Small is no longer beautiful,’ says Alan Brown, chief executive of Camerone Housing Association. ‘In the 70s – when many Scottish housing associations developed – it was rather different. At the time there was a general notion that small was beautiful and that the bigger was bureaucratic. But that’s changed now.’

Mr Brown, like many in the sector, believes it is inevitable that Scottish associations will get bigger. And, according to Communities Scotland’s latest figures, associations are already bigger than they were in the past, rising from an average of 688 homes per landlord in 1996/1997 to 758 in 2003/04.

It’s a rise that can largely be explained by the creation of larger-scale stock transfer organisations such as Glasgow Housing Association. But there are now a crop of mergers that are adding to the effect. Camerone Housing Association, for example, is due to merge with Dunedin Housing Association on April 1. But of uth Housing Association and Lorne Housing announced their intention to merge. And Castle Rock Housing Association hopes to join Edinburgh Housing Association. Itself already part of Place for People Group. Later this year. ‘Is there a discernible trend here? I think there have always been mergers of one kind or another,’ a dynamic sector, ‘says David Orr, Scottish Federation of Housing Associations chief executive. ‘There are all sorts of reasons why there may be more mergers.’

For Camerone and Dunedin, South Edinburgh associations, merger is about economies of scale. ‘Everyone recognises you’re no longer provide the same level of service to the same people in the way you used to,’ says Mr Brown.

That is a position that Port of Leith’s director Mohan Singh recognises. He says his association’s merger with fellow south-based association Canmore will enable Port of Leith to diversify and share the costs of services such as Port of Leith’s youth training scheme and benefits advice service. ‘[Merging] makes it cheaper in terms of overheads and in terms of management,’ says Mr Singh.

Edina interim managing director Sally Blackham says the association joined Places for People to enable it to invest in some of its poorer stock. Joining a bigger group has also given the association access to wider expertise and enabled it to reduce costs, she says.

More than money

Mr Orr agrees that financial issues may lead associations to merge. ‘There are pressures on organisations. There are some hard financial and business decisions that have to be made,’ he adds. ‘I don’t think it’s a short-term financial viability question. I think it’s more about looking to the future and how we can best provide services.’

A sector-wide drive for efficiency means associations are constantly looking at alternative ways of working, says Bryan Hay, chief executive of Fir Special. ‘I think many people are actually looking at it – merging or working in partnership,’ he says. ‘As a sector we are still inefficient – expensive in the things we do.’

There are also external pressures, he says. ‘There’s a stronger and stronger message coming from the executive and some councils that they would like to see fewer agencies.’

Edinburgh Council is one example, says Alan Brown of Camerone. ‘Edinburgh Council has taken distribution of the housing grant and they have made it clear that they don’t want to deal with a plethora of associations.’

While this has caused some associations to set up development partnerships, it could also lead to mergers, he says. Keith Anderson, Edinburgh’s programme director for better homes, says the council is not necessarily pushing mergers. ‘It doesn’t mean that organisations should be forced to merge but it might be a good reason for them to work closer together,’ he says. ‘It is very likely that some will merge in the future.’

It’s a fragmented sector and more sharing of resources to reduce overheads and for the creation of [additional] services is very much the future. ‘The Scottish housing quality standard may also contribute to associations thinking about mergers, Mr Orr suggests. ‘This kind of external pressure may get organisations to look at their business strategy and the best way of attaining the standard.’

Castle Rock director Alister Skene agrees that a factor behind his association’s proposed merger is a concern to meet the standard, keep rent levels and provide extra services for tenants.

Rob Sinclair, director of Redeit Housing Association in Glasgow, says that merging is not an option for his association. ‘I argue that because Glasgow associations tended to develop in a small local community from the community upwards, merging would entail a loss of identity. ‘We have got a very community based emphasis,’ he says. ‘A community is fairly permanent and self-disciplined and you can’t extend it out of that.’

New Gorbals Housing Association deputy director Norman Fitzpatrick agrees. ‘I think you would find that people – even in small organisations – would be defensive and quite negative towards mergers,’ he says. ‘Glasgow associations face an additional challenge because of the planned transfer of homes form Gorbals Housing Association. He says, New Gorbals that hopes to take on around 3,700 GHA homes to add its stock of 1,100. However Mr Fitzpatrick does suggest that there are parallels between merger and expansion. ‘Although it is a stock transfer it also depends on your definition of merger as it is definitely expansion of our stock,’ he says.

Despite a widespread feeling in the sector that mergers are on the increase, the statistical evidence does not yet bear it out. Mary Taylor, future in housing policy and practice at Stirling University and co-author of Scottish RSLs Statistics 2003/04, says: ‘Based on the statistical evidence of the report, there is confusion. There is not much in the way of merger activity. I would have expected more associations working in groups but the data doesn’t allow us to tell that because the definitions very loose.’

So what of the future? ‘It will not be the same across the country,’ says Mr Taylor. ‘While some associations are under pressure to merge, in Glasgow the trend is arguably in the opposite direction due to second stage transfers from GHA. There may nevertheless be associations merging in Glasgow, due to size or performance issues.’ But she warns, with more certainty: ‘The evidence is far from convincing that bigger is necessarily better.’

With several housing association mergers already in motion, Siân Gibson asks whether there’s a future for smaller independent Scottish landlords

There’s a stronger and stronger message coming from the executive and some councils that they would like to see fewer agencies.

A chief concern for associations that merge is that they lose their local identity. Camerone chief executive Alan Brown agrees. ‘It is a worry,’ he says. ‘This is a major concern.’

Camerone and Dunedin are proud of their names. We have all got to swallow quite hard and promote Dunedin or Camerone Housing Association. ‘You have all got to come up with a new culture – a merging of two cultures. But it is all unworkable,’ Port of Leith director Mohan Singh emphasises the fact that by merging with Canmore, an association in the same area, the organisation will not lose its community focus. ‘It makes little sense to merge because we are in the same area. Our geographical area will be no wider,’ Castle Rock managing director Alister Skene says his organisation will lose its identity only ‘over my dead body’, stressing that the name, local offices and board will stay, and the assets will remain in local ownership.

Do merger associations lose their identity?