Consultation

Did you take part in either of the Scottish Government consultation exercises which preceded the Bill and, if so, did you comment on the financial assumptions made?

1. Yes, Perth and Kinross Council made comments on the consultation exercises which support the development of the Bill.

2. Although a response to the consultation on “Affordable Rented Housing: Creating flexibility and better outcomes for communities” was submitted it was not possible to comment on costs until further information was available.

3. However, we did respond positively to the consultation in 2012 on the Scottish Governments proposals for the Future of the Right to Buy (RTB), providing confirmation that Perth and Kinross Council had no financial impact following the reduction in RTB house sales.

Do you believe your comments on the financial assumptions have been accurately reflected in the FM?

4. Yes

Did you have sufficient time to contribute to the consultation exercise?

5. Yes

Costs

If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the FM? If not, please provide details?

6. The main financial impact of the Bill will be the provision of additional housing support costs which will be required for households who have acted in an “anti-social” manner to enable them to successfully convert from a SSST to a full Scottish Secure Tenancy. Based on existing information Perth and Kinross Councils share of the Scottish estimate is £11,000 (1.5% of the Scottish total cost £764,000).

7. However, the estimate in the financial memorandum of £764,000 is based on the assumption of housing providing 25% of the support with the other 75% being met by social work and the NHS as they are also providing services to these households. In addition, the assumption used for the average cost of housing support per person per year is based on 2004 average cost of support to homeless people then uprated for inflation. We consider the new expanded group of people who will have a history of anti-social offending, are likely to need higher housing support. (This is based on existing housing support costs for people with this background who have a cost of £3,500 per year, an additional 20% above the average used in the financial memorandum.)
8. The combination of these comments will not result in significant material changes in the level of costs for Perth and Kinross. However, when developing estimates for Scotland these factors require to be reconsidered and used to refine assumptions where appropriate.

**Do you consider that the estimated costs and savings set out in the FM and projected over 15 years for each service are reasonable and accurate?**

9. The financial memorandum estimates that abolishing Right to Buy will be cost neutral. This is consistent with the modelling undertaken by Perth and Kinross Council. The Councils HRA Business Plan and budgets were adjusted in 2012 to exclude capital receipts from RTB with additional net income offsetting the impact on rents.

10. However, the financial model developed in the financial memorandum may need to be reconsidered as the assumption of rents rising by inflation plus 1.5% each year for the next 30-50 years would result in unaffordable rents for other local authorities.

11. As highlighted in question 5 the assumptions for the estimated cost of housing support for SSST households should be reconsidered for the following two factors:

12. Average cost of housing support per person per year. £2,970 average may need to be increased to reflect the support needs for people with antisocial behaviour. Perth and Kinross have identified existing costs of £3,500 per person per year for a comparable group of people.

13. The proportion of the support provided by housing landlords being 25%. Social Work support is also a Council service and these costs should be included in the estimate.

**If relevant, are you content that your organisation can meet the financial costs associated with the Bill which your organisation will incur? If not, how do you think these costs should be met?**

14. It would be appropriate for the Government to approve additional funding to local authorities to deliver the policy objectives.

**Does the FM accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?**

15. The Financial Memorandum highlights the high level of uncertainty and assumptions used in the development of estimates. The two best examples which are relevant are:

- 16. Right To Buy – a range of 9 scenarios have been modelled due to the uncertainty of costs and rents in the future.
- 17. Housing Support Costs – The estimate provides a range between a best (£764,000) and very high (£3.055million). The information in the financial memorandum for this main cost details the range of assumptions and the sources used.
Wider Issues

Do you believe that the FM reasonably captures costs associated with the Bill? If not, which other costs might be incurred and by whom?

16. Yes, the main cost elements of the Bill have been identified, although the rate of change in the economy and public sector may result in unforeseeable costs at the moment becoming a reality in the future. Changes in public services, the economy, welfare reform, interest rates and demographics all will have a bearing on the future cost implications of the Bill.

Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

17. It is not possible to anticipate future subordinate legislation and or other associated implications of the Bill, and therefore no costs can be estimated.