

CHAIRMAN'S REPORT TO HSCHT AGM 2007 (1st draft)

This is the Trust's 9th AGM although it was 10 years ago this summer that the Trust's journey began – as an idea and a Steering Group to look at it. The idea was that additional and innovative actions were urgently required to help the smaller communities of the Highlands – many, various, but too easily overlooked – tackle their housing problems or, to put it more precisely, their housing-related community development problems, based on a shared conviction that the lack of good quality, affordable housing to meet local needs was undermining the well-being of many Highland communities – often seriously.

My theme this year is “change” and the need for change – not least by the Trust – which results from the extensive exercise (not over yet!) of self-examination that the Trust has been going through since we last met in preparing a new Business Plan which, hopefully, will enable the Trust to continue to deliver the services the Highlands requires of it from April 2008 for a further 3 years.

But, lest you might feel that you are just about to be short-changed as far as last year's activities by the Trust are concerned, I must draw your attention to the Trust's as always comprehensive Output and Performance Report for 2006/7 which this year is incorporated in full in the Annual Accounts which we have just approved and which is also available on the Trust's website.

From the Output and Performance Report, I would highlight the extent of the community engagement work carried out by Trust staff on a daily basis, which includes many meetings with Community Councils, usually in the evening – and, as a Community Councillor of long standing myself, I hope I may be allowed not only to express the Trust's appreciation to its hard-working staff (all of whom are here this morning, including our 2 newest members of staff, Morven Taylor and Susan Hunter) for all the evening work they do and the cheerful and helpful way they do it but also to pay tribute to the Community Councils themselves whose commitment to their

communities and hard work on their behalf (voluntarily given) does not always receive the respect and recognition from some quarters that is surely due.

Good community engagement is about helping Community Councils/Trusts etc to make well-informed and confident decisions about how best to tackle local issues. On housing issues, Trust staff not only provide information and advice on the various ways the affordable housing system can help communities but they often follow this up with survey work to identify the nature and extent of local housing needs. These days, however, the Trust does far fewer questionnaire-based household surveys and far more housing needs and options “surgeries”. These are held in community halls, usually over an afternoon and evening, and local people with needs come along and discuss with Trust staff, on a one-to-one confidential basis, the various potentially available solutions to their housing problems and their preferred housing options. The Trust believes that surgeries offer a more reliable and direct way of quantifying the nature and extent of local housing needs and of reaching the people involved

With the needs and preferred options reliably identified it becomes much easier for both the community and the Trust to make the case for, and to secure, the right kind of housing solutions needed. It forms a critically important part of the landbanking process i.e. persuading local landowners to release local sites for affordable housing.

Rural Housing Burdens are another key factor in persuading landowners to release sites affordably. These are simply pre-emption right conditions which lock affordability discounts into Land Titles and the Trust was instrumental in persuading the Scottish Executive and Parliament to incorporate a section on Rural Housing Burdens in the Titles Conditions Scotland (Act) 2003. In this regard, I would also draw your attention to the decision made by the Trust’s Board to introduce a shared equity method of locking in the affordability discount for all subsequent purchasers of houses built on Trust plots – because the shared equity method is fairer and easier to understand than the original “Depreciated Replacement Cost” method which has been weakened by the sharp rise in contractors’ build prices.

But back to the Trust's new Business Plan. In my report to you last year, I informed you that we were instigating a review of the Trust's future options and of my view that the Trust would "have to be ready to adapt to survive" and be prepared to "accept change to fit in to the new housing world emerging".

The review and new Business Plan approach has taken into account not only the internal lessons that the Trust has learnt from its operational experience to date but also the major changes that have taken place in the external policy and practice environment in which it operates.

The external context has changed greatly and in some key strategic ways for the better in the last decade. For example, the landownership context has changed radically as a result of the Land Reform legislation introduced by the Scottish Parliament. Many communities have now acquired ownership of often large areas of local land and the resulting transformation of communities like Gigha, Eigg and Knoydart, from depressed and declining ones, frustrated by disinterested private landlords, into self-confident and growing ones has established a new benchmark for successful community development, which is self-evidently made much easier when communities own, control and have responsibility for, sites with development potential – not least for affordable housing development.

The level of public investment in affordable housing in the Highlands has risen five-fold in the last 5 years enabling Housing Associations and the recently formed Highland Housing Alliance to invest much more money in strategic landbanking as well as in building many more houses. Another very welcome change, though the level of housing need in the Highlands still far outstrips the supply with a record 11,000 now on the Council's Waiting List and, as rural communities well know, with more who don't think its worth registering their need on a waiting list because they think believe they will be stuck in the queue for years and years.

Using an independent consultant, the Trust sought the views of communities and key partners on its performance to date and, by inference, how it should adapt its operations. The communities consulted all rated the Trust's work with them as "very helpful" and pro-active on their behalf. The Trust's key partners, like Housing Associations and the Council also rated the Trust's community engagement and innovative project work highly but felt that the Trust was trying to do too much, was spreading itself too thinly and was failing to deliver on some outputs as a result, particularly in relation to the evermore demanding process of landbanking – buying sites and selling them on, particularly as affordable house plots.

So, how does the Trust's new Business Plan address the changes that are required in the constantly evolving context in which it operates? Well, community engagement work remains at the heart of our plans for the future but with a much greater emphasis on strengthening and building up the capacities and confidence of individual communities to take on as much direct power and responsibility as they are able (with a commensurate measure of support from the Trust) for tackling their local housing problems.

In this regard, we want to help community groups which already own land, or seriously aspire to own their own land, and who want to develop sites to meet local housing needs, to draw up Community Housing Action Plans which will help them realise their ambitions on a step by step basis. We also want to keep doing our innovative project work: which includes advising community groups across Scotland on the Rural Housing Burden mechanism, replicating the sustainable-houses-in-the-forest project we are working hard to get off the ground at Milehouse, Kinncraig and further developing the key worker housing models we have up and running in places like Acharacle and Kinlochbervie.

All of these plans depend, however, on the Trust securing the revenue funding it requires from April 2007 onwards, when its present 3 year revenue funding package runs out. Unfortunately, 3 of our 4 main revenue funders to date – Highland Council,

Communities Scotland and Highlands and Islands Enterprise (whose funding generosity to the Trust hitherto we gratefully acknowledge) – are all saying that the budgets they had for revenue funding the Trust are no longer available or are being hopelessly squeezed by bigger funding constraints. By far the biggest challenge facing the Trust at this moment, therefore, is securing the funding required to keep the organisation functioning properly.

Whilst we have hopes that our fourth main funder to date – the Scottish Government – will consider our Voluntary Housing Organisation Grant application favourably, we are looking elsewhere to Charitable Trusts and also to the possibilities and practicalities of combining our operations with the Highland Housing Alliance.

The Alliance and the Trust have much in common, although there are key differences. Both are partnership vehicles set up by essentially the same key players to help the housing system work better in the Highlands, with a shared emphasis on strategic landbanking and innovation and their operations already dovetail to the extent that the Trust focuses on the Highlands rural communities and the Alliance mainly on its larger conurbations. Moreover, the Alliance needs to be able to route the taxable part of the profits it is making (from its market development activities) through a Charity, if the money is not to be swallowed up by Corporation Tax. But what kind of Charitable arm would best suit the Alliance's requirements – perhaps a Highland Communities (as opposed to a Highlands Small Communities) Housing Trust? One which would deliver the same kind of community engagement objectives and support services to our urban communities as this Trust does to our rural ones? Speaking personally, I can see no good moral justification for not giving our urban communities the same opportunities that we are currently able to give our rural ones – we are all members of the same Highland community.

Speaking as your Chairman, I repeat the assurances I gave you last year that “any Board-approved proposals to radically change the operations or structure of the Highlands Small Communities Housing Trust would involve a full consultation of

Trust members”. To be absolutely clear about this, any proposal (that may, or may not, arise) to subsume the operations of the Small Communities Housing Trust into a new Trust would have to be considered and approved by an Extraordinary General Meeting of this Trust’s membership. There are no plans to hold such an E.G.M. at the moment but I do think it’s important to be quite open with you about the possibilities we are actively exploring in our attempts to keep the show on the road. I will happily respond to any questions you may have on this during the Open Forum discussion which will follow the keynote presentation, which I must not delay any further and which I am sure you are looking forward to as much as I am. It is with much pleasure, therefore, that I now invite our M.S.P., Fergus Ewing, to share his thoughts with us.