



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Local Government and Communities Committee

**Wednesday 13 December 2017**

**Session 5**



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**LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**

**31<sup>st</sup> Meeting 2017, Session 5**

**CONVENER**

\*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

**DEPUTY CONVENER**

\*Elaine Smith (Central Scotland) (Lab)

**COMMITTEE MEMBERS**

\*Kenneth Gibson (Cunninghame North) (SNP)

\*Jenny Gilruth (Mid Fife and Glenrothes) (SNP)

\*Graham Simpson (Central Scotland) (Con)

\*Alexander Stewart (Mid Scotland and Fife) (Con)

\*Andy Wightman (Lothian) (Green)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

William Fleming (Scottish Government)

Kevin Stewart (Minister for Local Government and Housing)

**CLERK TO THE COMMITTEE**

Jane Williams

**LOCATION**

The James Clerk Maxwell Room (CR4)



**Scottish Parliament**  
**Local Government and**  
**Communities Committee**

*Wednesday 13 December 2017*

*[The Convener opened the meeting at 09:54]*

**Decision on Taking Business in**  
**Private**

**The Convener (Bob Doris):** Good morning and welcome to the 31st meeting in 2017 of the Local Government and Communities Committee. I remind everyone present to turn off their mobile phones. As meeting papers are provided in digital format, tablets may be used by members during the meeting. No apologies have been received—I am delighted that we have a full house.

Agenda item 1 is a decision by the committee on whether to take in private agenda item 5, which is consideration of its draft report on city region deals. Do we all agree to take that item in private?

**Members** *indicated agreement.*

**Housing (Amendment) (Scotland)**  
**Bill: Stage 1**

09:54

**The Convener:** Under agenda item 2, the committee will take evidence on the Housing (Amendment) (Scotland) Bill at stage 1. I welcome Kevin Stewart, the Minister for Local Government and Housing, and his team from the Scottish Government. William Fleming is the head and Yvonne Gavan is a senior policy officer at the housing services policy unit, and Heike Gading is a solicitor. I thank you all for coming and invite the minister to make some opening comments.

**The Minister for Local Government and Housing (Kevin Stewart):** Good morning and thank you for the opportunity to give evidence on the Housing (Amendment) (Scotland) Bill. When stakeholders gave evidence on 29 November, they expressed broad support for the bill, which I very much welcome.

The bill is a short but essential measure that will amend a number of the powers that the Scottish Housing Regulator can exercise over registered social landlords. It also provides for ministers to limit local authorities' powers over RSLs. It is necessary because of the decision by the Office for National Statistics to classify RSLs as public sector bodies. That decision was taken because the ONS judged that some of the powers that the regulator and local authorities may exercise over RSLs amount to public control of RSLs. If that position was left unchanged, all new net borrowing by RSLs—which previously would have counted as private borrowing—would count against the Scottish Government's borrowing limits.

Therefore, although classification might appear to be just a technical matter, that would have the real and significant consequence of placing a new and permanent burden on the Scottish Government's finances. One result would be that borrowing by RSLs to support our affordable housing programme would no longer count as private borrowing. It would count as Government borrowing—effectively adding £1.5 billion to our £3 billion investment in the programme. That would put our target of building 50,000 new affordable homes at risk.

The purpose of the bill is to avoid that outcome by ensuring that powers that the regulator and local authorities have over RSLs are consistent with RSLs being classified as private sector bodies. For the most part, the bill achieves that by amending the regulator's powers that the ONS identified as constituting public control over RSLs. The bill goes as far as is necessary to secure reclassification but no further.

Although those changes are significant, the bill leaves the regulator with most of its powers intact—a point that several stakeholders noted in their evidence to the committee on 29 November. Those powers include powers to monitor, assess and report on how well social landlords are performing, powers to set standards on the financial health and governance of RSLs, powers to undertake investigations and powers to require compliance with enforcement notices. Those, and the other remaining powers, will allow the regulator to continue safeguarding and promoting the interests of tenants—not least by reassuring private lenders that RSLs remain attractive businesses to lend to.

In that respect, it was good to hear George Walker and Michael Cameron say that the regulator's revised power to appoint a manager to an RSL would have been sufficient to allow the regulator to have made each of the appointments to an RSL that it has made in recent years. It is reassuring that the regulator will continue to have the ability to act in such circumstances. Tenants and lenders will welcome that.

Mr Walker and Mr Cameron recognised that losing the regulator's powers of consent over matters such as disposals and restructuring by RSLs will place a greater onus on RSLs to govern themselves well. It was encouraging, therefore, to hear Sally Thomas and David Bookbinder say that the sector recognises the extra challenge that it will face and that it is ready and able to step up to it.

This small bill is intended to safeguard the Scottish Government's finances and to ensure that we remain able to deliver our affordable housing programme. Stakeholders recognise the need for the bill and, as you have heard, support it. I hope that the committee will also support it and I am happy to answer any questions that you might have.

**The Convener:** Thank you, minister. That was quite a detailed opening statement, which was helpful. We will take a structured approach to questions because the bill is quite technical. There might be some overlap between the questions and some of the content of your statement. We are determined to get as much as possible on the public record.

10:00

**Andy Wightman (Lothian) (Green):** Given that there was no public consultation on the bill, how did the Government consult stakeholders about its content and purpose? In particular, how did the Government consult tenant groups on its potential impact?

**Kevin Stewart:** The policy memorandum explained that the bill's narrow focus meant that a full public consultation on the draft bill would be disproportionate. Instead, my officials worked directly with the bodies representing the groups that would be affected by the bill: tenants, social landlords, the regulator and lenders. As a Government, we have long-standing arrangements for involving tenant groups in the development of policies that might affect them. My officials used those arrangements to consult tenants around the time of the ONS decision on the implications for RSLs and the Scottish Government.

At the first engagement, on 9 August 2016, my officials briefed the chairs and secretaries of the regional networks of registered tenant organisations on what they expected the ONS to say when it announced its decision the following month.

My officials briefed the chairs and secretaries again during further meetings on 15 November 2016, 21 February 2017 and 12 September 2017, outlining the implications of the ONS decision and explaining why a bill was required and what it had to do. Briefing notes were provided to all the chairs and secretaries to send to the individual organisations within their various networks.

Tenant groups understood and accepted the need for the bill. Unsurprisingly, they were concerned that the bill might weaken the regulator's ability to safeguard their interests. Officials explained that very few of the regulator's powers were affected by the bill and that the bill's purpose was just to address the issue of what constitutes public sector control. We explained to them which areas required amendment.

I, too, regularly meet tenant representatives. I am sure that, through the committee's discussion with the groups, it has found—as I have done—that tenants are generally comfortable with the bill as it stands.

**Andy Wightman:** That is helpful. In your opening statement, you outlined that there would be an impact if the reclassification did not take place. Do you have anything to add to that? Basically, the impact would be that extra finance would go on to the Government's books rather than the books of RSLs. Is that correct?

**Kevin Stewart:** That is correct. As I explained in my opening statement, if there was no change, £1.5 billion that currently counts as private sector borrowing would, as per the classification, go on to the Government's books. That would have a major impact on the delivery of our affordable housing programme. Members will be aware that the Government has committed £3 billion to that programme over the course of this parliamentary

session. The bill's purpose is to avoid that impact and ensure that RSLs are private sector bodies, so that we do not have to deal with the circumstances that I have described.

**Andy Wightman:** That is helpful. The regulator was put in place to ensure that there would be some regulatory powers over registered social landlords, in the public interest. How have you sought to balance the regulator's purpose and powers with the need for the reclassification?

**Kevin Stewart:** Mr Wightman used the word "balance". To be truthful, the exercise does not allow much scope for striking a balance.

As I outlined, it is absolutely imperative that RSLs are classified as being in the private sector. The main means of achieving that is by reducing or removing the regulator's powers that the ONS identified as constituting public control. We cannot escape that fact. We are not pretending for a moment that we are not changing regulation; it must be changed if we are to achieve the objective of ensuring that RSLs are classified as private sector organisations.

As I said in my opening remarks, the changes are quite limited and will do no more than is necessary. My officials have had numerous conversations with the ONS and others on the issues. The committee's witnesses on 29 November confirmed that changes that will be made under sections 1 and 2 of the bill are unlikely to significantly impact how, in practice, the regulator appoints managers to an RSL or how it removes, suspends or appoints members to the governing body of an RSL. That is reassuring.

On the other hand, sections 3 to 7 of the bill will have a real impact on how the regulator operates—by removing the powers that the regulator has, at present, to give or withhold consent to an RSL's proposals to dispose of land, restructure itself or change its constitution. In the future, those decisions will be for RSLs and their governing bodies to make, acting on their own judgment and following due diligence. Those changes are necessary because—in the simplest of terms—the regulator's powers, at present, enable it to act as the owner of RSLs. That crosses the line between what the regulator, as a public body, is able to do in respect of bodies that are classified as private bodies, and what is incompatible with that classification. Therefore, we have no choice but to remove those powers and accept that RSLs, as private bodies, will be responsible for their own commercial decisions in the same way as other private bodies are.

I am encouraged by the reaction of the Scottish Federation of Housing Associations and the Glasgow and West of Scotland Forum of Housing Associations. They recognise that the bill

represents a new challenge for RSLs too, but note that the due diligence that they undertake already in preparing business cases for the approval of the regulator and their bankers will stand them in good stead when the regulator no longer has powers of consent over them.

I could go into more detail on all of that if the committee wishes. The main thrust of Mr Wightman's question was on balance, but the exercise does not allow much scope for balance.

**Andy Wightman:** The regulator appears to be broadly content with the bill's provisions. However, there is concern when regulators' powers are reduced, as there might be unforeseen consequences. How does the Scottish Government intend to work with the regulator to monitor the impact of the changes and ensure that some of the intention behind the regulator's purpose is not inadvertently compromised by—as you have said—the necessary changes that the bill makes?

**Kevin Stewart:** First, the regulator is an independent body. It is up to the regulator to monitor the impact of the bill and the effect that it has on tenants and others.

However, the committee will be aware that I regularly meet the regulator's chair, board and chief executive. They are never backward in coming forward and telling me of any difficulties that they face. I am sure that they will draw my attention to any difficulties. I will continue to use the regular meetings that my officials and I have with the regulator to ensure that we continue to liaise on any of the bill's impacts.

**The Convener:** I will just check one thing. The policy intent of the bill is to allow the ONS to reclassify RSLs to the private sector. That is the nub of the thing. Is there on-going discussion with the ONS? Is it content that the bill, as drafted, will allow it to do that?

**Kevin Stewart:** I will bring in Mr Fleming, because he has had the main discussions with the ONS. The ONS is sometimes not particularly forthcoming about the requirements, but I will let Mr Fleming explain in more depth the unofficial conversations that he has had directly with the ONS.

**William Fleming (Scottish Government):** We continue to have pretty extensive conversations with the ONS, partly to understand the rationale for the decision to reclassify RSLs so that we know what we need to do to reverse the decision. When the ONS made the decision, it offered to assist us informally at official level and to take us through the process of what we would need to do. We worked with the ONS and our Department for Communities and Local Government counterparts, who were doing the same things for housing

associations in England but were a year ahead of us in the process. In that sense, we have a very clear idea of what is required.

We have had a measure of comfort from the ONS, but only from the officials with whom we work. They have always clearly stressed to us that the ultimate decision is taken by one of the directors in the organisation on the basis of a formal recommendation by a committee of statisticians. The ONS will make a recommendation only once the bill has been enacted and brought into force. We have a high degree of comfort that we are on the right track, but the ONS will not give us definitive confirmation until the legislation comes into effect.

**The Convener:** I appreciate that the ONS wishes to protect its position until the bill is passed by Parliament. Nevertheless, without being complacent, it sounds as though confidence in compliance is relatively high.

**Kevin Stewart:** We cannot be absolutely certain that the bill is sufficient to provide for that reclassification, although we have a degree of reassurance from the conversations that we have had. That reassurance has been reinforced by the recent decision to reclassify housing associations in England on the basis of measures that are similar to those in the bill. We cannot be absolutely certain, but I am confident that my officials have done all that they possibly can, in liaising with the ONS, to get us to this point.

**The Convener:** I have one final question. Freedom of information was raised at our last evidence session. Is there likely to be a gap between the implementation of the bill and the extension of the Freedom of Information (Scotland) Act 2002 to RSLs? If so, are you concerned that the Environmental Information (Scotland) Regulations 2004—which, I admit, I am not an expert on—may not be applicable to RSLs in that time period?

10:15

**Kevin Stewart:** I, too, am not an expert on the regulations, but I will answer your question as best I can.

The gap that you describe will depend on the progress that we make with the bill, but our aim is to move as quickly as we can to enable the ONS to reclassify RSLs. If we are able to secure royal assent for the bill by next year's summer recess, we expect to complete implementation during September. That will pave the way for the ONS review.

On the basis of our current proposals, we expect the extension of FOI to RSLs to take effect on 1 April 2019. If that is the case, there may be a

gap of six months between the bill coming into force and FOI being extended to RSLs. However, as I said in my opening remarks, the regulator will continue to have an extensive range of statutory powers in regard to RSLs. Therefore, it is not immediately clear that the bill will have the effect on the Environmental Information (Scotland) Regulations 2004—the EIRs—that the Scottish Information Commissioner suggested in the evidence that he gave to you on 29 November.

I note that the commissioner did not commit himself to a formal view on whether the EIRs would cease to apply to RSLs. I am also aware that he wrote to the committee on 8 December, repeating his suggestions for legislation through the bill or in regulations to ensure that the EIRs would continue to apply to RSLs. As he says in his letter, the amendments that he suggests would be technically challenging. My officials and I would be happy to discuss with him the effect that the bill will have on the regulator's powers and the extent of the regulator's continuing powers and to explore, in the light of those factors, whether the bill really will have the effect that the commissioner suggests it will.

I have gone at this in a roundabout way, but it may be, therefore, that there is no gap. However, if the commissioner decided that the EIRs could not apply to RSLs once the bill was in force, we would want to find a proportionate means of dealing with that gap of six months or so. Given the evidence that the SFHA and the Glasgow and West of Scotland Forum of Housing Associations gave the committee on that point, we might discuss with the SFHA and the forum voluntary arrangements under which their members would continue responding to information requests—environmental or otherwise—during any interim period. That might not be ideal but, given the probable length of any gap period, it might be a much more pragmatic way of proceeding.

**The Convener:** That is helpful, minister. It is worth noting that, in his letter to me, the Scottish Information Commissioner says that he does not

“underestimate the technical challenge of amending regulations via primary or secondary legislation”.

It is, therefore, welcome that there will be continuing dialogue between you and him on those matters.

**Kevin Stewart:** We will continue to talk to folk, convener. I return to the commissioner's observation about the technical challenge of legislating on the matter and question whether such legislation, even if it could be drafted, would be a proportionate response to a temporary problem.

**The Convener:** It is good that discussion is on-going, minister. We appreciate that.



We will move to our next line of questioning with a question from Jenny Gilruth.

**Jenny Gilruth (Mid Fife and Glenrothes)**

**(SNP):** On the regulator's power of intervention, sections 1 and 2 propose amendments to narrow the circumstances in which a manager can be appointed and in which the regulator can remove or suspend an officer from an RSL, in order to narrow the reasons for which a manager can be appointed and to introduce a time limit for such appointments. However, UK Finance says that investors who might be contemplating coming into the market in Scotland and who would be more distant from and less familiar with the system might not be able to make the link, as far as regulatory requirements are concerned, which might put them off investing. Do you agree with that?

**Kevin Stewart:** I listened carefully to what UK Finance said at the committee's evidence session. I appreciate that it might have lingering concerns over the effect of section 1 and the definition of "failure" in sections 57 and 58 of the Housing (Scotland) Act 2010. I reassure UK Finance and other individual lenders that "failure" covers any failure by an RSL to meet any regulatory requirement that is imposed by the regulator under the 2010 act or any other act. To that end, I will summarise some of the provisions that are in sections 57 and 58 of the 2010 act, as they will be amended by section 1 of the bill.

Section 57 will provide that the regulator can appoint a manager when an RSL has failed or is failing

"to achieve a standard or an outcome set out in the Scottish Social Housing Charter, ... to meet a performance improvement target, ... to implement"

a

"performance improvement plan"

that has been approved by the regulator or

"to comply with an enforcement notice"

that has been issued by the regulator.

Section 58 is of particular interest to lenders, because it deals with financial affairs. It will provide that the regulator can appoint a manager if an RSL has failed or is failing to comply with a statutory duty that has been imposed on the RSL by the 2010 act or any other act, or with a requirement that has been imposed on the RSL by the regulator under the 2010 act or any other act—for example, by failing to comply with a continuing requirement made by the regulator under the 2010 act.

I hope that the summary that I have just given illustrates the extent of the powers that the regulator will continue to have under those

sections and that they extend to all the regulatory requirements that the regulator can make under the 2010 act and other legislation.

I understand that UK Finance suggested that the explanatory notes might be elaborated on to clarify the position, and I am happy for my officials to discuss with it the clarification that it has in mind.

Convener, I am sorry for having read out most of my comments, but they have been highly technical and I wanted to make sure that the committee had all the right information to hand.

**Alexander Stewart (Mid Scotland and Fife)**

**(Con):** How does the bill seek to ensure that tenants' interests will continue to be protected, given the removal of the regulator's consent powers?

**Kevin Stewart:** I am always mindful of tenants' rights when we deal with all aspects of housing. I have explained to the committee the amount of communication that my officials and I have with the regional tenant networks and other tenant bodies. The powers that the regulator retains will still give a substantial measure of protection to tenants, which I am sure we all want. We will continue to ensure that tenants' views are taken on board in everything that we do.

The regulator's powers of consent offered tenants a substantial measure of protection, but those powers did not operate alone; they were tied to provisions giving RSL tenants rights to be consulted about and, in certain cases, to approve significant proposals by their landlords that could affect them. Those rights gave tenants direct control over matters such as the disposal of assets, restructuring and the like. In removing the regulator's powers of consent, we were clear that we wanted to retain in full all the tenants' rights to be consulted as they are at present, and the bill has been drafted to achieve that objective. In particular, sections 3 and 4 provide for tenants to approve any proposal to dispose of their homes to another RSL and sections 6 and 7 provide for tenants to approve any proposal to restructure an RSL that would lead to a change of landlord for the tenants or to the RSL becoming the subsidiary of another body.

I was encouraged that, in its evidence to the committee, the Glasgow and West of Scotland Forum of Housing Associations confirmed that it is happy with those provisions. In effect, they mean that tenants will continue to enjoy the ultimate protection of being able to veto proposals on disposal of assets and restructuring if they are not persuaded that such proposals are in their interests.

During the passage of the bill, my officials and I will continue to liaise with tenant bodies. I am

aware that only one of the regional networks responded to the committee's call for written evidence, but it was supportive of the bill.

**Alexander Stewart:** Minister, you talk about retaining tenants' rights to be consulted. It is vital that tenants are confident that they still have that process, and the bill's scope and power gives them that confidence. However, do you think that removing the regulator's powers of consent causes any risks or uncertainty?

**Kevin Stewart:** As always, we will listen to what tenants have to say about the matter. I think that many have not responded to the call for evidence because folk see the bill as a technical one. The bill is quite complex, as the committee is well aware. It is technical, but it will have a huge impact, as I have pointed out. When it comes to bills of a technical nature, it is often difficult for folk to get their heads round the implications.

In the future, tenant bodies might feel that there are aspects of the bill that they want to have further discussion about, and we will engage in such discussion as we always have done. I am keen—as, I am sure, the committee is—to ensure that tenants' rights are protected as much as possible. In the evidence that it gave to the committee at its meeting on 29 November, the regulator would have attempted to give the committee the peace of mind that tenants will continue to be at the heart of all this.

**The Convener:** The clerking team has just helpfully reminded me to place on record the fact that we contacted Hugh McClung, the lead contact for regional tenants groups across Scotland, who indicated that they are content with the bill's provisions. I would not have remembered that, so it is good to have it on the record, thanks to my clerking team.

**Kevin Stewart:** Mr McClung is never backward in coming forward if he thinks that something is not right. I am pleased that you have put that information on the record, convener.

10:30

**Graham Simpson (Central Scotland) (Con):** I want to ask a couple of questions about section 8, which proposes that ministers be given regulation-making powers to modify further the functions of the regulator. The Delegated Powers and Law Reform Committee questioned whether the scope of the power in section 8 is drawn too broadly and considered that, in principle, the power could be framed more narrowly, in accordance with the policy objective. It is fair to say that that committee did not have a great deal of come-back on that issue, but UK Finance suggested that there could be a sunset provision under which that power could fall away at the end of this session of

Parliament. What are your thoughts on the Delegated Powers and Law Reform Committee's suggestion that the power has been drawn too broadly, and on the idea of a sunset clause?

**Kevin Stewart:** I have looked very closely at the recommendations of the DPLR Committee, as well as at the evidence that was given by UK Finance about sections 8 and 9 of the bill. This committee is well aware that the power in section 8 is a precautionary power that the Scottish Government would use only if the legislation somehow did not allow the ONS to reclassify RSLs back to the private sector.

The power in section 9 is intended to enable the Government to limit the influence that local authorities can exercise over RSLs to the extent that is necessary to secure reclassification.

Both powers are drawn widely in order to give the Government flexibility in making adjustments to the powers of the regulator and local authorities, respectively. That flexibility might prove to be necessary in securing reclassification, so I would be extremely reluctant to lose it.

I accept, however, that the powers will not be required indefinitely. Therefore, subject to review by the committee—as you know, I am always willing to listen—I propose, in line with the suggestion that was made by UK Finance, that both powers be the subject of sunset clauses that would provide that the powers will lapse three years after the bill receives royal assent. I hope that such provisions will give the committee and UK Finance the assurance that the widely drawn powers in sections 8 and 9 will exist for a limited period only. The provisions should also reassure the committee and UK Finance regarding the use that ministers will make of the powers during the three-year period of their existence.

I am also happy to confirm for the record today that the Government will use the powers only—I repeat, only—for the purpose of securing reclassification, and only to the extent that is necessary for that purpose, in order to ensure that RSLs can continue to operate as they currently do.

I understand that the regulator and the Glasgow and West of Scotland Forum of Housing Associations would support a sunset clause for section 8 and that the SFHA would not object to that. I hope that the proposal and my undertaking will address the concerns that have been expressed by the DPLR Committee and UK Finance.

**Graham Simpson:** As the convener of the DPLR Committee, I can say that I think that that would address our concerns, so that was a useful answer. I was going to ask about section 9, but you have answered that question. Thank you very much.

**The Convener:** I confirm that I have received correspondence from George Walker, who is the chair of the Scottish Housing Regulator, and from the SFHA indicating their sympathy for a sunset clause, so I suspect that the committee will support that direction of travel.

**Elaine Smith (Central Scotland) (Lab):** On section 9, what is your response to Inverclyde Council's concerns that the plans to restrict local authority powers of nomination to a maximum of 24 per cent of the board are "unduly restrictive" and that they would not

"allow for the exercise of local discretion for local circumstances"?

**Kevin Stewart:** I note the interest that Ms Smith took in the issue on 29 November.

The ONS highlighted that the constitutional arrangements that exist between some local authorities and RSLs may be forms of public sector control. The provisions in section 9 are needed to address that possibility. I appreciate the concerns that Inverclyde Council has expressed about the plans that have been put forward to limit local authority membership of RSLs' governing bodies to 24 per cent, but that limit is necessary. To prevent a local authority from blocking any constitutional change in an RSL, a 75 per cent majority of board members is required. Our discussions with the ONS have made it clear that the limit is unavoidable. It is the limit that has been set south of the border, and only when that was set in regulation was the ONS able to reclassify housing associations there.

In those circumstances, I cannot reconsider the limit. As other stakeholders have pointed out in their evidence, the provisions affect a very small number of local authorities and will still allow for an authority to have significant minority representation on RSL boards or governing bodies. It is also worth noting that other stock-transfer local authorities did not raise the issue, and that both the Convention of Scottish Local Authorities and the Association of Local Authority Chief Housing Officers are content with section 9.

I agree with the evidence that the SFHA and the Glasgow and West of Scotland Forum of Housing Associations gave that a reduction in local authority nominations to an RSL board should not have any impact on local arrangements for addressing homelessness duties. What matters in that regard is having strong and effective working partnerships at operational level between local authorities and RSLs. The committee can be assured that I will continue to monitor whether strong and effective working relationships exist in Inverclyde and elsewhere.

I am sure that, as we move forward and look at the recommendations of the homelessness and

rough sleeping action group, working relationships are likely to be a feature in its work. I assure the committee that I will continue to monitor to ensure that the working relationships for homelessness obligations are right. I am sure that the action group will look at that in depth.

I have no doubt that the committee will continue to keep an eye on the situation, so that we move forward to get tackling homelessness right with every local authority, with the co-operation of RSLs.

**Elaine Smith:** Even if only one authority has raised the matter but others have not, it is helpful to have your response on the record. Given the technical nature of the bill, you have made it clear that there is no room for manoeuvre with regard to the percentage.

**Kevin Stewart:** I completely agree with Elaine Smith. It is right to scrutinise on behalf of folks who feel that the provision is not the right way forward. However, as I have pointed out, it is the only way to deal with the issue, given what happened with the legislation and reclassification south of the border. If we were to attempt to do anything else, we would have major difficulties in gaining the reclassification that is required.

**Elaine Smith:** It is helpful to have that on the record. May I ask one more question?

**The Convener:** Yes, you may.

**Elaine Smith:** This question is slightly wider. The minister has carefully read the questioning and evidence that the committee previously undertook. I raised a point about governance and questioned David Bookbinder, as he had mentioned in his submission

"potentially disruptive individuals or groups having undue influence or control over an association's affairs."

That could have been interpreted quite widely. Is the minister confident that there will be good governance and diversity, going forward?

**Kevin Stewart:** RSLs in Scotland generally have good governance arrangements. I assure the committee that we will continue to monitor what goes on—as, I am sure, the committee will. The regulator has a major role to play and will continue to liaise with RSLs. If members of the committee or other members have examples in which they feel that governance is not the best, I want, and would be grateful, to know about them.

**The Convener:** Members have no more questions, so I thank the minister for his time and that of his team this morning. If there are any other matters that you want to put in the record now or by writing to us, feel free to do that.

**Kevin Stewart:** I am happy that all that is required is on the record, convener. I am grateful

for the committee's indulgence, as I had to read a number of bits. The bill is quite technical and I wanted to make sure that we had every aspect spot on.

**The Convener:** I thank the minister and his team.

10:43

*Meeting continued in private until 12:43.*

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