisations’

‘It’s a real worry. Planning skills are getting better, but there are real shortages in skills to understand the market and the implications of changes in the characteristics of those entering the sector’

‘There seems less vitality today – 10 years ago we saw people coming through the diploma routes enthused for the work. I don’t see that now; it’s moribund at the moment’

‘The sector needs to improve in terms of business management and wider advocacy skills’

‘Skills are being developed, but we have to invest a lot more than we do in staff development. Staff can rise to the challenges – they aren’t dinosaurs, but they need the tools to do the job and to have obstacles removed – including organisational obstacles’

There is little belief evident within the sector that those employed there have the necessary skills set to meet current, much less future requirements.

What skills are required to respond to the changing customer base and the role(s) the sector may play?

Will landlords need to get better at marketing their services to compete with the private sector and each other? What skills might this require?

Will the sector need to restructure itself over the next 10 years?

‘The missionary zeal of the 1970s and 1980s has rather run its course – these organisations are middle aged now. We have a soggy, flabby situation with a loose financial regime and organisations operating in a huge comfort zone but with few career prospects’

‘Restructuring – constant restructuring – occurs in local government. Why should housing associations be exempt? Like most other restructuring exercises, it would mostly affect middle and upper management – it wouldn’t necessarily lead to job losses at lower levels. Across the industry as a whole, local authority staff levels are too low given the change in who is being housed and housing association staff levels are too high. If you reduce them in associations and raise them in authorities you will end up with similar numbers of staff – but you could have considerable reshuffling in the management ranks. There would be a deletion of jobs that look big but are actually small – like directors of small RSLs’

‘For sure it will need to restructure. There will need to be service sharing arrangements and joint procurement’

‘Yes. This is already happening in the council sector through stock transfer. In the HA sector, encouragement of the community based approach has led to reluctance to change and the SFHA has found it hard to bite the bullet’

‘Mergers are inevitable – the sector can’t sustain the current number of organisations. The smaller associations can continue for a while, but eventually they are really going to struggle with the breadth of things expected of them’

Is the current industry structure fit for purpose, or is there a need for fundamental change in this regard?

Should restructuring occur in an unstructured evolutionary fashion from the bottom up, or does there need to be an overarching game plan to make sure that what we end up with meets requirements?

Will the future involve a reduction in employment in the social renting industry?

‘With reducing stock you have to lose people’

‘There is a whole capacity issue we need to look at in many parts of the UK – overcapacity. I think around 20% of stock is where we will be in 10 years’ time – there is further fall to go. RTB will continue and some units will have to be demolished. There is going to be pain’

‘It’s easy to jump to the conclusion that less stock means less jobs, but the wider responsibilities lumped on the sector by government compensate for this. The sector might have to shed a skin and become something different – an industry of neighbourhood managers for example – but again, this doesn’t mean necessary overall job loss. Certainly there will be a restructuring – that’s long overdue.

That comes with the change in focus for the sector'

'In the longer term, jobs will change, but not necessarily be lost. In a department of 1,600 staff, we recently concluded that only 2–300 were doing the "housing function" – collecting rents and doing the letting – and I think that's probably a fair reflection of things elsewhere. Nowadays, if you want to do anything, you have to be good at managing owners'

'If the sector gets smaller it must shed jobs. It will also involve lots more temporary employment and outsourcing in future'

In 2004 social housing provision was estimated to involve over 10,000 people (Scott et al., 2004). If the sector continues to reduce in scale, will this necessitate a reduction in the number of employment opportunities available? Or will a simultaneous increase in the number of more vulnerable tenants in the sector and/or a further broadening of the housing management function mean a stable or increasing workforce, but with a different skill base?

What policy changes should the Scottish Executive introduce with regard to social renting?

'Policy with respect to neighbourhood quality – I'd like the whole thing reviewed. It's strategically important because you are investing for the next generation'

'There is not enough emphasis on the needs of children. Most of the systems operate such that children get the worst housing. Doing something about it is hard as it involves existing tenants' vested interests. But it also involves looking at type of provision – physical form – as well as subsequent allocation. There is little attention given to the type of supply needed and less to ensuring it gets to them. It's the elephant in the room issue'

'We need to ease off the pedal on homelessness. It's commendable in principle, but we've lost a trick. We need to reach back to housing a broader grouping of the population. Short-term gain in social justice is being bought at a price of long-term rejection of the sector as a whole by potential tenants'

'We need to reduce the big auditing industry. See if the punters knew what their rents are paying for – the number of auditors and regulators – there would be riots. Give us some peace to get on with helping local communities'

'The Executive ought to push for consolidation although it will be a tricky thing to achieve'

'The debate's got stuck on LA versus RSL control – but this misses the point: Is it sustainable? Can you hit and then maintain a quality standard? There is a problem of built form here –are new developments recreating the problems of the past? I would like the whole way new projects are assessed to be revisited. We need a rethink on space standards, and estate environments - a policy for the built form. Some of the smaller projects I was involved in years ago – from a funding point of view they were seen as acceptable, but they had poorly thought through common areas and little garden space – now they are a mess'

'Homelessness legislation needs revisiting. I'm very concerned about abolition of priority need. If we do remove it, we will end up with increasing numbers in temporary accommodation and being housed on the basis of time spent on the register. The policy is also taking away incentives to care for housing. People are wrecking places and there is no sanction, no care for the well-being of the tenancy. The social rented sector needs ordinary people, but you make this point and you sound reactionary. The legislation was well motivated, but people who make a living out of the sector always had reservations. Around 65–70% of lets are now going to homeless people – it creates animosity to people who are vulnerable. And we are losing local political goodwill'

‘The Executive needs to give a lead on service charges. What is it we are trying to provide here – and why can’t we provide more for people that can pay for it? If HB could cover it that would be great, but even if not, it’s still sensible. Without a sensible lead landlords have not been bold enough. We can’t yet offer a modern response to modern consumers. The issue must be sorted out before we can become modern service providers’

‘We need a business plan for the sector, and the Executive should lead on that. It would be nice if they had a proper thought through policy for the sector wouldn’t it?’

Housing policy in Scotland has been a major focus since devolution, and few would deny that it has led to major change, much of which is generally seen as beneficial. But is the housing policy framework for Scotland now complete and fundamentally sound, or is there a need to revisit and re-evaluate a number of core elements relating to the role and structure of the social renting industry?

Collectively, the answers to the questions posed above will determine what the future of social renting actually is.

Appendix 1: Issues Relating to Analysis of Census Data over Time

The Census is the single biggest and most important data collection exercise carried out in Scotland. The Census is frequently used for planning and policy-making in central and local government, although much of this analysis tends to focus on comparing the household and dwelling profile of areas across Scotland at a specific moment in time. It is also possible to use the Census dataset to analyse change through time by comparing the outputs from consecutive censuses. However, there are important factors that can make it somewhat problematic to measure change and draw definitive conclusions.

Problems comparing intercensal data

First, the questions asked in the Census can change or disappear, variously reflecting changes in society, new policy priorities, and changing user needs. For example, questions on long-term limiting illness, central heating, and ethnicity were only introduced in 1991. Equally, the 1981 Census was more concise than the 1971 Census and omitted several questions later included, including weekly hours worked.

Second, definitions as well as the classifications used to present findings are regularly refined. In particular, there have been regular changes to the recording of household composition and employment over the past 30 years. In addition, the 2001 Census included ethnic group but in a revised and more extended form.

Changes in questions, definitions, and categories are necessary to ensure that information is relevant to current circumstances. However, care is therefore required to interpret figures relating to comparisons over time, not least because apparent trends between one census and the next may reflect definitional changes rather than real changes in the profile of households or the stock they inhabit.

As a result, only a limited number of key variables of direct interest to social landlords can be compared over the period from 1971 to 2001, although slightly more variables can be compared over the period from 1981 or 1991 to 2001. The tables and figures detailed in the main report therefore have different base dates.

In general, we have compared changes in percentage composition of the population rather than absolute changes in an attempt to avoid some of the pitfalls associated with changing definitions. In recognition of the acknowledged under-enumeration in the 1991 Census, the General Register Office (GRO) has also advised that comparing percentage distributions is more useful than a comparison of counts between the 1991 and 2001 Census.

Moreover, findings presented in the main report that may be affected by changes in definitions and categories have been heavily qualified. The main definitional changes and limitations for each topic included in this report are detailed later in this appendix.

The third obstacle to measuring inter-censal change is that boundaries change between censuses, making it difficult to compare data from two or more censuses for small geographical areas. Census data for the period for 1971 to 2001 was reproduced for Scotland's current 32 local authority area boundaries. As local authority boundaries underwent major change in 1996, this involved 'matching' as best as possible census output area and postcode geographies to the current administrative boundaries.

There has been considerable discussion regarding census-based population estimates and the under-enumeration of certain groups in the population in 2001. However, this issue does not significantly affect most of the issues dealt with in the present report.

Finally, the 1971, 1981, and 1991 Censuses coded only a 10 per cent sample of households in relation to some key household characteristics such as occupation, whereas advances in technology permitted 100 per cent of the 2001 Census returns to be fully processed.

Despite all the limitations and caveats, we believe the trends revealed by the Census are instructive.

Definitional issues

Dwelling: The Census is primarily designed to count people and households rather than dwellings. Although recent censuses have attempted to enumerate all dwellings, the Census does not provide a comprehensive picture of the housing stock. In particular, analysis of the profile of the housing stock and the characteristics of households that live in that stock relate to occupied properties rather than all dwellings.

Rooms: The count of the number of rooms in a household's accommodation does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms – for example, kitchens, living rooms, bedrooms, utility rooms and studies – are counted. However, the definition of what constitutes a kitchen has changed over time. The question on number of rooms in Scotland in 1981 attempted to identify rooms used as ancillary kitchens. In the 1991 Census small kitchens (under 2 metres wide) were excluded. In the 2001 Census all kitchens regardless of size were counted as a common room. Readers should also note that in 2001 two rooms converted into one were counted as one room. In 1991 no such clarification was provided.

Number of persons per room: This is one of two measures of density of occupation (i.e. under-occupancy and overcrowding) used in Scotland. It has been in operation for at least 30 years. It is defined as the ratio of the number of residents in a household to the number of rooms in the accommodation of that household.

It is calculated by dividing the number of persons living in a dwelling by the number of rooms in the dwelling. This occupancy rating assumes that every household (including one-person households) requires a minimum of two common rooms (specifically a kitchen and living room but excluding a bathroom). A positive occupancy rating (i.e. 1 or 2+ or more) indicates that there are more rooms than are 'required' by a household. A rating of zero indicates the actual number of rooms to be the same as the number required. A negative rating (-1 or less) indicates fewer rooms than are 'required' and is therefore an indicator of overcrowding.

The definition of a 'room' has changed over time (see above). Hence, comparison of these findings must be made with caution.

Occupancy norm: This measure of density of occupation is similar to the 'bedroom standard' adopted in most social landlord allocation policies and in other survey work such as the Scottish House Condition Survey, and was developed in 1981. It equates the rooms available with an assessment of the rooms required by the people resident in the household. The total number of rooms required by a household is calculated and this figure is compared with the number of rooms available.

The room requirement calculation has changed in a number of fundamental ways since 1981. It is therefore not possible to measure change over time against the occupancy norm measure. In particular:

- The age range over which children of the same sex can be expected to share a room has changed.

- In 1981 and 1991 a one-person household was assumed to require only one room. However, in 2001 a one-person household was assumed to require three rooms (two common rooms and a bedroom).

- Where there are two or more residents in a household, the Census 2001 occupancy rating assumes that they require a minimum of two common rooms. By contrast, the 1991 Census assumed that only one common room was required.

Tenure: In the main 2001 census tables, households recorded as living rent-free were not analysed by type of landlord and in many instances were recorded alongside private renters. Over 40,000 households that rented from a social landlord were recorded as living rent-free in the main census tables. In 2004 the Scottish Executive therefore published revised census tenure estimates that were adjusted to separate out private and social renters from households living rent-free. The method adopted by the Scottish Executive was used in this analysis with regard to other variables.

Social rented: This includes accommodation that is rented from a public sector landlord (local authority, Scottish Homes or, prior to 2001, new town development corporation) or a housing association, housing co-operative, charitable trust, non-profit housing company or registered social landlord.

Households and household spaces: The 'household' definition changed from sharing a sitting room *and* sharing at least one meal a day (1971 Census) to sharing a sitting room *or* sharing at least one meal a day (1981 Census). This change is believed to have resulted in an under-estimation of the number of households living in 'houses in multiple occupation' (HMOs). This problem affects the private rental sector to a far greater extent that the social rented or owner-occupied sectors.

Sheltered housing: In 2001 this was treated as a communal establishment if fewer than half the residents possessed their own facilities for cooking. If half or more possessed their own facilities for cooking (regardless of use) the whole establishment was treated as comprising separate households.

Dependent child(ren): The definition of dependent children has changed. In 2001 a dependent child was a person aged 0–15 in a household (whether or not in a family) or aged 16–18 in full-time education and living in a family with his or her parent(s). This is a change from the 1991 (and 1981) definition which was a person aged 0–15 in a household or a person aged 16–18, never married, in full-time education and economically inactive. An ‘adult’ in a household is any person who is not a dependent child.

Economic activity: In 1991, a single multi-tick question was used to determine if someone aged 16 or over was economically active or inactive, and why. A separate tick box was included for full-time students. For 2001, a series of questions were asked of those aged 16–74 (including full-time students) to facilitate the derivation of statistics compatible with the International Labour Organisation (ILO) definition of economic status. In contrast to 1991, information on part-time/full-time status was not an integral part of these questions. A separate question on hours worked was asked.

Appendix 2: SHCS and SHCS Evidence on Change in Household Composition in the Social Rented Sector

Successive Scottish House Condition Surveys (Scottish Homes, 1993, 1997a–b; Communities Scotland, 2003), and the Scottish Household Survey (Corbett et al., 2006) provide additional evidence on change in household composition in the social rented sector. These data are not directly comparable with census data as they are sample-based, and there are differences in definitions. For example the census-based definition of couples refers to household representative and partner only, thus it excludes non-partner-based couples such as parent and grown-up child living together.

Table A2.1 shows how household type housed within the social rented sector has changed over the last 15 years according to SHCS/SHS data.

Table A2.1: Household types in the Scottish social rented sector

	SHCS social renting %			**SHS %**	
				Social renting	**All households**
	1991	**1996**	**2002**	**2005**	**2005**
Single adult	13.8	14.6	19.8	20.5	16
Couple	10.6	10.4	10.1	9.6	17
Single parent	9.2	11.4	12.6	12.5	6
Small family	11.4	12.2	10.3	7.6	14
Large family	8.1	8.3	6.1	5.9	7
Large adult[1]	9.0	7.9	5.8	5.5	9
Couple pensioner	14.5	12.7	11.7	12.2	15
Single pensioner	23.5	21.7	23.5	26.2	16

Sources: SHCS 1991, 1996, 2002; SHS 2006
[1] Large adult refers to household of 3 or more adults and no children

Table A2.1 shows a steady increase in the proportion of single adults housed in the social rented sector and that the proportion of single pensioners and single parents has also increased. It confirms there are now disproportionately high numbers of single adult households, lone parents, and single pensioner households in social rented accommodation compared to the household population as a whole.

The data also confirm that there has been a significant reduction in family households renting from a social landlord and a modest reduction in the number of older couples doing so.

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Appendix 4: Policy Action Team 5's Recommended Code of Practice for Housing Managers on Black and Minority Ethnic Issues

Local authorities and RSLs should adopt the following practices:

- Establish a written policy on racial equality for core housing management services that is linked to a wider corporate policy.
- Ensure that their racial equality policy reflects the CRE's Race Relations Codes of Practice and embraces the need to address social exclusion.
- Consult local service users, tenants and residents groups and community groups about the policy. Ensure that the consultation includes a balance of women and men, perhaps of different ages and from different ethnic groups.
- Ensure that the policy acknowledges the impact of social exclusion on minority ethnic communities.
- Ensure that the policy is endorsed by council and committee members and senior officers in all housing organisations.
- Ensure that plans for service delivery take account of the needs of all ethnic groups in the community.
- Ensure that all staff delivering core housing management services are trained to provide an appropriate and informed response to all service users without unlawful discrimination.
- Undertake regular ethnic monitoring on the take-up of services and use the data to feed into policy review and targeting.
- Provide literature about housing services, democratic structures and participation in a range of formats in a range of appropriate community languages.
- Provide language-link interpretation services for service users whose first language is not English.
- Ensure that the housing management workforce reflects the ethnic make-up of the community it serves.
- Develop closer links with other service providers such as social services, health, education and employment to tackle social exclusion.

Local authorities and RSLs should consider the following good practice suggestions:

- Have mechanisms in place to respond to racial harassment, racial attacks, the need for victim support and the removal of racist graffiti.
- Work with the Department for Education and Employment to identify training opportunities and work placements for individuals from under-represented ethnic groups within the housing management service.
- Provide information about core housing services on audio cassette and other formats in a range of community languages. Make sure that these are available in community venues such as libraries and community centres.
- Monitor all lettings by ethnicity. Set targets over a year to ensure that lettings reflect the ethnic make-up of the local community.
- Offer a specialist language translation service for non-English speaking people e.g. provide staff and service users with access to translators through a language-line service/system.
- Undertake a housing needs and supply study of the minority ethnic community.
- Work closely with BME RSLs to ensure that specialist and culturally sensitive housing services are available if required.
- Undertake outreach work with ethnic minority community organisations to raise the profile of housing services and improve access.
- Make regular visits to local schools to raise the profile of local housing services.

Source: Policy Action Team 5 (1999), Annex F

A report for the CIH in Scotland by:

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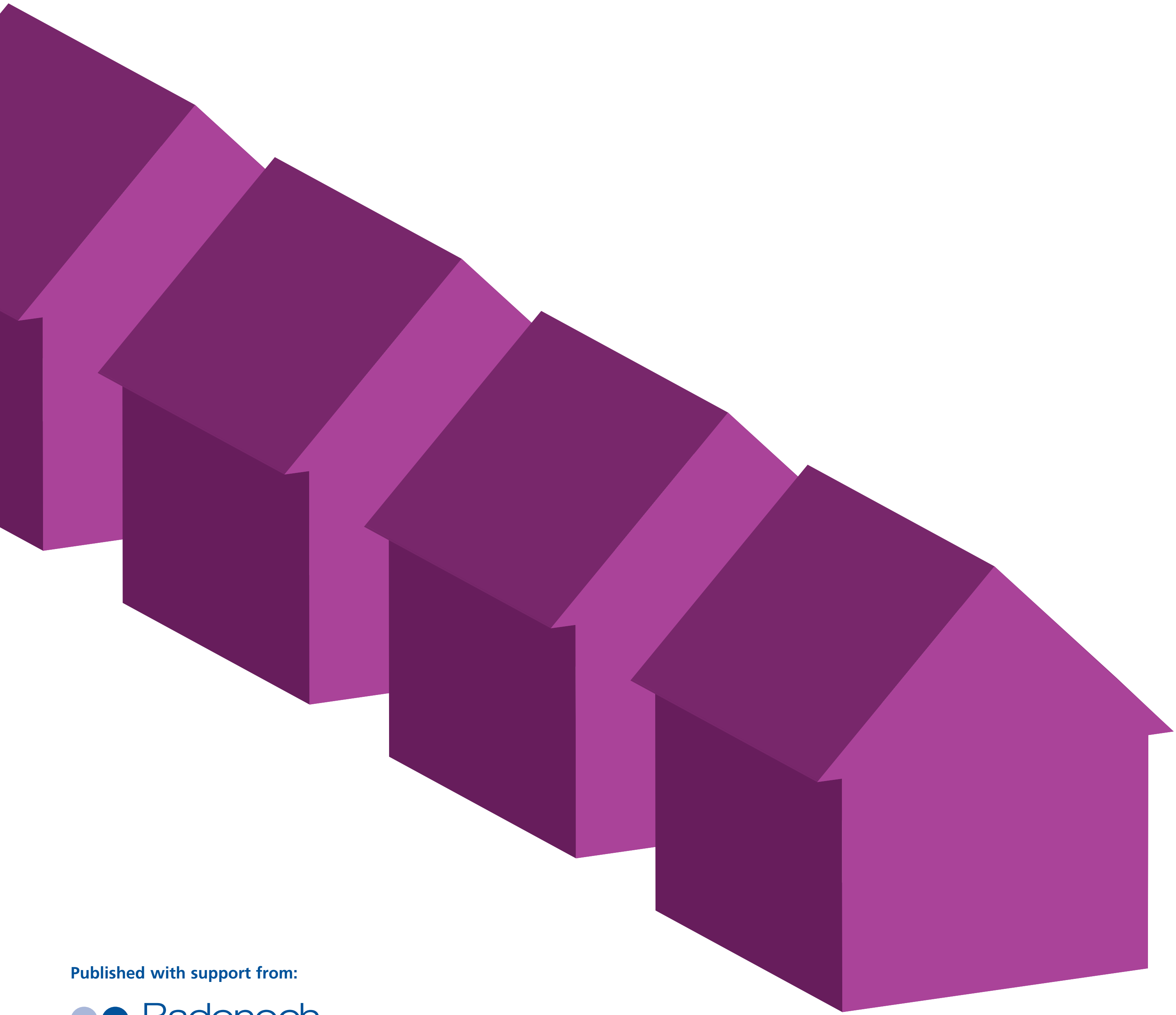
CIH Scotland



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