Written Evidence on the Housing Bill and the implications for the role of the Scottish Housing Regulator.

1. Some of the key recommendations in the Bill concern the future role of the SHR. Whilst PCS understands the current preference for moving such bodies to non ministerial department status and has not raised objections to this, we have significant concerns about other changes taking place, both with regard to the impact on staff – who are largely PCS members – and the service they provide. In particular, SHR management – with the support of Scottish Government management and, presumably, Ministers – are in the process of losing around 20 posts in this financial year. Although relatively small in terms of the entire Scottish Government workforce, this amounts to 25% of those employed by the SHR, overwhelmingly at the B3 inspector level (i.e. those carrying out front line investigation work). These cuts will take place in advance of the changes in practice proposed by Crerar and outlined in the Bill.

2. In fact, most of the posts have already gone – around half were lost when all outstanding vacancies in the SG were eliminated on 31 March and 2 staff left under the early severance scheme held at the end of the last financial year. It is now estimated that only around 6 remaining staff will have to find alternative jobs this year, although that could prove difficult for them as opportunities are more limited in Glasgow for the sort of specialist skills and experience they have developed. But perhaps of greater concern is the question of whether the SHR will be able to continue with their scrutiny role with such a significant cut in resources and whether tenants and taxpayers will be adequately protected.

3. With regard to the cuts being carried out, a number of different factors impacting simultaneously have been presented to explain the degree of staff reductions. The Crerar Review recommended a different approach, involving greater self-regulation and monitoring by the bodies themselves – in this case housing providers – with the scrutiny organisations such as the SHR being left to carry out a far more strategic role. However, although the changes to the SHR being brought about by the Bill will move them in the direction of the Crerar model, this will still take a number of years to implement. But in the meantime, John Swinney announced ‘scrutiny savings’ last September which mean that £350k (or 7.5% of their budget) has been top-sliced for 2010-11; they also have to find the money for the pay uplift later this year, and the costs involved in recruiting and paying 3 new staff in the managerial C-band. Curiously, the Bill’s Financial Memorandum indicates that there will be no direct savings as a consequence of the Bill. However, these cuts will be taking place over this ‘transition’ year and as a consequence of the proposed legislation.

4. Information from members at the SHR and from the Regulator’s own documentation suggests that tenants appreciate the investigative powers currently held by the SHR. It remains to be seen if the changes to their
powers envisaged by the Bill and the significant reduction in trained inspectors will mean that the SHR will be able to maintain its current standing, especially with the tenants who rely on its objective role.

5. Given this background, there are a number of questions that Committee members may want to consider:
   - What is the justification for the largest spending reductions within the Scottish Government in advance of a major reorganisation?
   - How were the budget and staff reductions decided upon?
   - Will the changes mean that tenants will be better protected, or will they lead to greater risks of fraud or collapse amongst housing providers, and so on?
   - With the reduced staff complement, will the SHR still be able to investigate justified concerns about major providers (e.g. GHA)?
   - Do tenants and their representative bodies support this move away from regular inspection to greater self-regulation?
   - Are there any concerns, given the lessons learned from the banking crisis for example, that self-regulation may not be the most appropriate way of ensuring financial probity or obtaining reliable data?

6. These are just some of the issues that occur to us, and clearly further points and/or questions could be developed on this. PCS would be very happy to provide further information if this would assist and we are more than happy to meet with you or colleagues to discuss. The contacts for this are Cheryl Gedling as PCS Parliamentary Officer and Malcolm Clark, who is the lead lay PCS officer dealing with the matter within the Scottish Government.

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