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Social Justice, Housing and Local Government Committee

Comataidh a’ Cheartais Shòisealta, Taigheadas agus Riaghaltas Ionadail

Wednesday 11 November 2026

Session 7

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SOCIAL JUSTICE, HOUSING AND LOCAL GOVERNMENT COMMITTEE
8th Meeting 2026, Session 7

CONVENER

*Craig Hoy (Dumfriesshire) (Con)

COMMITTEE MEMBERS

Steven Bonnar (Uddingston and Bellshill) (SNP)
*Gary Bouse (Falkirk West) (SNP)
*Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP)
*Mark Griffin (Central Scot and Lothians West) (Lab)
*Morven-May MacCallum (Highlands and Islands) (LD)
Julie MacDougall (Mid Scotland and Fife) (Reform)

*attended

THE FOLLOWING ALSO PARTICIPATED:

John Blackwood (Scottish Association of Landlords)
Paul Bradley (Scottish Federation of Housing Associations)
Tony Cain (Association of Local Authority Chief Housing Officers)
Anna Gardiner (Scottish Land & Estates)
Maeve McGoldrick (Crisis)
Kate Polson (Rock Trust)
David Raine (Homes for Scotland)
Emma Saunders (Living Rent)
David Smith (West Scotland) (Reform) (Committee Substitute)

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Social Justice, Housing and Local Government Committee

Wednesday 11 November 2026

[The Convener opened the meeting at 09:30]

Interests

The Convener (Craig Hoy): Good morning, and welcome to the eighth meeting of the Social Justice, Housing and Local Government Committee in 2026, in session 7 of the Scottish Parliament.

We have received apologies from Steven Bonnar and Julie MacDougall and I welcome David Smith, who is attending as Julie's substitute.

Agenda item 1 was intended to be the selection of a deputy convener. Before David panics, I will say that we were due to invite Julie MacDougall to replace Thomas Kerr as deputy convener. Because Julie is unfortunately absent today, we should defer that item of business until next week's meeting. Do we agree to defer that until next week?

Members *indicated agreement.*

The Convener: Before we move to agenda item 2, I invite Mr Smith, as Julie's substitute, to declare any relevant interests.

David Smith (West Scotland) (Reform): I have no relevant interests to declare.

Housing

09:31

The Convener: I welcome our witnesses for the first of two round-table discussions with housing stakeholders as part of the broader series of evidence-gathering sessions that we are undertaking. Today's session will focus on housing and we will split that in two. We will focus primarily on housing supply issues with the first panel, and I welcome Paul Bradley, director of external affairs at the Scottish Federation of Housing Associations and Tony Cain, policy manager at the Association of Local Authority Chief Housing Officers—I will not try to pronounce the acronym. I also welcome Anna Gardiner, senior policy adviser for business and property with Scottish Land & Estates, and David Raine, head of policy at Homes for Scotland.

We are not having any introductory or opening statements, so I will begin with a broad scene-setting question, beginning with Mr Bradley and going round the table in order.

The Scottish Government declared a housing emergency in 2024, but some of the key metrics seem to have gone in the wrong direction since then. If there was one thing that the Scottish Government could do or one policy change that it could make to increase housing supply, what would you want that to be?

Paul Bradley (Scottish Federation of Housing Associations): Thank you for inviting us along to give evidence today.

As you said, we are now moving into our third year of a housing emergency. There was a housing crisis when I was in the sector 10 years ago, and things have deteriorated significantly since 2015-16. We see a significant number of people in temporary accommodation, with that number more than double what it was 10 years ago and 10,000 of them being children.

For the Scottish Federation of Housing Associations, the single most important element of ensuring the delivery of safe, warm and affordable homes for everyone in Scotland would be multiyear investment in the affordable housing supply programme. The capital funding that has been committed by the Scottish Government should be protected and should increase in real terms to ensure that it tracks construction costs, which are rising rapidly. We do not want to see a repeat of any cut to that capital budget, because that spooks investors, such as housing associations, that are looking to pair public grant with private finance to deliver affordable homes.

The affordable housing supply programme, and the multiyear capital funding that has already been

committed to that, is not, in itself, enough to meet the housing need that we in SFHA, the Chartered Institute of Housing Scotland and Shelter Scotland have assessed. At the moment, we deliver between 6,000 and 7,000 completions of affordable homes each year, but that figure should be sitting at just over 15,000, so we need a clear plan for how that figure will be increased during this session of Parliament. We must not see any reduction in what has already been put on the table.

The Convener: You mentioned spooking the investor market. When the budget suddenly rises, or is cut, what effect does that have on housing associations and others who are involved in the delivery of social housing? What does that do to your operations and to the practicalities of actually discharging your functions?

Paul Bradley: You will know from your engagement with other sectors that, although there is always a need and an ask for more investment to deliver things such as homes or other services across Scotland, one of the key determinants of housing associations' being able to deliver to the appropriate levels and ready to deliver what is asked of them is funding certainty and the ability to plan over a very long period, such as 30 years. There is a need to have long-term planning in place that enables housing associations to think about how they can invest in new build. If funding is taken away, that has a significant impact on housing associations' ability to plan.

Beyond funding for the supply of new homes, the second-most important issue for SFHA members is connected to existing homes. Those two things should not be part of separate conversations. The funding that goes into a housing association goes onto the same balance sheet, where it looks at investing in the maintenance of existing stock or whether to develop new homes. We need to move to a place where that conversation is happening in a coherent way and where there is an understanding of the impact of different standards and requirements on housing associations when it comes to maintaining their stock, rather than those being treated as separate conversations. As long as we continue to treat them that way, there will remain a lack of understanding about how housing associations actually decide about investing in existing stock or supply.

The Convener: Mr Cain, what is the local authority perspective?

Tony Cain (Association of Local Authority Chief Housing Officers): I would not disagree with any of that. I would have said to start with that, if you are looking for a silver bullet, you are not going to find it. There is no single policy change that will fix the structural problems that exist in our housing system at the moment. It is just too complicated for that.

If you want one suggestion, I would suggest that the affordable housing supply programme be devolved to local authorities in the same way as it was in Edinburgh and Glasgow using the transfer of management of development funding—TMDF—model. Councils would then have control over that programme and could manage it locally to ensure that it is delivered against local targets and local priorities. At the minute, the process between councils and the more homes team is complicated and is getting more complicated. The judgments that are being made centrally are inconsistent and sometimes difficult to understand, although, to be fair, we have not seen any published figures since March 2024, so we do not really know what is going on in the programme, other than the numbers that are coming out of the door at the end of it.

My starter for 10 would be to understand that this is more complicated than just a question of supply, and supply is more complicated than just new build. If you look at movement within the stock, you see that the number of homes that are becoming available to let or move into has declined in every sector over the past 10 years. In the social housing sector, we have 8,000 fewer lets last year than we did in 2019. That is hugely problematic.

Another observation is about the budget. I note that the Scottish Parliament information centre briefing confirms that this year's allocation to the programme is higher than it has been in real terms in the previous three years, but it is a third lower than it was four years ago. That is important. That is a return to the seesaw approach to the allocation of capital funding, but long-term certainty is absolutely critical.

The Convener: What is the obstacle to the devolution of power to councils that you suggest?

Tony Cain: The Scottish Government controls the budget, and it would need to make the decision to devolve it. Doing so would allow local authorities to make decisions about what is the appropriate local balance between buying second-hand and building in order to manage the programme in the right way. We are not even clear about whether what is being built is consistent with the Scottish Government's assessment of housing needs through the strategic housing investment framework. A conversation with Government is needed.

The Convener: Mr Raine, what is the Homes for Scotland perspective?

David Raine (Homes for Scotland): Thank you for having Homes for Scotland, Scotland's all-tenure trade association of home builders, here today.

I echo the point that Tony Cain just made that there is no single barrier to tackling Scotland's housing supply problem. The two barriers that we identified in the paper that we submitted to the committee focus on land supply and the viability of delivering homes. Having deliverable, viable land is a key requirement, but you have to make sure that that viability carries through to the construction.

With regard to land supply, 20 out of the 34 local development plans are out of date and only three proposed LDPs on the table. With regard to viability, it can be assessed before a planning application is made, and a builder will continually assess the viability of a development, particularly given that planning permission takes upwards of a year to obtain. To get in and out of a site takes about four years, and things change over the course of that period.

There are external factors, such as the situations in Ukraine and Iran, but there are also factors that the Scottish Government has control of, such as the increase in the cost of building that it has brought about through additional regulation. We know from surveys that our home builders have responded to that they estimate that the additional cost of the regulation that has been proposed and implemented since 2021 amounts to some £37,000 per home. That is adding to the viability issues. The marginal sites—the ones with low-value properties or starter homes that first-time buyers might look at—are the ones that are likely to get squeezed out of the delivery programme, with the result that diversity in the market is lost, along with broader options for consumers. The loss of those additional affordable homes also results in the loss of the jobs that would be gained through the building of those new homes.

We should reflect on what the prize is and what could be achieved if the Government was able to start to make progress on its ambition to grow completions across all tenures by 10 per cent year on year. Homes for Scotland has estimated that, if we used as a baseline the 2024 figure of 20,000 completions, we could provide 6,600 additional homes, 1,200 of which would be affordable homes, an extra £1 billion in gross value added for the economy and 22,000 jobs for local communities. If we increase supply and the Government is able to meet its all-tenure targets, the prize will be benefits in terms of the social impacts of the homes that are built and the economic impact.

Anna Gardiner (Scottish Land & Estates): I totally agree that there is not one single policy change—

The Convener: As politicians, we wield a magic wand.

Anna Gardiner: —but the two changes that I would suggest are interlinked. We need to address the root cause of the delay that adds cost. Obviously, I come at the issue from a rural perspective. With small rural developments, the root cause of delay lies in the delivery system. We always talk about planning, which is very topical, but what about the funding and procurement processes? They need more attention.

There was a very good illustration of that in the press in recent days. Makar is a house builder that is based outside Inverness. A project that it recently did on Lismore provides a scary illustration of the issue. It took 598 days to progress that two-home project from the appraisal, design and planning stage through costing, tendering and funding to contract sign-off. The building process took only 32 days; 95 per cent of the time was taken up by the pre-construction and approval process.

Given that Scottish Government figures show that tender prices increased by 28.4 per cent between quarter 4 of 2019 and quarter 1 of 2025, for Makar's Lismore project, that period of 598 days will have involved a cost increase of almost 10 per cent. I do not have the exact figures for the cost of that project, but it is a fact that the delivery process, not the construction process, is where cost is being added. That needs to be addressed.

The support of organisations such as the Communities Housing Trust is key in assisting with such projects, but, as anyone with their finger on the pulse of that organisation will know, its funding from the Scottish Government and the Nationwide Foundation is coming to an end. That means that the key player that has supported so many small rural developments to get out of the ground will not be there.

We need to look at what facilitates small rural developments and create a delivery system that allows them to progress in such a way that their costs are not amplified by sluggish processes.

The Convener: As I recall, you made a compelling case to the Finance and Public Administration Committee for a rural exemption from the building safety levy. We often talk about rural proofing. Would you like there to be a model that recognised the distinct nature of rural development?

Anna Gardiner: Rural areas need to be valued for being different. The impact of 20 homes—indeed, even the impact of one home—is

significantly greater in a rural location. There is a very strong relationship between housing and the rural economy.

09:45

That is not to say that there is not a relationship between housing and urban economies but, in a rural area, without housing, there is no option for an employee—there is no housing for them to live in. There is an ongoing crisis around the recruitment and retention of employees, which is simply down to housing.

The rural factor has to be considered differently. I think that the urban rural classification needs to be reworked. I find it quite extraordinary that Blindwells in East Lothian is classified as "accessible rural"—

The Convener: And Gilmerton as well, I think.

Anna Gardiner: And it was treated differently from Dingwall, which is considered to be more "urban". That illustrates just how out of kilter the classification is with reality. That anomaly was identified by the Scottish Government way back in 2021. The Government has acknowledged that there is a problem with the system, but it has not done anything about fixing it.

When it came to the building safety levy, we looked at all sorts of ways that rural house building could be protected by redefining it. However, ultimately, because of the shortcomings of the urban rural classification, it was just constantly hitting a brick wall. It was mostly resolved by the number of units factor.

The Convener: Before I bring in Mark Griffin, Gary Bouse has a question.

Gary Bouse (Falkirk West) (SNP): Yes, I have a question for Paul Bradley. I make a declaration of interest, as I am still a sitting councillor at Falkirk. In the past four years, I have been the housing convener there, as well. That gives you a bit of my background. I am quite aware of how the financial model is for councils, which Tony Cain spoke about. Paul, you talked about investors in housing associations and things like that. Can you tell us what the financial model is for housing associations? I know that it is quite different from the financial model for councils.

Paul Bradley: Yes, absolutely. I can give you a brief overview. The ability of housing associations to build new homes as part of the affordable housing supply programme is based on a blend of finance from grant finance, or what we would call investment, from the Scottish Government, and private finance that housing associations borrow. That is based on the rents that they can bring in over a 30-year period. You can see why, in that case, there is a real need to have that long-term planning and that understanding of what funding will be available to support investment. That is why there is a real connection between how the Scottish Government approaches grant funding for new build for housing associations and the affordability of rent. Those two things sit side by side and should be part of our conversation. It is about not just affordability of rent, but all the costs that come into building a new home.

We have seen from the SPICe briefing that there has been an increase in grant coverage for building a new home, but we have also seen that, over the past four years, the cost of developing a new home has gone up by some 20 to 25 per cent. When you get on to the rural aspect, there is clearly a rural premium there as well. The average cost for building a housing association home in an urban area is now around £200,000. In a rural area, that cost is around £300,000.

In terms of the Scottish Government's benchmark process, we commissioned some research from the Fraser of Allander Institute to look at the affordable housing supply programme, in partnership with ALACHO. The Fraser of Allander review showed that 57 per cent of applications for developing a new home for the affordable housing supply programme came in above the Scottish Government's benchmark, which I think shows that the benchmark prices in the cost of building a new home far lower than it is in reality.

Of course, the Scottish Government can go beyond that benchmark and fund beyond that and it does, because 57 per cent of applications go beyond it. However, that means that the affordable housing supply programme is currently both set up and forecast in a way where it is assessing the cost of building a new home based on what the cost was a few years ago, which is just not the case now.

So, housing associations are not just balancing the new build aspect but are thinking about keeping rents affordable and the impact that potential new standards will have on not only that but the delivery of services. For well over a decade, organisations such as housing associations have been increasingly doing more in the space of what we would probably previously have called public service delivery or statutory services. There is opportunity in public service reform around that, but there is also a real concern among our members that further costs will be shifted on to housing associations, which will be left to pick up the bill as there is a tightening of public spending on other vital services. As you can imagine, someone who is a finance director in a housing association is not just thinking about the cost of a new build; they are thinking about how all

of those aspects connect and how they can plan ahead and deliver against all of those issues.

Gary Bouse: That is close to how councils finance things. You do not have to answer this point, but I understand that the amount of grant is actually better for housing associations in percentage terms than it is for councils.

Tony Cain, what difference would you see if you had the same level of grant?

Tony Cain: That would be significantly better. We are talking about 65 per cent of the investment in a new registered social landlord home coming from the Scottish Government as opposed to 45 per cent from a council. There is no question but that that has an implication for rents. It is likely that, next April, we will be looking at the third year in a row of social housing rent and council house rent increasing at more than twice the rate of inflation. Over the past 20 years, rent increases in council housing have been largely driven by the investment agenda, by the building of new supply and by the requirement to invest in the existing stock. The new supply side means that existing tenants are paying for most of the cost of a new house for somebody else, which is very generous of them, but that is not necessarily the right way to do that and it is not necessarily fair. So, a substantial increase in grant levels for councils would result in greater capacity on the local authority side.

We are now the larger half of the delivery process for social housing in Scotland—I think that, last year, we just tipped over to producing more than half of the social rented homes that are being built. That is largely because councils have managed to sustain a relatively low level of construction while housing associations have genuinely struggled. It is the affordability balance that is driving that struggle. They are making judgments about what is important: raising rents or delivering more houses. Not unreasonably, many of them are saying that their primary duty is to their existing tenants and they will not put up rents in order to build more houses. That is beginning to be a calculation that some councils are starting to make as well.

Gary Bouse: I can see the challenge in increasing the percentage of the resource planning assumption that is borne by yourselves. Rents would have to rise significantly to match it. However, would I be right in thinking that, if you increased that to match the rent that is charged by housing associations, you could use current finance to build more houses?

Tony Cain: Yes. Strangely, if you look at the published figures, you will see that councils deliver homes at quite a bit less of a cost than housing associations can—I have not had a chance to unpick that. They also deliver them at substantially less of a cost than does the mid-market rent programme, which, according to the most recent published figures, is being funded at a higher rate than the council social rent programme. We are talking about a mid-market rent property costing £238,000 to build against a council house costing £194,000 to build.

There are anomalies in the programme that need to be picked out but the bottom line is, if you want more houses at affordable rents, greater investment from the Scottish Government is required and less burden should be placed on existing tenants.

Gary Bouse: I will stop there and allow others to come in. I might come back in later.

Mark Griffin (Central Scotland and Lothians West) (Lab): Before I move on to the issue of cost, I want to pick up on an area that David Raine covered. Last September, the Scottish Government made a statement to Parliament on its response to the housing emergency. A big part of that concerned the 10 per cent increase in all-tenure supply, and the three-year target. When David mentioned it, I was reminded of the fact that I have not heard anything about it since then. Have there been any discussions between Homes for Scotland or any of the other bodies around the table about that target of a 10 per cent increase and how the Government intends to meet that, since it has failed to do so in the first year?

David Raine: The statistics published in the most recent release in September provide a response to the progress against the 10 per cent year-on-year target. Inevitably, with all sector completions falling by 11 per cent, we are going in the opposite direction to the target. Had we been making progress towards the target and having a further 10 per cent of completions, we estimate that 4,000 more homes would have been built in the past year. The Government has reported on that, and, late last year, we engaged with the then Cabinet Secretary for Housing on measures that we think could be introduced to support quick wins, to start delivering more homes and to unlock homes that are not being delivered so as to add diversity to the market offer and to have the multiplier effect of building more affordable homes that goes with that. There was some engagement on that, and we would like to have more fluid and greater opportunities to bring our commercial expertise and that of our members into discussions about what can be done to unlock additional supply or different types of housing in different markets in order to open up new routes to build different types of homes rather than cannibalising what we are currently doing.

Mark Griffin: Has anyone else around the table had discussions with the Government on the 10 per cent target?

Paul Bradley: Just on the affordable housing supply programme, which is the area that we focus on most. As I said, the latest research that we commissioned with ALACHO, in partnership with the Fraser of Allander Institute, highlighted that, on the current trajectory and trends, the 110,000 affordable homes that the Scottish Government has committed to deliver by 2032 will not be delivered until 2036 and that there will be a shortfall by the target date of around 35,000 homes. That projection is based on current trends and the funding in the system.

To go back to the point that people made at the start of the evidence session—I do not want to be the odd one out—I will say that there is not one answer to all this. The FAI report really highlighted the fact that the issue is not just funding. The funding point that I made earlier is crucial, and there is no getting away from that, but the report also highlights the flatlining construction sector and the fact that there is a real lack of capacity in the system. We need a whole-system approach that covers the skills system and what we are doing to enhance our economic growth and development in Scotland as well as working with housing associations on how they manage all those challenges.

Mark Griffin: I move on to the costs of supply. Are the witnesses able to give an indication of the increased costs? What are the percentage drivers on construction industry inflation versus regulation costs? David Raine, you gave a figure of £37,000 per home as a result of regulation. I am interested in the balance between construction costs and costs that are driven entirely by regulation, which are costs that we could perhaps sensibly look at in the round, if we are going to treat housing supply as an emergency issue.

David Raine: On the costs coming through the system, either during or immediately after the Iran war, our members were variously served with surcharge notices, in excess of 10 per cent and upwards of 20 per cent, on all things involving plastics, haulage and fuel, and, of course, there was the additional cost of materials.

With regard to the things under the control of the Scottish Government, the cost of new regulation is causing major concern for our members. On the impact of the £37,000 cost of regulation, we believe it is encroaching on viability and will reduce the number of homes that are delivered. It will affect supply of starter homes for first-time buyers, and homes in marginal or low-value areas are less likely to be built. Further regulation is to come in the form of a Scottish equivalent to the Passivhaus standard. Together with my colleagues in SFHA, Homes for Scotland has written to the cabinet secretary to ask that no further change is made during this parliamentary term and to say that, overall, we think that there should be a handbrake put on new regulation in this parliamentary term. The UK Government has just announced in its budget that, for the English system, there will be no further building standards regulation.

There are other actions that need to be taken to improve viability. A viability waiver scheme for infrastructure costs could be funded through additional receipts from the land and buildings transaction tax: the more homes we unlock, the greater the amount of LBTT goes to the Exchequer, which could fund a waiver scheme.

10:00

As for more homes Scotland, a viability unit needs to be established immediately to understand some of the issues that concern our members—whether they are RSLs or small and medium-sized enterprises, which are on the front line when it comes to viability issues. Our volume builders can bring their commercial expertise into that viability unit to help people at the heart of Government to understand the issues and take that understanding into the new agency.

That will mean that, in the long term, the all-tenure approach taken by more homes Scotland will have a fundamental understanding of the viability issues and where costs come into play and the agency can identify what actions the Government can take so as not to introduce new regulation where it can see that there are sensitivities in the market.

The wider housing market is currently very soft. There are issues. As you will see in the press, many home builders are either looking to reduce their workforce or considering price reductions. The prospect of further regulation in this parliamentary session amounting to tens of thousands of pounds per home gives the sector real uncertainty. Builders need certainty that there will not be further additional costs over the course of the session, so that they can focus on unlocking more supply and delivering more homes—including affordable homes—and the jobs that go with that.

Tony Cain: Certainty is a key issue. It is clear that costs are rising. I will defer to more technically qualified individuals on the numbers, but I have no reason to dispute the additional £37,000 going on to the cost of a house. We know that building social rented homes in rural areas and islands can cost £300,000 or £350,000 a house. In this city, £200,000 or £250,000 is pretty much standard. The costs have gone up, driven in part by

standards. It would be helpful if we had a pause on adopting those standards, for the time being at least.

More important than that is to have a proper conversation about what higher standards mean when they are introduced. In the past, back in 2015 and 2020, we had detailed conversations with colleagues in the Scottish Government about changes to standards, the impact of those changes on costs and their likely implications for grant rates. We have not had that sort of conversation since 2020 or 2021, and the Government has made changes to the grant rates without talking to those in the sector at all.

It might be an idea to reopen those conversations and to be properly transparent about how we understand the costs of additional standards and what that means for the sector's capacity to deliver. If the Scottish Government wants higher standards—and I am not arguing against that—it is a matter of understanding the implications of that and how to manage those implications to achieve our broader housing objectives.

Paul Bradley: I would agree with that. At SFHA, we are fully supportive of warm, energy-efficient homes in considering how we can make improvements across existing stock and new build. That is at the core of what we at SFHA and our members believe.

We probably need to start having a conversation about what is good enough, rather than aiming for the gold standard. I am thinking, in particular, about Passivhaus, on which there was a consultation recently. A number of our members are building to Passivhaus standards, so it is not that we are fully against that type of model; we are just saying that we should be realistic about delivery and about the huge challenges that we face as a country, and not just in the supply and building of new homes. Addressing child poverty is a key priority for the Scottish Government. The Joseph Rowntree Foundation recently said that poverty levels are lower in Scotland compared with the UK as a whole, predominantly because of low social rent.

You can see how all of that connects together. My question to the committee would be whether there are conversations taking place on those priorities and how they all stitch together. We are very much of the view that now is not the right time to introduce Passivhaus standards. That is pragmatic, given the current situation.

Mark Griffin: I have a final brief question for Paul Bradley on those increasing costs for your members. Are there any issues with regulation of the sector when it comes to building a property for which the costs far exceed the actual value on your asset book? Are you reaching a point where financial regulators will say, "No, you're not allowed to build that", or is that not an issue for your members?

Paul Bradley: I would need to come back to the committee with a bit more information on that. What I do know is that the changing and increasing standards, as well as things such as varying needs, will have an impact on housing associations and on the costs of delivering homes that fit those standards.

Kate Campbell (Edinburgh Eastern, Musselburgh and Tranent) (SNP): It is a really difficult balancing act, and there are no easy answers. One thing that we should be really clear about is that energy efficiency standards are much higher for social housing than they are for the private sector. The standards are quite different, and there has already been quite a lot of divergence, so there are slightly different conversations on the two sides of this table.

David Raine, I understand your members talking about the additional £37,000 cost due to the increase in regulation, but there are also huge increases in energy costs. It is not just about the impact of climate change, but about the impact for the people living in those homes and their long-term energy costs, because retrofit for homes is coming in at £50,000 or £60,000. I am interested in hearing what research or consideration your organisation has undertaken on the long-term value for your members' customers.

David Raine: The research through which we estimated the costs of delivering a new home since 2021 was based on a survey of members. Those who responded to the survey provided data on a range of costs, such as technology changes, electric vehicle charging points, the move to air-source heat pumps, fabric changes and the building safety levy. The quantum of responses that we got were from builders who built more than half of the homes that were sold in 2025, which represents more than half of the private market. That is the data that we have about the number of homes that they built. We do not have the data on the number of social homes that they built, although of course they do build them.

In relation to the performance of existing standards, it is being proposed that the Scottish Government Passivhaus standards will apply across all tenures, so they will apply to our members who are delivering RSL homes, to RSLs themselves, to SMEs and to private volume builders as well. Our current standards have reduced carbon emissions by 80 per cent compared with those for a 1990 build. That is in excess of the Scottish Government's 75 per cent

reduction in carbon emissions target. That target has been removed.

With regard to thermal comfort, warmth and the lower bills that the home buyer currently gets from a new-build home, whether they are an RSL tenant, a local authority tenant or a private buyer, those bills are about half the cost of the bills for houses in existing stock, and your point about retrofit is right. In addition, 98 per cent of energy performance certificates for new-build homes are rated B or above, so there are real wins for the consumer in the homes that are being built right now.

Our question would be whether the additional investment—which goes on to mortgages or rents, as colleagues from the social sector have said—is worth the reductions in carbon emissions. The homes are already warmer and more comfortable. To reference Paul Bradley's point, do we need a gold standard? Do we need to accept that these are warm, comfortable, energy-saving, reduced-cost homes, or do we need to go further?

With regard to the differential between social and affordable stock and private stock, those building standards are set nationally under section 6 of the Scottish building standards. Some local authorities want to go higher and get to a gold standard of additional requirements for building standards, but, broadly, building standards are set nationally by the Scottish Government.

Kate Campbell: I think that building standards are set in that way, but there are additional energy efficiency standards for social housing, which sit on top of that. Is that correct?

Paul Bradley: The social housing net zero standard is a really good example of where we understand and expect that standard to come in, and housing associations have been ready and preparing for what that might look like. That is why we are a bit surprised about plans for additional Passivhaus standards at the same time.

Others may be better able to confirm this, because it happened before I took on my role: I believe that the social housing net zero standard was consulted on in 2024, but housing associations are still waiting to understand what that standard will look like and what it will mean for them. Our members want to invest in their existing stock and to build new homes, but, if they are waiting to find out what the standard will be, that limits what they can do and how they can plan. That should not be happening; we should be moving faster and should be making it simpler for housing associations to build.

That, combined with the cut to the affordable housing supply programme a couple of years ago—which has now been reversed—has had a significant impact on housing associations' appetite to develop. I know that from my conversations with their members and chief executive officers. The issue is not necessarily always about funding or costs but about knowing what lies ahead for housing associations. It feels to me that looking at how those things fit together and having suitable timelines for delivery will be really important.

Kate Campbell: We had that conversation on the other committee that I sit on, which is the Economy, Tourism and Energy Committee, and I think those standards should be agreed by spring next year. I understand your point.

Tony, I am going to jump back to something that you said in your opening remarks and which I found quite surprising because I had not heard it before. Please expand on your suggestion that all councils should be given the powers that Edinburgh and Glasgow have under the TMDF to control housing supply. Has that conversation been had within the Convention of Scottish Local Authorities, and have you had a conversation about it with the Scottish Government?

To give some context, I was previously a councillor and was the housing convener in Edinburgh, where we discussed whether we should leave the TMDF and go into the pot with the other councils. I would be interested to understand how the conversation has developed and what the broad consensus is.

Tony Cain: I want to respond to two things, but will begin with that one.

Political leadership in local government comes from COSLA, and we have had that conversation with COSLA officers. It is our shared view that the devolution of the affordable housing supply programme to councils, on the TMDF model, would improve how that programme is managed. That has been the view for some time and was the position that COSLA published ahead of this year's election. That is where we are.

Kate Campbell: Have you had conversations with the Scottish Government?

Tony Cain: Yes—with Government officials. They are aware of our position and of COSLA's, which has been fairly widely stated.

Kate Campbell: Is that an ongoing conversation? Would you like this committee to take that up?

Tony Cain: That is a matter for the committee. I talk to officials when I get the chance, and I say what I need to say, but I do not talk to them all the time. For example, we are not, at the moment, heavily engaged in the conversation about where housing fits into public service reform or local

government reorganisation, so we are looking forward to the opportunity to get into that and we will raise the subject there. Those are complicated conversations and I am being careful not to appear to criticise anyone. There is a lot going on and we talk about a lot of stuff.

To go back to the Scottish social housing net zero standard, there has been a delay in finalising that. Work has restarted, but the delay has been problematic across the sector. For the past couple of years, councils have focused on what they hope are no-regrets investments, ahead of that standard coming in, but it has been difficult to be absolutely certain.

If you will allow me to make another point, having a net zero standard is important, but carbon is not the principal issue in the social housing sector. We know that 60 per cent of social housing tenants are in fuel poverty and that half of them are in extreme fuel poverty. It is a sector where people chronically underheat their homes, which are the most energy efficient in the stock.

The problem is that our challenge comes from fuel poverty, not carbon. Carbon emissions from social housing are in the roundings of Scotland's annual emissions calculations; the figure goes up and down a little every year, and that little bit is probably equivalent to what is coming out of social housing. I am not saying that that is not important, but I am saying that our challenge is fuel poverty. One of the issues with switching to zero-emissions heating systems such as heat pumps is that, given the current structure of energy pricing, that can actually drive fuel poverty.

10:15

Kate Campbell: I have another question, which involves changing tack slightly. Anna Gardiner, in your submission you describe your concerns about private landlords leaving the private rented sector. I am curious about whether you have done any work on what happens to homes when landlords leave the sector, because that feels like an important part of the conversation.

Anna Gardiner: In most rural areas, there is no economic case for investing in private rented property—the economics do not stack up. It is not like investing in buy-to-let properties in the middle of Edinburgh, where you get a steady income stream and the yield is good. Typically, if someone stops renting in a rural area and the landlord sells the property, it is sold out of the private rented sector, and it is not people who need to rent who buy it, because they cannot afford to do that. We are losing properties that way. Landlords sometimes move into holiday letting and second homes, too. The worst scenario is a property sitting empty.

The holiday letting side of things has to be taken in context. If a farm or estate is doing that, it is because they have a surplus house and need to earn an income from it or sell it. It would not be fair to chastise someone for doing a holiday let when they are just trying to keep the roof on the property and letting it out as a private residential tenancy is not an option.

Kate Campbell: If someone is saying that they have an empty property, and we think that holiday lets are not beneficial to the local community, the right thing to do is to regulate to keep homes in use as homes. That should be the policy priority.

Anna Gardiner: You need to understand why a property is empty, though. Is it empty because it is needed for succession planning—for example, for a shepherd who is retiring in two or three years' time? That shepherd will stay on in the house that they are living in, but you will then need a house for someone else. If a tenant leaves and you know that you will need a property for the next shepherd, you will hold the property. You cannot let it out, because there would be no security of tenure. You would have to evict someone, but needing a property for an employee is not a ground for eviction. A property can sit empty for quite a number of years because of a known need. There is no mechanism to enable you to let the property out with the certainty that you can get it back to provide a home for your new employee.

Kate Campbell: I am slightly confused by that. Are you talking about a future employee who you have not yet employed?

Anna Gardiner: Yes. Every business does succession planning when they know that someone is retiring. Sticking with the farm situation and the shepherd example, the shepherd is in a tied property. It is very rare for someone who has lived and worked on the land their whole life to move on. They stay on in that property. It is a grace-and-favour house.

Kate Campbell: So, the property is occupied.

Anna Gardiner: That one is, but where does the replacement shepherd go?

Kate Campbell: But you were talking about keeping a property empty.

Anna Gardiner: You hold it empty, because if you were to let it out as a private residential tenancy, there would be no mechanism for getting it back for the employee that you know you will need.

Kate Campbell: If your shepherd is working, they are in the house—the house is occupied.

Anna Gardiner: And they retire and remain in the house. However, if another property

subsequently becomes available, instead of letting it out to another person—

Kate Campbell: But the shepherd has retired. I am sorry—

Anna Gardiner: We are talking about two different properties.

The Convener: We could probably leave it there.

Kate Campbell: It feels very complicated.

Anna Gardiner: It is very complicated. It is not as simple as a property sitting empty for no reason. It is not that people think, "Oh, the burden of regulation is too much. I'm just going to keep the property empty." There might be some people who think that; I have no evidence of that. However, it is more likely that there is a proper reason for a property sitting empty. It might be that it would cost £150,000 to make it compliant for letting out. It might be that it is needed because a person knows that their aged parent will need a carer and, if they live two hours from Inverness, they will need that property for the carer at some point in the future.

There is always a reason for a property sitting empty. However, the blunt instrument of the council tax premium does not acknowledge that there are reasons. It simply assumes that properties are sitting empty for irresponsible reasons. If one were to look into the reasons for a property sitting empty, it would be seen that that is very rarely the case.

I can also pick up on the empty homes aspect. However, it would be really good if there were better support for properties that are sitting empty because of the cost of making them compliant. There might be an issue because the grants for addressing private water supply issues are of a fixed amount. They do not consider whether it is a case of simply putting in an ultraviolet system or about putting in a whole new water tank and pipe system for 3, 4, 5, 6 or 10 miles. The grant is a standard £800, which does not get you very far. There are so many costs involved in getting properties to compliance.

Kate Campbell: I understand that, and that there are complexities. However, when we have had this conversation about a housing emergency, I kind of struggle to understand the justification for properties being left empty.

The Convener: We will move on, because we have got into a bit of a cul-de-sac there. Basically, however, the message is that we should beware the law of unintended consequences in policy.

I will bring in David Smith, who has been very patient.

David Smith: I am just a substitute member on the committee today. That is my excuse, first of all. I have three sets of questions, which I will fire out, and then we will go around the group.

I note that our research has also told us that the cost of new regulation is £37,000, so that figure is bang on.

My first set of questions is on the supply chain. Do we need a broader conversation around the supply chain? If the Scottish Government were to seriously invest in an area of building supply—let us say a wood factory or a brick factory—where should resources best go? Would that, in turn, enable more building and reduce the cost of building?

My second question is on repurposing buildings. If I were a house builder looking at the market and the additional regulations, I would naturally gravitate towards repurposing buildings. My daughter is a third year architecture student and she came out with a really cute saying the other day: she said that the most sustainable building is the one that is already built. Does repurposing existing buildings help to get around some of the new regulations because you would not need to apply all the new regulations but would just need to get it up to standard? For example, repurposed buildings would not need to be Passivhaus buildings.

My final question is on Passivhaus buildings. It is easy to understand that they are incredibly expensive to build, however, when it comes to maintenance and upkeep, although you can do your vacuum test at the end of the build and say, "That's lovely", how often would you revisit that property to conduct another vacuum test? Over the whole lifespan of the building, or a 30-year period, with respect to new regulations and net zero costings, what would be the increase, if any, in maintenance costs, or is that a piece of work that is ongoing and needs to be completed?

The Convener: There is quite a lot to unpack there. I am mindful that we have a hard stop at before 11 for the two minutes' silence. I will go to Mr Raine.

David Raine: The key thing that I would immediately focus on in relation to supply chain is the requirement to have established that viability unit. There needs to be better commercial understanding within Government, and then in the agency, about who is supporting the delivery of these homes.

SMEs are a critical factor. They may deliver homes themselves, but they also support other builders to execute contracts, and their numbers are declining. Their numbers have fallen by two thirds since the global financial crash, and the

number of homes that they have delivered themselves since 2018 has halved. Our SMEs are unlocking brownfield sites, unlocking some of those conversions and unlocking rural housing, and they need investment. We need faster planning and consenting processes, so it is more proportionate to support them. They are also part of the supply chain.

We were recently looking at the consultation on a Scottish equivalent to Passivhaus. With regard to SMEs in the supply chain, some of the standards are so high, and the information requirements may be difficult for some of those SMEs in the supply chain. Again, we go back to the need for commercial expertise, knowledge and insight within Government so that, when it is making regulations, and if it wants to act on an all-tenure basis, it understands what happens down the supply chain.

Repurposing is very costly. Most of the repurposing will require bespoke designs and there will be issues with compliance in relation to issues such as airtightness. That will be difficult and you might need bespoke windows and so on. It is therefore potentially more complex and costly to do conversions. I understand the point that the buildings are already substantially built. However, the degree of the changes that are needed is difficult and we are seeing members retreating from conversions. There have been some fantastic conversions across Scotland and will usually involve a developer putting a new build on the site, perhaps on a playing field. However, that is becoming more of a struggle, and we are seeing members retreating from that due to the costs.

With regard to lifespan and maintenance, the maintenance points in relation to the Passivhaus equivalent standard are interesting. Yes, there are maintenance costs. For example, you have to service things, such as mechanical ventilation. If it is a social landlord, you have to have access to the building. That is important because, as Tony Cain said, tenants who are in fuel poverty are likely to turn off their ventilation because they see that as an electricity cost; they may not even have electricity to run it. Our members, who have constructed those buildings, will have after-sales issues with the landlords, because they cannot get access and cannot maintain the buildings. We would also count those maintenance costs as part of the lifetime running costs of the property, just as the buyer, whether it is a private owner or a landlord, will need add to the capital outlay the cost of the debt and the lending in future years. There are maintenance costs. The worst case scenario, if you turn off ventilation in highly airtight homes, is the risk of damp, mould and mildew.

Tony Cain: I can pick off some of those.

The issues around supply chain are probably beyond my remit. However, getting the public sector involved in such commercial activity can be challenging. Most of our timber in construction comes from overseas. It cannot be beyond our ability to grow enough here. However, assuming that it is suitable, it would take a long time to get to that point.

On repurposing, one of the biggest issues is always going to be the VAT. There is no VAT on new build, but you pay 20 per cent if you are repairing or repurposing something. Some change in the VAT system could make a difference.

I would also express caution about the sustainability argument. A building has to be suitable and good enough for you and me, and not just good enough for the people who we think are going into it. If it is not going to be good enough, then it is not good enough. We need to be very careful about repurposing buildings into homes that are below the standard that we would consider acceptable. That is not the way to go.

There is a critical issue in relation to maintenance cost. For example, I have explored conversations around the idea that a mechanical ventilation system, for example, should be on a landlord supply if it is essential for the proper functioning of the building, because the building would rapidly become uninhabitable if you turned it off—as would be the case in a Passivhaus, if you turn off the heat exchanger. Running such a system should not be a burden on the tenant, and it should not be for the tenant to turn it off, because if they do that, they put themselves at risk. The question in my head is whether we are clear about where we draw the lines around what is, and what is not, a tenant's responsibility to pay for.

10:30

It is also critical to understand the long-term maintenance implications of increases in standards, which goes back to the conversations that we have not been having in the past five years. I remember, when sprinkler systems were introduced in the social housing sector, having a conversation with a supplier who said that they "only" cost about £150 a year to maintain and I said, "But that's two weeks' rent!" It might not be two weeks' rent now, but that is still a real cost in the social housing sector. We must be mindful of what those costs are. We are not having the conversations that we should be having about the continuing maintenance burden of some systems.

Paul Bradley: I have a quick point. I have talked a lot today about some of the challenges in the sector, but there is definitely an opportunity in the supply chain. A number of our members are engaging in really innovative projects, are looking

at different methods of construction and are working with organisations that are based in Scotland and have significant backing from bodies such as UK Research and Innovation and Innovate UK. There is probably more that could be done to look at how the Scottish and United Kingdom Governments work together and to think about what would help Scotland.

The Convener: I turn to Morven-May MacCallum, who has been very patient.

Morven-May MacCallum (Highlands and Islands) (LD): First, thank you for all your information. You have been incredibly candid, which is really helpful.

I will ask about issues with rural housebuilding, because that particularly pertains to my region. Paul, you said in the information that you provided that it can cost upwards of £320,000 to build in rural areas, compared to £280,000 in Glasgow. That is a huge discrepancy, particularly when, as Anna Gardiner said, in rural areas one or two houses can make a huge difference—it could be the difference between a school closing or staying open.

Housing has a huge impact on rural areas and I would like to hear your views on the situation. I spoke to a family housebuilder in my region who estimated that around 70 per cent of recent costs are regulatory. What do you feel could be done to support rural housebuilders in particular? How can they overcome the barriers that they face?

Anna Gardiner: Rural housebuilders need certainty and having that throughout the whole process brings costs down because the process moves better. There is an argument for allowing elements of the delivery process to run in parallel, rather than sequentially, because that makes the whole journey shorter.

Regarding the cost of actually delivering rural housing, I am not sure of the precise figures, but there is a common theme of the context not being taken into account when building and planning standards are applied to rural developments. There was an extreme case on Colonsay, where 11 houses were being built. They had to provide an adoptive standard road, which meant having pavements and a place for a bus and for the road to be wide enough for a fire engine. All of that works really well if you have a fire engine and a bus service, but when you have neither of those and when no other road on the island has a pavement, adding that amount of cost to a small development is extraordinary. There is no way of stepping back and looking at the bigger picture to see what is appropriate.

Context is important not only in the planning process but in building standards. There is no need for a sprinkler system when you have a bungalow and all the windows and doors open at ground floor level. Where is the added benefit? What about the cost of the destruction caused by water being sprinkled during a false alarm?

The added cost throughout the construction journey is not brilliant in places where delivery is already much more expensive.

It is also worth touching on the Fraser of Allander report that Paul Bradley referred to earlier, which talked about how housing need and demand assessments are still not fit for purpose for rural areas and still do not give the full picture. A better understanding of what the need is would give much more confidence to smaller house builders as well.

It is also about that whole funding journey. When funding is not confirmed until a very late stage, an awful lot of risk is carried through the costs of getting to the point of putting in a planning application in order to get rural and islands housing fund money, or whatever it might be.

I could write a book on the challenges when it comes to costs.

David Raine: I made reference to the decline in SMEs in rural areas. We have recently been having conversations with someone in your region, Morven-May, who is exiting private home building. In that area, it remains only just viable to build private homes—in addition to the affordable homes, which are funded by the programme. That is a sad and sorry state of affairs. His main concern is viability. It comes back to the cost: can a home be built for less than it can be sold for, whether that is to an RSL or a private buyer? That is the fundamental issue for our SMEs at the sharp end. Often, if the SME is not a well-funded family business, it has to borrow, and borrowing costs are higher.

A couple of months ago, the committee heard the Minister for Public Finance say that “time is money”. It was important that that be recognised. When an SME’s application is in with the planning authority or going through the consenting processes in local government, and taking an elongated amount of time, that adds to the SME’s costs, because its equity is tied up. Potentially, it could be investing that money in the development of a future site or using it to begin reports on its next development. That delay hinders its growth.

The impact is twofold. The first is in pre-consent. In the planning system, it can take up to a year to get consent for small sites, which, as Anna Gardiner said, can have a massive impact on the local community. Secondly, after consent is granted, there are building standards and the roads authority processes to get through.

There is a lack of proportionate behaviours in some of the consenting processes. If good and positive housing development is broadly accepted, why are the consenting processes taking too long—adding to the cost, and, potentially, post-consent, to the borrowing, when the proposals are acceptable?

For SMEs we ask for the speeding up and reduction in time and cost of both the planning and the consenting processes in rural areas. That would be transformational.

Paul Bradley: I have a quick point on the new agency, more homes Scotland, and its focus. I am encouraged to understand that there will be a strong focus on rural delivery. As more homes Scotland develops and moves into operating, we would like it to look to de-risk small and rural sites; listen to providers, whether those are housing associations or others, to really understand the challenges; and—I hope—come to parliamentary committees like this one to set out how those things have been approached.

Morven-May MacCallum: I apologise. In my enthusiasm to ask my questions, I did not declare that I am a sitting councillor, and that my family and I have a caravan through which we provide holiday lets. I make that declaration before my enthusiasm takes over again.

What you have all said has been fascinating—in particular, what you said, Anna, about sprinkler systems. Home builders have told me that, particularly in rural areas, they do not necessarily even have the water supply to provide those, and they are incurring huge costs to create massive tanks to facilitate them. The rural landscape is so different to that of the rest of Scotland, and I do not feel that we really appreciate that. We definitely need to look into it.

You have all mentioned the cumulative effect of the existing and new regulations that are coming into place. I am curious to know whether you feel that that cumulative impact has been taken into consideration. Have any studies been done to see what that impact is? Do some of those regulations come at the sacrifice of people being able to have homes? Should we be looking at those regulations in general, to see whether some of them should be paused in the light of the crisis that we currently face in this country, particularly in rural areas?

Tony Cain: I would be reluctant to suggest that we roll back from fire suppression systems, for the simple reason that, if you roll back from a safety improvement and things go wrong, the cost is substantial. However, I recognise all the issues in installing fire suppression systems in remote areas, even in social housing. It has been problematic and has cost more than was initially estimated.

I wanted to pick up on the point about the needs and demand calculation that is being used in relation to rural areas. It is not fit for purpose for populations at risk of decline and communities that are under pressure from population decline. At the moment, if you cannot demonstrate a need—people who need to move into the area or an unmet need in the area—you will struggle to secure funding. If you want to grow a community and change the population dynamic, that is problematic, and we probably need to be a little bit braver in how we make some decisions with communities.

The best way to secure a long-term supply of genuinely affordable housing in rural areas is through growing the supply of social rented housing. That is what we need to focus on. There is a delicate balance in the use of the existing stock in the private rented sector between short-term lets and permanent residents. There needs to be some flexibility around that. Highland Council will say that 5 per cent of all the homes built in the Highland area in the past five years are now short-term lets. That is a headwind that we are genuinely struggling with in meeting the emerging needs in those areas. We undoubtedly need to consider how we approach needs and demand in remote and rural areas in particular.

David Raine: I have a follow-up point to make on the question about the cumulative impact of regulation. Convener, your first question was "What is the single fix or solution?" The issue of the cumulative impact of regulation concerns everything in the round. The short answer is no: there has not been a cumulative impact assessment of existing regulations or forthcoming regulations. Homes for Scotland would like the Government to conduct such an assessment, not least because there are social and economic benefits that flow from every single home. There are four jobs created by every home built. If we can get to the Government's all-tenure ambition, we can lock in an additional £1 billion for the economy, an extra 22,000 jobs and a further 1,200 affordable homes.

There are real benefits that can be unlocked through further supply, but we need to understand the impact of the regulation—if the supply contracts, tax bases contract, and we need to understand what is lost if we do not take account of some of the regulatory issues.

The Convener: I will bring in Gary Bouse in a moment in relation to planning, which we have touched on briefly. First, what specific issue in relation to the supply side should more homes Scotland be tasked with addressing? I suppose I am asking: is it really necessary? Will there be duplication in the system? Where can more homes

Scotland add value quickly, given the housing crisis?

Paul Bradley: It remains to be seen what impact it will make. We are keen to support it as one potential solution to the situation in front of us, for example in unlocking stalled sites and working around things to do with infrastructure. We know that there are challenges around utilities and water and so on. It is a matter of trying to make things easier for those developing new build.

There is a range of other areas to consider, and I am sure that others will be able to feed in on those during this evidence session.

For us, the question is what more homes Scotland will do that is different from what is already happening, and how it will do that without causing harm to what is already happening. We know that our members have good relationships with people in different parts of the affordable housing supply team in different areas of the Scottish Government. Coupled with public service reform and local governance review, there is a real sense of uncertainty. Going back to my first point, when uncertainty starts seeping back into the system, it is a real issue. There needs to be more communication around more homes Scotland—what it is going to look like over the next year and how we can prepare for any adjustments that need to be made, so as to avoid housing supply issues.

The Convener: I would encourage you to be brief, Mr Cain and Mr Raine, because I also want to bring in Mr Bouse, and we will have a hard stop at 11 o'clock.

Tony Cain: There is definitely a need to take another look at more homes Scotland in the context of the Scottish Government's proposals for public service reform and local government reorganisation—I would probably go no further than that. Whether devolving the housing supply programme fits within a broader devolved model raises a further question: what role would more homes Scotland play in that model?

10:45

What we need most, other than the money to build more homes, is better data on how the housing system functions. Changes are happening in our housing system that we are unsighted on because the data is poor, inconsistent, intermittent and poorly analysed; in a world where the Scottish Government's own analysts are increasingly producing the tables without the accompanying narrative and analysis, it becomes difficult to understand where that data fits into the Scottish Government's own approach to policy development. There is work to be done on the data piece and on the analysis piece—they are about more than just the housing system because they connect the housing system to the economy and to growth—which is not happening at the minute. More homes Scotland could fill that gap in the way that Scottish Homes and Communities Scotland used to do.

David Raine: More homes Scotland needs to have the responsibility and the teeth to be able to intervene on planning. It cannot simply mitigate existing policy problems; it might need to intervene in policies and lead on structural reform.

This meeting is about housing supply, but we also need to consider land supply. HFS estimates that, if LDPs are not sped up, there could be a period in the 2030s when housing completions fall to, in a worst-case scenario, 5,000 homes a year.

The Convener: That brings us neatly to Mr Bouse.

Gary Bouse: As it is 10.46, I thought that we would be calling a break at this point.

The Convener: We have five minutes. We will only be heading down to the garden lobby for the two minutes' silence, so we will call a break at that point.

Gary Bouse: Again, for clarity, I spent nine years on Falkirk Council's planning committee, so I will cover a bit on planning. I appreciate Anna Gardiner's point about projects taking a bit of time to get through, but it is a double-edged sword. I know of a project—I will keep it at that—that was master-planned in 2003, but the last phase of it is only being completed now. You cannot blame the planning system for a 23-year delay, which is quite significant.

I will come to you first, Anna. I would love developments to be sped up, but which planning reforms should be prioritised, bearing in mind both your example and my example?

Anna Gardiner: The most important thing is probably the need to take a holistic view. How often does a site visit actually take place at the beginning? Too often, questions are asked during the process that would not need to be asked if the person had actually been to the site and understood the context. My primary planning reform would be to require a site visit at the outset of rural housing developments.

David Raine: To tackle land supply, we propose that there should be an emergency land release mechanism for local authorities that do not have a proposed plan before it is due in 2028. A helpful chief planner's letter was recently released that suggests that, if a site is allocated in a proposed plan, that allocation can be a material consideration when an application is progressed, and we would like to test that further in relation to

land release where there is no proposed plan on the table.

In terms of speeding up planning, there should be a ministerial call-in and review route for applications that have remained with the planning authority for more than 12 months, which is well beyond the statutory timescale. Both the applicant and the local authority should be able to say no to that, but a new call-in route is needed. In terms of the decisions that are made by local authorities, once the local elections have taken place there needs to be a new scheme of delegation that is split between urban and rural classifications. That has its own difficulties, but we need to see planning officers empowered to take decisions over the smaller and less contentious applications, so that the truly contentious applications can have their time at committee.

Paul Bradley: We really want social housing and affordable housing to be seen as critical infrastructure and treated as such across the board. My recent conversations have focused on capacity issues in planning—that takes us all the way back to our skills system and the wider economy that we need to develop to get all this working.

Tony Cain: Our planning system, like much of local government, is underresourced. It needs more planners, building standards officers and building control officers. Better investment and more investment in the planning system is critical.

However, I would be very worried about more homes Scotland having a role in local planning decisions, which would be completely inappropriate. That would cut across the democratic process in local government, which is not the way to go.

The Convener: The clock has beaten us on this occasion. If there are any points that you want to follow up on with the committee, please feel free to write to us.

I will now suspend the meeting to allow for the two minutes' silence. The Presiding Officer has invited party leaders, the Parliament's chief executive and the members who are present to join him at the garden lobby steps to observe the silence. All other members, staff, building users and visitors are also invited to join them. If anyone wishes to make their way there after I have suspended the meeting, please feel free to speak to the staff outside, who will guide you there.

10:50

Meeting suspended.

11:10

On resuming—

The Convener: Welcome back. We turn to the second of our panels on housing, with a focus on homelessness. I welcome to the committee Maeve McGoldrick, head of policy and communications at Crisis Scotland; Kate Polson, chief executive of the Rock Trust; and Emma Saunders, national organiser with Living Rent. We are joined remotely by John Blackwood, chief executive of the Scottish Association of Landlords. Welcome to you all. It is a round-table discussion, so feel free to keep it as interactive as possible. If you wish to come in, just catch my eye or that of the clerks and we will aim to bring you in.

I will open with a question that I asked the previous panel, which is about the silver bullet. Often, politicians will say that they have a headline-grabbing initiative to tackle a public policy problem. Homelessness is in the news at the moment. When the new Prime Minister, Andy Burnham, was mayor of Manchester, he set ambitious targets to eradicate rough sleeping and homelessness. However, it appears that, after initial progress, the numbers started to slip back up again. It was deemed that there was, in effect, a focus on hostels and overnight accommodation at the expense, potentially, of finding long-term housing solutions.

Going back to the root causes of homelessness, that speaks to the need for a whole-system approach to tackling the issue. If there was one thing that the Scottish Government could do to ensure that it has an holistic, whole-system approach to homelessness and does not just attack one particular issue, what should it be?

Emma Saunders (Living Rent): Good morning. Thank you so much for having us here. In our opinion, one of the key drivers of homelessness is high rents and the fact that, increasingly, people cannot afford their homes. Since 2010, rents in the private sector have increased by 104 per cent in Lothian and by more than 90 per cent in Glasgow, which is double the rate of inflation.

There is a lot of talk about supply, but supply did not work in good conditions, when inflation, mortgages and so on were low. What is really needed is regulation of private rents—local authorities are assessing rent control areas. The Scottish Parliament needs robust long-term data to enable that, and there must be penalties for landlords who do not respect rent control areas. A lot of the time, regulations are put in place but there is no enforcement of them. Whether it is in the private sector, around short-term lets or in other places, landlords who break the law are not

penalised for it. We need to focus on that and on driving down prices.

I am sure that the committee has heard about section 75 agreements this morning. Another key aspect is the need to have very good negotiations on S75 agreements in new builds, so that they are linked to local housing allowance and not just the 30th percentile, and so that they work for people on a lower income and local authorities respect them. For instance, Glasgow has just decided to exempt all new builds in the city centre from following an S75 agreement, so we are missing out on key sources of affordable housing for Scotland.

Maeve McGoldrick (Crisis): Instead of a silver bullet, a silver strategy is probably the answer. To use the bathtub analogy, when we are tackling homelessness, we are forever firefighting. We are always trying to scoop water out of the bath, and, if we are to make a significant dent in homelessness and bring levels down, we need the dual approach of turning the tap off and unplugging the bath.

Until we have that silver strategy in place and we invest in prevention alongside funding crisis management to get the water out of the bath, we will constantly be chasing our tails. If there was a silver bullet, we would advocate that it should be a shift to prevention. We know that that is in the programme for government, but there is very little detail of what a transition to prevention looks like, what success means, how long it will take to get there and how much investment is needed.

11:15

All of that needs to be put into a strategy, but the key point for us is that people become homeless because there are not enough suitable homes to meet their need and because they cannot get the support that they need to stabilise their life circumstances. You need to deal with both—you cannot do just one or the other. For years, we have seen resources shift from one and back to the other, but we are robbing Peter to pay Paul. We are cutting resources from housing to invest in support or vice versa, but, for a period of time, we need to do both and then gradually reduce the expenditure on crisis management.

Kate Polson (Rock Trust): I am with Maeve McGoldrick on that—I am not sure that there is a silver bullet, but there are things that we think are vitally important.

Thank you for inviting the Rock Trust to participate. We work only with young people, and they need a specific strategy to address their homelessness or housing need. We see three needs for young people once they are homeless. They need a decent affordable home, well-paid work so that they can pay their way, and support to manage all those things.

Way before that, however, we need to support families. If we are to prevent homelessness among young people, we need to help them to stay where they are, whether that is in their family or in a care setting. If they can stay put and be supported to do that, that is really helpful. Also, if we can identify young people who are at risk of homelessness and ensure that they get the right services, that can be life changing. We need a whole-system approach. We need more than just housing and homelessness services to think about what the strategy is—we need to have youth work, education and family services round the table.

John Blackwood (Scottish Association of Landlords): Thank you for inviting us to give evidence.

I certainly echo some of the points that have been made. From our perspective, in the private rented sector, we need a clear strategy for how to develop the sector and what kind of private renting we need and want in Scotland. That would include who should be providing the accommodation—what types of landlords we need, where they should operate and under what circumstances.

One issue that we have had for a number of years is a lack of direction. Investors need certainty, and we need to understand that landlords are investors, whether we like it or not. If we want them in the sector, we need a clear direction and role for them in relation to the kind of accommodation that they provide and where it is. That is a number 1 ask.

There are other things to consider. There is not just one solution—we need to look at various things—although a strategy is certainly a good starting point. We need to look at new investment in Scotland and at the role that private investors play, whether they are institutional or small-scale investors such as my members, who are investing in one or two units. More than 90 per cent of properties that are let in Scotland are provided by those investors. Therefore, if we want to encourage the sector, we have to look at how we manage that, how we encourage investment and what we can do to support it.

A big issue that we could look at is the additional dwelling supplement. We could perhaps encourage investment through some kind of exemption for new investors, for people who are providing mid-market rents or for those who are bringing empty homes back into the sector. All of those things could be looked at, and that would be conditional on those landlords providing much-needed accommodation for rent. I would love to have that kind of discussion, and that is where I

would like the Parliament and, of course, the Scottish Government to go.

Morven-May MacCallum: I am quite curious about rural homelessness, in particular, because I know that, in rural and island communities, there is often little to no temporary accommodation locally and very little specialist support. People can end up being placed far from their homes—potentially off the islands that they have grown up on and lived in. How do we make sure that a genuine range of housing options and specialist support exists in those areas?

Kate Polson: We know that it is important for young people to be near their support networks regardless of where they live, whether that is in rural or urban settings. Young people in rural settings are often priced out of the market, or transport makes things very difficult for them. Like our partners in many areas across rural Scotland, we work on a model that provides mainstream accommodation to young people. Perhaps that is being lost because of the growth in temporary accommodation services, but family-like environments, sharing with peers, and very affordable accommodation that is linked to work can be the most helpful options for young people. The issue is that we do not have those types of accommodation across all areas of Scotland.

In Aberdeen and Aberdeenshire, they use the nightstop model, which asks people to use their spare rooms for short-term accommodation. We also have community lodgings, which can go even further. Although there are ways of helping young people to access accommodation that is currently available, if we do not build more homes we will end up stuck. At the moment, what is happening across Scotland is essentially bed blocking. Temporary accommodation is getting bigger and bigger, and a lot of that is centralised or is in congregate buildings. If people cannot move on to homes and we cannot stem the flow, we will have a big issue.

Maeve McGoldrick: This is not just a rural point, because it should apply to all of Scotland, but, on the supply side, it would benefit rural areas if we could better align the local housing needs assessment to the strategic housing investment plans. There is a real disconnect between existing and future housing need at a local level and the supply that we are bringing on to the market. For example, we might want to roll out the housing first approach, but very few one-bed flats are actually available, because we are building family homes at the moment. Conversely, we might need more family homes in locations where there are none. There could be a much greater strategic alignment. Whether that comes through more homes Scotland or is part of the devolution element of the public service reform agenda, that strategic alignment is really critical.

On the support side, we recently did a survey with Diffley Partnership that looked at rural versus urban views of access to public services, and the two sides came back really similar. The main challenge was transport, which is the obvious one. We thought that there would be more of a discrepancy in people being able to access services and have that integrated approach, but there were only a couple of percentage points between urban and rural areas. The biggest gap was in relation to transport links and being able to access those services.

Emma Saunders: That is a great question. To go back to Maeve McGoldrick's analogy of unplugging the bathtub, the key issue is how we make sure that there is a large supply of affordable homes. In the Highlands, 70 per cent of businesses say that they cannot keep workers because there is not enough affordable housing. However, there are savvy ways of doing it, such as using the tourist tax in the Highlands to fund housing or homelessness services, or closing loopholes around short-term let control areas so that we are providing long-term homes for people rather than second homes for tourists. It is then really about rent control.

In some places, long-term tenants of estates have had a 100 per cent rent increase, so their rents have gone from £300 or £350 per month to £750 per month. Those are pensioners who have no other sources of income, and they do not know what to do. Rents are rising in a very unregulated fashion in rural places, despite enormous quality issues such as mould, damp and a lack of repairs. The priority for us would be to look at how we regulate existing homes, so that people can be provided with good homes and are not put into homelessness.

Morven-May MacCallum: Thank you. That was really helpful and illuminating.

The Government has said that it is committed to preventing homelessness, but the ask and act duties do not come into effect until November 2028, and the sector says that it will need more funding in order to be ready for that. Is the Government doing enough to move from crisis management to prevention?

Maeve McGoldrick: We handed in hard copies of our report on Monday, and I hope that you all got one, because that question shows exactly why we wrote it. We are in November now, so it is two years, almost exactly to the day, until commencement. However, apart from some pilots, there is currently no programme in place to get us ready for implementation and scaling up to meet the ambitions that are set out in the legislation.

We are definitely not there yet. We have set out the really clear recommendation that we should start by articulating what success looks like. It is one thing to say that we must transition from crisis to prevention, but what does that mean? What will the tangible outcomes be, and what will the new model of a preventative, early-action support system actually look like? If we do not clarify that now, or if the goalposts continually change, how can we gear up all the public services that will be trying to deliver an integrated model? We have to be crystal clear about what success will look like from day 1, and we must have a two-year programme for implementation.

On what that programme should entail, one particular thing that came through from the pilot is the need for a national data-sharing system. That is critical, because the lack of such a system is probably the biggest stumbling block to getting an effective and integrated model of support. We have different information technology systems across our public services and they speak different languages. Some pilots have third sector organisations acting as the glue holding things together and trying to share the information, but they are doing that on Excel spreadsheets and you cannot scale that up across the whole of Scotland—it just would not work. We must think immediately about how to address the problem of data sharing. We should invest in that in order to benefit not only homelessness prevention but an array of outcomes that sit across Government.

The other big aspect of getting ready for delivery is the workforce. Ever since this agenda was created, six years ago, we have said that success is about front-line relationships and about the culture shift that we need to see across public services until we recognise that as being everyone's business. We should stop using terminology such as "homelessness prevention" and start talking about household stability and the benefits that that outcome will bring. Homelessness prevention will be one of the results, but there will be many more.

If we keep talking about homelessness prevention, some of the public bodies that the ask and act duties apply to will see that as a tick-box exercise and will do little to change their ways of working. There will be failure if we do not invest in both transitional workforce development and a data-sharing system.

Kate Polson: We currently deliver one of the ask and act pilots, which looks at the part played by schools and education in preventing youth homelessness. The pilot is based on our in-school programme, which has been running for three years in seven schools across four local authorities.

We undertake just over 3,000 surveys in those schools each year, and about 10 per cent of the young people we survey are at high or immediate risk of homelessness. Our upstream model is based on the Geelong project, which began in Australia before moving to Canada and Wales, with Scotland and England now starting it, too. That project has been proven to work by assessing many different parts of a young person's life in order to look at their risk of future homelessness. About 10 per cent of the young people we survey across the authorities are at high or immediate risk of homelessness, around 18 per cent report high levels of conflict at home and up to 50 per cent report low levels of wellbeing. All of those things are contributing factors to the risk of homelessness.

We are using the ask and act pilot to see whether we can widen the use of that survey and embed it in all schools, so that they can identify young people who are at risk of homelessness and offer them support services. Those services should include family support or youth work response, but also mediation, because we know that most young people become homeless when relationships at home have broken down. Doing that not only means changing the way that housing works to address homelessness or changing homelessness prevention advice; it means changing the way that schools and education settings work with other departments across family support and youth work to ensure that there is support around young people.

11:30

The Convener: I will ask a question off the back of that. Sometimes, in the public's mind's eye, there is confusion about what homelessness actually is. Before we move on to the ask and act process, is it more important to raise awareness of what homelessness is? To some, it is simply rough sleeping, but it is much more complex than that.

Kate Polson: Yes. For us, and for young people, it tends not to be rough sleeping. Actually, most of the young people we meet will be sofa surfing, staying with their gran, sleeping on a friend's floor or even staying in stairwells. They are not very visible, and they will also be moving around.

Insecure housing is a big deal. One of the questions that we ask in our survey in schools is whether the young person has had to spend a night away from home for any reason. Insecurity of housing—not having a permanent place to stay, or having to think every day about where you will stay tonight—is perhaps a bigger issue for young people than rough sleeping is.

Maeve McGoldrick: We conducted a poll around a year ago, and one in six people in Scotland identified as being homeless or having experienced homelessness. I do not know how much value there would be in doing a whole education programme on explaining the different forms of homelessness.

If we were to spend money on a communications programme, I would probably target it at helping people to understand whether their housing is at risk. That is where you will get intervention happening earlier, because people do not come in early enough. They do not engage with services until they have lost the roof over their heads. If you were to try to change public behaviour, I would target it there.

Kate Polson: For young people, it is not housing risk that is important; it is family relationship risk. That tends to be where homelessness starts for them. For teachers and schools, many of the young people who were flagged in our survey were not on the teachers' radar: they were turning up to school, their attendance was good and their achievement was great. They would not otherwise have identified as being homeless or at risk of it, and the young people would never have thought of themselves as being at such risk. Actually, even when they are homeless, they do not see themselves that way. Educating teachers and youth workers has been an important part of our work.

The Convener: That is a helpful observation.

John Blackwood: I would like to see more development work being done on the introduction of private sector leasing schemes, which would encourage new investment in particular local authorities. That would allow those authorities to target investment in areas where they need more housing.

That work derives from the housing 2040 group. Over the past six months, some local authorities have developed local schemes, and our organisation has been involved in developing those. A lot of good work has come from that, but that is only the beginning of what we could be doing, which is largely to enable investment in the private sector providing temporary accommodation for local authorities. That would be a direct way of very quickly providing homes for people in need, and I would like to see more investment and more time from the Scottish Parliament and the Scottish Government being spent on delivering such schemes locally.

To go back to my point on the additional dwelling supplement, we could be trying something in there as an incentive to investors who want to invest in certain areas to provide temporary accommodation for people in need. There are clever ways in which we can use our current fiscal measures to develop much-needed housing locally, and of course that would be equally applicable in rural areas as well as urban ones.

Kate Campbell: I have a follow-up question for Kate Polson, but first I will respond to what John Blackwood has just said. Private sector leasing has an important role when there is pressure on temporary accommodation, but I am slightly concerned that your organisation should see that approach as an ambition. For me, the ambition should be that your organisation and members provide long-term permanent accommodation at affordable rates that give people stability. We do not want them to be in temporary accommodation, because that is just continuing their homelessness.

It would be interesting to understand more about how you see your organisation's role as part of the long-term solution and how that might interact with rent controls and the importance of regulation to ensure that people can afford rent, which we heard about from Emma Saunders.

If I could come back to Kate Polson on the schools programme afterwards, that would be good.

Emma Saunders: Our members' experience with the private sector leasing scheme is that private leases can provide a stop-gap but, often, they are incredibly poorly regulated and have incredibly low quality standards. For example, we have been supporting a member who had a hole in their home but was told that it was just something they could clean up by themselves. It took six months for that to be repaired. A lot of public money is going to people who are not good landlords, and who get subsidies for providing much-needed homes but at very low quality. We see that happening over and over again. Such schemes need to have a lot of scrutiny and penalties for landlords who do not provide good-quality accommodation.

Some local authorities have been doing buy-back schemes. They have been buying back individual homes or whole new developments and investing in owning long-term homes either for short-term use, so that the local authority owns an asset for temporary housing, or to provide council housing through it. The Parliament should scrutinise and invest in the buy-back approach.

Kate Campbell: Does John Blackwood want to respond? My question was more about the role of his organisation.

John Blackwood: It is a valid point. Our organisation exists to support landlords who provide long-term accommodation, so we want to establish a sustainable sector that encourages

that and, ultimately, long-term relationships between landlords and tenants.

However, there are multiple facets to the private rented sector. Many landlords are now considering selling up, for a number of reasons. We also have an ageing population of landlords. We have been trying to work with such people, asking them whether it is the right time for them to sell up and move out of the sector and asking what the barriers are to their continuing. Many just say that they are at an age or a stage in their lives where they do not want to manage the property themselves.

Therefore, we have linked with local authorities and asked whether there is something that we can do, such as create a new type of scheme, based on the experience of previous ones, to encourage investment in the sector. That might be specifically for temporary accommodation, but it could also be for long-term accommodation. We know that people are living in temporary accommodation for long periods, so the question is whether we could move them on from local authority accommodation into longer-term accommodation in the private rented sector through such schemes.

It is important to note that the schemes that we have been talking about are managed not by third-party providers but directly by local authorities, because we believe that that is the best service that could be provided. There is a way of looking at our previous experience of private rented sector schemes and developing them into a new generation of scheme that suits everyone. I would like to see a scheme that provides affordable accommodation that is well managed and well regulated. From our experience, the most successful schemes in Scotland are the ones that have been managed by local authorities. We would like to see more of that.

Kate Campbell: There is a conversation to be had about that. There is a question about value to the public purse. As Emma Saunders said, if the local authority is managing the scheme, why would we not have it purchase the accommodation? We could do a round-table session on that topic alone.

Kate Polson, I was interested in what you said about your in-schools programme and the ask and act pilot. Could that be successfully and easily rolled out across Scotland? You are doing the asking and some acting, but what has the response been when you ask other people to act? Could that be successfully rolled out across the country?

Kate Polson: The upstream programme is in its third year, so it is a long-term pilot of the delivery model, which is being refined over time. In this case, we are doing the asking and the acting. The ask and act pilot that we have been doing has been designed to consider how that could be used to fulfil the ask and act duty. We do not see ourselves as playing a part in that at all. We would like it to be embedded in schools and local community services. We would like to be able to hand it over, so we have been looking at how we could do that and whether it would involve training, changing school systems and so on.

The upstream programme does not complete the whole ask and act duty; it identifies young people who should be asked further questions. In essence, if a young person gets a high risk score it triggers an additional assessment. We speak to them and their parents, work out how we might help them and how we might address their issues, and ask schools and local youth groups and community services to meet their needs. We are being really careful about that. For us, the ask and act pilot is about testing the model and seeing whether it can be handed over, but maintaining its fidelity to ensure that families get the right services.

Kate Campbell: Do you think that it can be handed over?

Kate Polson: It is very possible that that could happen; it could be national. Along with everything else in prevention, one of our biggest challenges is that it is not just about changing the rules and adding the duty; it is also about how we change the systems, culture and practice to match. We recognise that, across all the policy and legislation for children and on housing and homelessness, some of it is amazing, but there are implementation gaps and a postcode lottery in how things are implemented. That is one of the biggest challenges.

Kate Campbell: This is broad, because you are talking about changing the culture in every school in Scotland and in every family support measure provided by councils.

Kate Polson: Absolutely. We also need everyone to see the prevention of homelessness as being their job. When we look at outcomes from the years in which the upstream programme has been delivered in Australia, we see that it helps families to become more engaged in school and community life, and it encourages young people to stay on longer at school or until the end of their education. It has lots of big benefits across the board. To have something that identifies issues and offers support at the right time is really important.

Kate Campbell: I am sorry to keep asking questions, but it just sounds so interesting. On how we roll it out, would it need to be embedded in teacher training?

Kate Polson: The form of the pilot that we are currently delivering in the four authorities is being fully evaluated by Heriot-Watt University and Cardiff University. The report will be published in the new year. We will have a bit of an event to show off the lessons from that, and we will try to share those to encourage more schools and education authorities to come to the table and talk about it. As part of the ask and act pilots, which have been extended until March, we are developing a digital toolkit, website and training pack, and we are currently working with schools to trial those. That will all be available in the new year.

Kate Campbell: Great. Will you invite us to the launch?

Kate Polson: Yes.

Kate Campbell: Lovely.

The Convener: Morven-May MacCallum, before we turn to questions from Mark Griffin, do you want to ask anything further on homelessness?

Morven-May MacCallum: Thank you—yes. I just wanted to pick up on something that Kate Polson said. You read out some quite harrowing figures about young people. I know that you have already touched on it a wee bit, but is there anything to add on what could be done to prevent the breakdown of families and to prevent homelessness from coming to fruition?

Kate Polson: We have always had good information on why people present as homeless and what causes homelessness. Year after year, we see the same results coming back. The main driver of homelessness is child poverty, so we need to tackle that. There is also an issue that happens in the parenting of teenagers. It is often because parents need some support when they are parenting young people going through the teenage years.

The other part is that such support must be accessible. Many of the parents we come across through the upstream programme are not already engaged in community-based support and, if we cannot identify and reach them, it is really difficult. Through health visitors, we could start that process at a very young age. It is about bringing all the community sectors together and making sure that families, and the young people in them, are connected to their communities.

Mark Griffin: While we are on the topic of young people, I want to ask about children and young people in temporary accommodation. The figures for that in 2002 showed that there were 2,500 kids in temporary accommodation. That doubled to 5,000 by 2016, and it has doubled again to more than 10,000 this year. Has there been any investigation into why the figures are ramping up so rapidly? Are there any lessons to learn? It seems perverse to talk about learning, but are there any lessons from the increases since 2002 that could inform and support the roll-out of the prevention work that we are doing on the ask and act duties?

11:45

Maeve McGoldrick: To put things in context, the number of families in temporary accommodation has increased, as have all levels of homelessness. Rough sleeping has significantly increased over the same time period, and the general trend is that the flow is increasing across the board. As the data shows, people being asked to leave the family home and relationship breakdown are key causes of homelessness. Much of that touches on what Kate Polson said about the root causes of family breakdown or of young people and individuals being asked to leave the family home.

I do not know whether granular data specially on families is available—although perhaps you could say that about all cohorts—to enable us to go beyond what the official stats say. What does “asked to leave the family home” actually mean in practice? That is not a cause of homelessness; it is just one result of it. Part of all the prevention work shows that the more sophisticated we can be in how we use data, not only to identify people who are homeless but to predict who is likely to become homeless, the more successful we will be in stopping it happening in the first place, including to families. However, we are very reactive in that we wait for people to become homeless before we respond to them, without really understanding what lies beneath the situation.

We are very aware that the Government has put a spotlight on the agenda to deal with families in temporary accommodation. We really welcome that, because the issue needs to be addressed. However, we say that with an element of caution, because, in 2012, we got rid of priority need in Scotland, which was a huge milestone. There is a risk that, if we do not put the same spotlight on all cohorts of people in the homelessness system, we will accidentally design priority need into the system by the back door. We need to look at all cohorts in the homelessness system and ensure that we are trying equally to bring homelessness levels down for them all.

Mark Griffin: While we are talking about prediction and the predictability of the threat of homelessness, a big factor is contact with a general practitioner. The stats show that someone who is at risk of homelessness will have presented at their GP. Since the passing of the Housing (Scotland) Act 2025, has enough work been done

to incorporate information about individuals' contact with their GP to enable GPs to recognise the risk of homelessness and inform the part of the process that leads to the act element of prevention?

Maeve McGoldrick: It is unfortunate that ask and act was not applied to GPs as the bill was being passed. That was not an oversight; there was an attempt to include it, but, for certain reasons, it was not included in the act.

Equally, Jobcentre Plus is not included in the ask and act legislation. Crisis is involved in the Wester Hailes pilot, primarily to bring Jobcentre Plus into the picture. Given that there is not a legal requirement on Jobcentre Plus, Crisis, as a third sector organisation, is looking at how it can be the glue in that situation. I think that that is what you are talking about. It has been a fascinating process, because, within three or four months, we have become a bit redundant in the pilot, because Jobcentre Plus said, "Actually, just let us round the table. This looks like a really good working model. It doesn't matter whether the legal duties apply to us, because we can see the benefits of getting secure employment outcomes if we stabilise people's housing." As a third sector organisation, we are now wondering how else we can be used as the glue, until the system starts to work together better by itself.

I do not know enough about the details of the other pilots and how much they have engaged with GP surgeries. I imagine that there has not been a huge amount of engagement, which will have much to do with the time and availability GPs have to do that in a way that does not require legislation to bring them on board. I do not know whether anyone else has been involved in the GP element in the pilots, but we have not heard about new findings on that.

The Convener: Before we move on from the subject of homelessness, we are mindful of today's date and of remembrance Sunday and of the issue of veterans' rough sleeping and homelessness, which is still an indelible stain. What more can be done to gather data needed to assess the scale of the problem? What work has Crisis done to assess the issue of veterans' homelessness?

Maeve McGoldrick: We have not done specific work on veterans. This is not to assume that all veterans have complex needs, but we have done a lot of work on supporting people with complex needs. I am sure that you are all aware of the housing first model, which the Scottish Government has committed to. In theory, it should be the default option for people with complex needs, if their support needs are not being met, whether they are sleeping rough or in some form of temporary accommodation.

If we are really going to address veteran rough sleeping or unmet need, we should think about how to escalate the roll-out of housing first across Scotland rapidly. What is in the programme for government is woefully below what is required to meet the need. About 9 per cent of the estimated need for housing first is currently being met. Around 3,600 housing first tenancies should be created every year during this parliamentary session, while the commitment in the programme for government is to 1,500 such tenancies over the entire session, which will actually be below what was delivered in the previous session.

There are bespoke solutions. Housing first is expensive, but it is extremely effective. We have 87 per cent success rates for tenancy sustainment for people with very complex needs. If the Government seriously wanted to address rough sleeping, particularly for that cohort, we could quickly put a plan in place to double or triple the number of housing first products being made available each year in this parliamentary session.

The Convener: What is the obstacle to that happening? Is it resources?

Maeve McGoldrick: It is resource. It is two things, in fact. For housing first, it is wraparound support, which is revenue costs; and it is capital expenditure on stock. Both are needed. We need to invest properly in the wraparound support, specifically. The sector is very sure about the fidelity of that model. We need to do proper housing first, not just light-touch support.

For allocations of stock, you could either allocate a proportion of the affordable housing budget to housing first roll-out or use some of the investment for a targeted acquisitions fund for housing first products, whether for this cohort or for everyone who needs that. You need to do both.

Some local authorities say that they have the stock but they have no one to deliver the support; for others, it is vice versa. Some local authorities are not delivering housing first at all.

Gary Bouse: It has been interesting to hear what has been said as we have gone round the questions.

We are seeing quite a rise in mid-market rent at the moment. I suspect I know why that helps. How do you view mid-market rent when it comes to homelessness? I also note that buy backs do not in themselves reduce homelessness, as there will still be a house with people in it.

I want to develop the point about mid-market rent, anyway. You are obviously keen to respond, Maeve.

Maeve McGoldrick: We run services in Edinburgh, and mid-market rent is a big feature for

people. It is a really good prevention tool as well as being a housing product to help people to move out of homelessness.

As John Blackwood will recognise, PRS tenancies are decreasingly used for people leaving the homeless system year on year, whether that is because people choose to stick it out in temporary accommodation so as to access social housing, because they think that that is a better long-term solution for them, or whether it is for availability reasons. It may be because mid-market rent can be used as something viewed as a safer option, with a version of the stability that people will get in social housing. It is also a really good prevention tool for managing the affordability of products for the group of people who would not traditionally consider themselves at risk of homelessness—but who could end up in the homeless system, given cost of living pressures and the possibility of losing jobs and income.

I entirely agree with the point that John Blackwood made, that Scotland absolutely needs not just a housing supply strategy—it definitely does in the social sector—but a strategy for PRS and mid-market rent tenancies. What role do we want those housing products to play in the housing market? To ask a general question, do we want to use them to tackle homelessness, or do we want to rely more on social housing to tackle homelessness while thinking of those other products as being for a different cohort in society?

Because we have never been crystal clear about the point that John Blackwood raised regarding whether we want to grow or shrink PRS and mid-market rent, we have different policies that are designed to do different things without a long-term strategic plan for the end goal. What do we want to use the various housing products for, who are they targeted at and how best do we design them?

Gary Bouse: Sorry, I should have declared that I am a serving councillor on Falkirk Council—which I think you have heard before.

There could be some help with poverty. If social housing is opened up, that helps people who cannot afford mid-market rent.

Maeve McGoldrick: It needs to be seen as all one. That is what the housing to 2040 strategy was meant to do in theory.

Emma Saunders: A temporary or short-term solution to homelessness can be provided by getting more people into quality temporary housing rather than bed and breakfasts and so on, and buy-back can be really helpful in that regard. The City of Edinburgh Council has been considering buying back purpose-built student accommodation so that people have better temporary accommodation in the short term. Buy-back can also be useful as part of a long-term strategy, because it results in people being on lower rents or being at lower risk. In that sense, it is a preventative approach.

In our experience, the provision of properties for intermediate market rent in new developments can be good for stability. The issue is that those properties are not rent controlled. Some of our members in IMR properties face rent increases of 24 per cent or 18 per cent rent, which puts them at risk of homelessness. That part of the market can be helpful if it is rent controlled and if it remains affordable for the people in it, who have been selected because they are on low incomes.

With regard to the private rented sector being part of the solution to homelessness, in our view, that will be the case only if the housing is affordable. In Edinburgh, we have seen examples of people being evicted from their flat only for that flat to become part of the private sector leasing scheme, which means that they can return to the flat as a homeless person and the landlord will get more money. There are some wicked incentives that can be baked into the system that should be thought through so that such situations do not arise.

Gary Bouse: I take it that you like the law on the tenant's right to be the buyer of choice.

Emma Saunders: Yes, we would like that to be extended to local authorities. In the US, there is a system that gives a right of first refusal to the tenant, but if the tenant does not take that up—many tenants cannot afford to do so, because the fact that they have been living in the private rented sector has meant that they have not been able to save up—they can pass on that right of first refusal to a local authority or to a social landlord. That is helpful from the point of view of a long-term strategy to bring more homes into the public sector or the social housing sector, where they are affordable.

Kate Polson: We would like a range of housing options to be available for young people, because the young people who come through the door all have completely different aspirations for housing, as well as completely different levels of resources with which to pay for it. Young people are often doubly disadvantaged, because, as well as being more likely to have lower wages, zero-hours contracts and less secure work, they are unlikely to have deposits and so on.

In the past, we have helped, not only with deposits but with the first month's rent, which has enabled young people who can afford to enter the private sector renting market to do so. However, in areas such as Edinburgh, even young people who are working full time and earning quite well still cannot afford the ongoing rent. Whether rent

deposit schemes work depends on where people are. In some areas that we work in, there are no houses that are not family homes in the private market, which means that properties for mid-market rent can be suitable for young people.

One of our most successful models is our live and work scheme, which provides flats for small-scale sharing. By sharing instead of staying in a hostel or temporary accommodation, which can be very expensive, they can keep their earnings and their savings. Around two years ago, someone was able to leave our accommodation with a mortgage—they were the first young person to do so. By keeping their savings, they managed to get a mortgage.

Young people need not be stuck in the system for ever, but there needs to be enough support and enough affordable accommodation to allow them to think about their housing aspirations and to not lose out while they do so.

Gary Bouse: Does John Blackwood want to come in?

John Blackwood: I am almost doubling back here, but I think that the solution involves a combination of things. We need to look at the housing journey of each individual and at how we can provide the best housing solutions for everyone.

12:00

Mention has been made of local authority buy-back. We strongly support that, but there have been huge barriers. In some cases, our members have approached a local authority and said, "Would you like to buy this property? I am in the throes of considering selling, as I am retiring as a landlord," and the local authority has told them that they will have to evict their tenant because it is interested only in empty properties. Thankfully, we have campaigned for that to be changed. However, there is still very much an attitude that local authorities are interested only in empty homes.

We need to be sure that landlords can access a facility to sell back to local authorities. There would certainly be further merit in investigating that—as there would be in investigating the opportunity for tenants to buy.

There are a range of options that we need to consider in more depth. One option will not suit everyone. We know that. Nevertheless, there is great scope within the wider housing sector to create better options for housing for people.

The Convener: John, I have a question that speaks to something that Kate Polson mentioned. If someone lives in private rented accommodation, their ability to save for a deposit is very limited. What discussions should we have with high street banks and other lenders to make it easier for people who have a good credit profile, and pay significant rent, to access the housing ladder as an owner? The bank will look favourably on someone who has 20 years of solid mortgage payments, whereas 20 years of solid rent payments does not count for much. Do high street banks and mortgage lenders have a role to play in fixing that problem?

John Blackwood: Yes. It is all about understanding somebody's true credit rating and ability to pay. You are right that there is no recognition for years of diligent monthly payments of rent. We need to look at how to support tenants who are able to become home owners. Not everyone is able or, indeed, wants to do that, but how can we facilitate it for those who do?

Many of our members have come to us with stories about how they have had a long-term tenant to whom, potentially, they want to sell; they know that they can afford it because they have been paying their rent, and they know what kind of job they do and what income they have; but, they ask, who will give them a mortgage? Where can they go for that help? On some of those cases, those landlords have even tried to use their own mortgage brokers to get assistance for their tenants. However, as you, rightly, said, tenants should be able to get that assistance from the high street without the need for intervention from anybody else. We need to look at ways to help as many people become home owners as wish to do so.

Gary Bouse: Mr Blackwood, I guess that you would welcome, as Emma Saunders did, the Scottish Government's move towards the priority status of a tenant to buy if the landlord is looking to sell the property.

I will finish on ask and act. For as much as there are trials of ask and act, people are using it already. They have definitely been using it in Falkirk, and have worked closely with their housing officers to make sure that they are doing it, and they also work with social work, should there be problems. That is just a statement that people do not have to be in a trial to use ask and act. If an organisation wants to use it, it is a good thing to do.

What opportunities does the public sector reform agenda present to improve housing outcomes for all individuals? That is just a little question.

Maeve McGoldrick: I had it as one of three points to raise at the end of the meeting if it did not get asked. [*Laughter.*]

It is an absolute stroke of luck that there happens to be a public service reform agenda alongside the passage and implementation of the ask and act legislation. If we did not have that, it would be much harder to speak a language that resonated across public services.

However, at the moment, it still is just a language. There are great opportunities with public service reform, but we have been trying to join those dots and are still struggling to get a clear articulation of it. Public service reform constitutes a lot; however, at the moment, on the element of integrated early-action preventative work, it is just words, and there is still no clear public service reform work plan for how to get there and what that might entail.

If anything, I suggest, the committee should do a joint inquiry with the Public Service Reform Committee. The conversations that we have with that committee feel like the how-to of delivery, whereas this committee is looking at the impact when it comes to ending homelessness.

There is a real overlap between those areas, but it is proving challenging for us to break down that siloed thinking, which starts at Cabinet level and goes right through to the front line, because everything is still designed around portfolios. The ask and act duty still sits with the homelessness team, and that is a massive risk. The other day, I heard that one of the officials said that the ask and act duty is not about anything new, but instead is about embedding existing practice. That is absolutely not the case at all. That terrifies me. If that is the message that we are sending out, what on earth are we doing here?

The approach that we are discussing is about completely changing practice. All of the people who are involved in the Wester Hailes pilot have been seconded away from their day job. They are all giving 100 per cent, they are thriving, and they say that they absolutely love it. People from the health board, the police and so on are all saying that they are doing something completely different that they were never freed up to do before.

That is why I said that the starting point for the ask and act duty and the whole agenda of public service reform must be to deliver more effective integrated services that intervene early, and that has to be funded as an investment. It has to be seen as a way of doing something new and it should be driven that way.

I keep thinking about that official who said that the ask and act duty is not about anything new but is about embedding existing practice. We need to ensure that the public service reform team leads the charge, drives success and articulates clearly what success looks like. Otherwise, if the ask and act duty simply sits within the homelessness brief, the task will be overwhelming, because there is only so much that the homelessness team can do. We need to change the practice from cabinet secretary level right through to the front line. We need people in the health team to think that the approach is just as much their job as it is the job of people in the social justice team.

That is where we need to get to, but we are not there yet. If I can get one message across, it is this: you have got two years to culturally do something radically different here. Of course, you must also define what you mean by radical.

Kate Polson: We already know that we must stem the flow of people into homelessness. Part of that is about how to identify people at risk and make sure they get what they need to get under the ask and act duty. We already know some of the people who are at risk, but we are still discharging young people from the care system, prisons and hospitals into homelessness.

The work that could be done through the public sector reform agenda to ensure that those situations are everyone's responsibility and that departments are not siloed could be not only system changing but life changing. There are also things that we can do easily now that will make a difference and will ensure that everyone understands the ask and act duty, but they are perhaps not happening at this point.

There is potential for the work that needs to be done to be really positive. We did a lot of work on our housing first programme with the leaders of the rapid rehousing strategy that operates in Finland, which ended homelessness there using the housing first model. When we asked them which department led the work and who funded the work, they just said, "We did—the country did, the city did." They did not talk about departments; they talked about everyone working together with a joint purpose. That is what should happen with regard to the ask and act duty, and that is how the public service reform agenda should benefit us.

The Convener: Emma Saunders, do you want to comment on that?

Emma Saunders: I would like to comment on the mid-market rent issue. I believe that interesting work has been done in Falkirk on using the local pension fund to invest in that sector. More thought should be given to how local authority pension funds can be used to provide the affordable long-term homes that we need.

Our members have been concerned about the public sector reform agenda in terms of what will happen at the political level and how we will be able to change what needs to be changed in Glasgow versus what needs to be done in the greater Glasgow area, because those areas have

very different needs. There is a concern about whether that will be understood if a super-region approach is taken. Concerns have also been expressed about the possibility that it might become more complicated for people to access their local housing officers, whether that is done with the assistance of their councillor or not.

There are opportunities in relation to enforcement and penalties. If the proposed bigger regions would have greater powers to impose penalties on landlords who do not follow the rules or developers who do not provide section 75 agreements or follow up on what that they promised in their planning agreements, that could be interesting, but I am not sure that the reform is needed. It is more that relevant powers are needed.

We are concerned that what is proposed would take an enormous amount of time away from the delivery of core services. There is an emergency now, and there is concern that it would take two to three years to put the proposals in place. When we will potentially have inflation at 6 or 7 per cent and a deepening crisis, is this the right time?

John Blackwood: With local authority reform, there are opportunities as well as challenges. I will give you an example, which is to do with landlord registration in the private rented sector. In Scotland, we have 32 registers, and I can see lots of benefits in standardising and regionalising them, as long as that would also standardise enforcement action. As Emma Saunders said, it is really important that the legislation that we have is effectively enforced. We see that in some local authorities, but not in others.

Another big issue is communication with local landlords. Some local authorities are very good at that—I highlight Falkirk Council, which regularly engages and hold forums—but others are not. There is an opportunity to look at best practice in that regard and roll it out to all local authorities. The challenge is that we could lose local knowledge of the need in local communities. I am sure that you will return to that point, but there is an opportunity with regard to landlord registration.

The Convener: Mr Blackwood, my next question is for you. It goes back to something that Emma Saunders said earlier. When we talk about the housing market, we sometimes lose sight of the fact that it is a market. Some people might not want it to operate on market rules, but it does so, and that is particularly true of the private rented sector. Edinburgh tried a rent cap in 2023, but during that period and afterwards we saw some of the most significant increases in rents in the capital city.

What are your members' and your organisation's views on further regulation? Are further efforts to control the market likely to succeed, based on that experience in Edinburgh?

John Blackwood: I do not think that it will come as a surprise to you that I am not in favour of rent control. It is not positive for the overall sector. In the few years after Covid and the cost of living legislation, we saw rent control implemented on a blanket scale in Scotland, and rents rose higher here than in any other constituent part of the UK. Why did that happen when we had rent control in place? For over a year now, we have not had rent control and, ironically, rents have come down, so the market is regulating itself.

I appreciate that that does not always happen and there needs to be Government intervention when there is market failure. I completely understand and support that, but it has to be proportionate. That is the key message that everybody needs to take away from this. We have not had rent control for the past year or so, and rents are rising by less than inflation in many areas in Scotland. Why is that the case at a time when we are not controlling the market? There are lessons to be learned from that.

One of the biggest issues is supply and demand. We do not have enough homes to rent. How can we increase the number? The Scottish Government's number 1 priority should be to encourage investment in homes that people can call home for a long time. We want to have a sustainable housing sector, and in my case a sustainable private rented sector, in Scotland.

The Convener: I will bring in Emma Saunders and then Kate Campbell. I do not know whether Kate wants to come in with a comment or a question, but I will bring in Emma first.

12:15

Emma Saunders: On rent controls, there was a blanket rent cap across Scotland. John Blackwood said that rent rises were higher in England, but that was because, there, two different things were being compared. The data in Scotland refers only to new rents, but the data in England is about all rents—both existing and new ones. The rent levels that are reported in England will always be lower than those reported in Scotland, because we are not comparing the same things. I know that the Scottish and English statisticians had a big row about that because the Office for National Statistics said that it could not compare data and was unable to report well across nations when the same data is not being collected in both places.

I would therefore temper John Blackwood's comment about rents rising faster in Scotland. Although new rents were rising faster, most people do not pay new rents; they pay existing rents, where rises were capped at 0, then 3, then 12 per

cent. We actually had quite a lot of protection in Scotland during the period of rent caps, and that was really needed when inflation was going through the roof. The market trends that are being observed now, and which show rents stabilising, apply across the UK and not just in Scotland.

Rents are through the roof now. A two-bedroom property in Edinburgh costs more than £1,400 a month, which is just not sustainable. As you said, a young person on minimum wage cannot afford to live in the private rented sector in Edinburgh. We really need to think about how to bring those rents down, otherwise that market will not be sustainable.

I have a few figures from economists. At the moment, the pre-tax profit margin for landlords is 17 per cent on their investment, whereas for an average, non-financial, UK business the margin is 15 per cent. If there were a 20 per cent fall in rents, that would leave average mortgaged landlords with profit margins 4.5 per cent bigger than those of an average business. We are talking about landlords having very secure businesses and profit margins that rent controls do not dent at all.

The Convener: John, I will bring you back in and give you the right to reply to that. I will then have one further question for you before I bring in Kate Campbell and David Smith.

John Blackwood: I do not want to get into the rent debate, because that is not what today's meeting is about. The figures that Emma Saunders referred to are startling. I hope that she will share them, because I would love to see the source.

The discussion about rent levels highlights the importance of having better data about rents in Scotland. The statistics I referred to earlier are about market rents, not passing rents, because we do not have enough data on passing rents. Parliament has required local authorities to ensure that they collect and analyse that data, and I hope that that will happen. It is certainly something that we would like to promote and to be involved in because, before we can regulate anything, we need to understand the extent to which it affects people here in Scotland.

What are the rents that are actually being charged? None of us here in Scotland can answer that question. However, landlord registration has given us a means of gathering that data. We should go on and do that so that we can satisfy ourselves with reference to proper figures that we can all agree on. We would then know the state of affairs and could aim to ensure that the sector is affordable.

Affordability means being affordable for tenants and landlords alike. It is important to emphasise that the people who provide accommodation must be able to continue providing it at that cost, whatever it might be.

I am sure we will return to that debate on many occasions.

The Convener: We know that 10,000 landlords have left the market in Scotland, probably because of the cumulative impact of higher mortgage interest rates, the variety of mortgage products tightening, regulation, increasing rights for tenants and the fact that, when interest rates are higher, people can just put their money in the bank and get a return with very little effort. A landlord might say that they have a 12 per cent yield, but that can drop to 2 or 3 per cent by the time that they factor in everything else, so when interest rates are at 4 or 5 per cent, that seems like a no-brainer for someone who is approaching retirement.

Those are the well-documented factors that are pushing landlords out of Scotland, but there are additional pressures in the rental market. What are the pull factors for investing in the sector, or is it all doom and gloom?

John Blackwood: We are using landlord registration figures here, so we need to remember that what we are seeing is subject to a lag in the data. As you know, landlords are required to register only once every three years, so you never really have a true picture of what is going on in the sector at any given time. However, we are seeing landlords sell up. We know that because we, as an organisation, have been talking about the issue for years and we are starting to see evidence of it happening.

However, as you said, the number of properties has been steadily increasing. Will that continue to be the case? Is that simply the result of increased institutional investment or more mid-market rent properties coming on board? Have those factors skewed the figures? The direction of travel is that the landlords of the future will be larger-scale landlords. They will not be small-scale landlords with only one or two properties because, quite frankly, it is not economical to continue letting only one or two properties. In order to make the business financially viable and sustainable, landlords have to scale up. New entrants to the sector are looking to do exactly that, which might help us when it comes to the numbers.

Overall, we need to consider the quality of the sector, the housing that is provided and how we enforce existing legislation. There are a whole host of factors to consider, as well as rent levels.

Maeve McGoldrick: I was unsure whether John Blackwood was going to raise this, but local housing allowance and shared accommodation play quite a critical role in preventing homelessness and helping people to move out of

homelessness. We have seen the Scottish Government mitigate the shortfall for families through the use of discretionary housing payments. To return to my previous point, it would be great for those to be universal, so that they apply to anyone in the private rented sector who is at risk of homelessness. That is why we need the PRS strategy, because it is fine to make tweaks here and there and to provide short-term reassurances to landlords that they can let their properties

However, we are fundamentally talking about the private rented sector, in which it is ultimately up to the private landlord to decide to whom they let their property. It is not the same as social housing, so there is a need to bring carrots into the system as well as sticks. If the strategy is to open up part of the private rented sector to low-income households—there is a genuine question mark over that—we need to consider offering private landlords a long-term financial security offer, so that they can say, "You know what? I am willing to let to a low-income tenant because I have that guaranteed income and will be able to cover my mortgage payments." If a payment is ad hoc or discretionary, it can be taken away. That does not provide landlords with the financial security that they need to create that behavioural change.

We used to see, particularly in England, about 10 years ago, when LHA was more generous, that around 20 per cent of the private rented market saw low-income households as a viable business model. Those are exactly the households that landlords aimed for because they offered long-term tenancies, there was not regular turnover and landlords were guaranteed that income. That is the approach that we need to think about: what is the financial element of private rented sector tenancies that stabilises housing and incentivises tenants to remain in a property because they feel secure in the long term? Equally, what incentivises the landlord to let it on a long-term basis, making it a win-win for both parties?

Kate Campbell: My initial question comes off the back of something that John Blackwood said a while ago. Emma Saunders, do your members feel that rent levels have stabilised naturally or that there is still a significant need for rent controls?

Beyond that, I am interested to know what conversations you have had with local authorities about your understanding of where significant rent increases are occurring in the private rented sector. Is that being recognised by those local authorities in areas where you see problems, and do you think that there will be positive moves towards implementing rent controls where the data that you gather from your members shows that they are needed?

We have managed to get the Scottish Association of Landlords and Living Rent to agree on the need for more robust data, but I am curious as to whether that data is already being gathered or whether more work needs to be done to enable the gathering of data that will allow us to identify where rent controls need to be implemented.

Emma Saunders: Just now, we have a member in the private rented sector whose rent is increasing by 40 per cent, and she has had to leave her long-term tenancy. She had had the tenancy for 10 years, had started a business and had built a community, and now she has been evicted out of Edinburgh.

We are still seeing rent increases, which is especially the case for those with joint tenancies. As soon as there is a tenancy changeover, the rent gets hiked—I see Kate Polson nodding at that. It is happening all the time, and it especially affects young people, as they are the ones in such tenancies. For us and for our members, therefore, rent controls cannot come soon enough.

There is concern about how rent controls will work with inflation. Indeed, given the cap of the consumer prices index plus 1 per cent, we are also concerned about their increasing above the rate of inflation at a time when rents are so high. Right now, the fact that rents are already so high is the only tiny bit of support that tenants are getting, because landlords know that they cannot get any more out of us. However, with inflation forecast to be 4, 5 or 6 per cent next year, everyone is terrified, and people are saying, "We don't know where we'll go."

A lot of local authorities have been very positive about bringing in rent control areas, but I think that they are afraid of not having enough data. In that case, yes, John Blackwood and I do agree on the need for long-term data. There is certainly much more work to be done on that. Rent service Scotland's enhanced data collection exercise is coming in this week, but that needs to be embedded. For rent control areas to work, tenants need to know what the rents were before so that they can check whether the landlord is following the rules. We have been saying as much over and over again, and I think that officials now agree that that could happen through the landlord register, but a lot more work is needed. John and I have been saying this for 10 years now, and it needs to be implemented with a lot more urgency.

The Convener: I will bring in John Blackwood and then David Smith.

John Blackwood: I know that rents are a contentious issue that we end up debating ad infinitum, but an important message to get across is that they must be affordable for everyone. They must be affordable so that the landlord can rent out

the property in the first place, but they must also be affordable to the tenant. At the end of the day, the tenant is our customer, and we are relying on them to pay—and to be able to afford to pay—their rent. There is no point in landlords asking for money that tenants quite simply do not have, and it is always a dilemma for landlords in the sector.

Rents for sitting tenants will increase—that was always going to happen with rent controls looming in a year or so. Landlords are limited to increasing rents once every 12 months, and I would imagine most tenants will see an increase. Why? Because any increase could potentially be capped under rent controls. In that respect, we are really pleased that the Scottish Government is now saying that it will exempt landlords charging rents 20 per cent or so below market value. That is an encouraging move, because it will stop landlords from feeling forced to increase rents now for fear of being unable to increase them in future, not only for existing tenants but for new tenants moving into a property. Again, that would just not be sustainable. However, it all comes back to data and ensuring that we have accurate data that we can all agree on as a baseline. That will allow us to fully understand the rents that are being charged to existing tenants, as well as to any new person wanting to move into a property in the private rented sector.

LHA levels were mentioned. We have been saying for a while that LHA levels are far too low and should be increased. I appreciate that that is an issue for the UK Government. However, many landlords still, to this day, say, "I only let to people in receipt of benefits. That is the marketplace I'm operating within. I can't charge anything more than that in rent." That is their business, and it is still a substantial business for many landlords in Scotland.

12:30

David Smith: I am standing in today for Julie MacDougall, as her substitute, but I am actually moving on to the Public Service Reform Committee, so I will take your comments forward, and I am sure that that committee can bring you in at some point.

I have a quick comment about something that I was reading just yesterday. I do not have the actual figures in front of me, but I read that the numbers of single-property landlords are down by about 30 per cent, and the numbers of multi-property landlords are up by about 300 per cent. That does not really tie in with the narrative that landlords are making 70 per cent profits and rolling in money. Single-property landlords, who will arguably be the most compassionate, are all leaving the sector in droves. It is really hard to be a landlord just now if you have only one or two properties, and rent controls are simply going to drive more and more landlords out of the market. That is a much bigger topic, so we can probably come back to it.

I want to go back to the topic of youth homelessness and homelessness centres. In my region specifically, a youth homelessness centre in Dumbarton was shut down—I was trying to look up the name, but I cannot find it. It was run by a third sector organisation, and the council said that that organisation was charging too much money, so now there is no service at all. There is a service in Helensburgh and there is one in Clydebank, but those places are about 20 miles away from Dumbarton. Are you seeing that type of situation more and more throughout Scotland? I am looking only at my region.

I have another question that ties in with that. Maeve McGoldrick mentioned complex needs. Can you expand on the definition of "complex needs", given that you were pulling veterans into that group? For me, someone who has learning difficulties is classified as having complex needs; I would not consider his needs to be the same as the needs of a veteran. How broad is the definition?

The Convener: I see that you are nodding, Maeve, so I will bring you in.

Maeve McGoldrick: I will come back on both those points, but I am sure that Kate Polson will want to pick up on the point about youth services.

I think that you are making the point that the cuts to early-action preventative support services undermine the ability to maintain the prevention agenda, which means that we will then have to bring those services back in. I do not know whether anyone has picked this up, but the UK Government's most recent budget announced the introduction of preventative departmental expenditure limits. That approach is radically different from anything that we have seen before, and it will allow for long-term ring-fenced investment in preventative spend. If that had been brought in 10 years ago, the sure start centres in England would have been maintained to this day, and we probably would not have seen the knock-on effects of those being cut.

Given that you are going to the Public Service Reform Committee, the issue of how we create protected long-term preventative spend budgets—alongside capital and revenue expenditure—is something for you to think about. Wales passed the Wellbeing of Future Generations (Wales) Act 2015, which was, on the funding side, meant to ring fence 20 per cent of all expenditure at a local authority level, to be invested primarily in prevention over a 10-year period, although I note that it did not deliver on that.

There is something to be said for services such as youth centres, which used to be abundant, and library services and so on. All those elements that are always cut at the point of crisis are actually the ones that we need to protect if we want to sustain our prevention agenda.

On the point about complex needs, I gave the caveat at the start that not all veterans have complex needs. It was not my intention to categorise everyone in that cohort as having complex needs. What we mean by that is, first, the number of support needs that someone has, whether they involve mental health, addiction, a learning disability or whatever else, and, secondly, the intensity of those support needs.

Some people have multiple needs but those are quite low level and can be resolved after a couple of interventions. Others may require a sustained period of support, potentially over a lifetime or a three-year or five-year window. That is when we start to talk about more complex needs—although maybe we should use different language, because it is not always the most constructive term. We are talking, in effect, about a multitude of high-intensity support requirements.

The Convener: Kate Polson, do you want to come in briefly on that?

Kate Polson: Youth services across the country are fairly patchy. I do not know about the one that you were talking about in particular. Did it include housing?

David Smith: The service that I was talking about was a housing service. Homeless youths went there until they were 18. There was a live-in support worker, and all the youths had their own little rooms. However, as soon as they turned 18, they were sent away to a flat somewhere and, essentially—it sounds quite sad—forgotten about. They were well supported in the centre, but they were then sent to the far back of a scheme and left there. There is a lack of follow-up support for youths in that situation. It seems that such housing services, which are a vital lifeline, are disappearing, and I wonder whether that is just in my area or is widespread across Scotland.

Kate Polson: In Scotland, when we decided on a strategy of rapid rehousing, we agreed in essence to wind down some of the bigger, more congregate accommodation places and focus on providing people with their own, permanent home as quickly as we could. We recognised that, when a staircase model is offered, particularly to young people, they have to keep on achieving to get to the next stage until they eventually get their permanent home, and there are many points at which the system can fail.

That is what housing first is, and it definitely meant that we stopped commissioning the provision of large, congregate housing services. There are still some small services for young people; however, it was a purposeful commissioning plan.

The provision of congregate housing with 24-hour support is more costly for the organisations that provide it but also for the young people who live there. It often means that young people will not enter work, because they would be worse off in work than they are out of it. It therefore keeps people stuck in a poverty trap. That is part of the reason why housing first is a great idea, if the social housing and support can be offered to people outwith congregate housing. That is happening. As Maeve McGoldrick said, the real investment needs to be in the initial advice service that directs young people to the service that is best for them, rather than offering temporary housing solutions, and, perhaps, also in ensuring that there is support around the young people before they reach that point.

We ran a pilot for a couple of years in Edinburgh, in which we met every 16 to 18-year-old who came through the door looking for a homelessness assessment. Fifty per cent of those could be returned home, with support for them and their families. If they had been housed that day, they might have stayed out of their family home.

There are lots of opportunities to access support before that stage but, yes, lots of services are being cut.

The Convener: Thank you. I have a final question on a matter that it would be remiss of me not to mention. I will put it to John Blackwood first, but then go around the table.

John, you have been critical of the delays in the First-tier tribunal service, which is impacting both landlords and tenants. For example, if it takes eight or nine months to go through the eviction process, tenants will, potentially, be building up arrears during that period, so it is not just a concern on the landlord side. What could be done to ensure that the tribunal service can resolve a dispute more quickly, for the benefit of both landlord and tenant?

John Blackwood: I declare an interest, as I hold a judicial appointment as a member of the First-tier tribunal. I believe that it is the best service that we can have, so this is no criticism of the service that is provided.

It is inundated with applications so, overall, there is a resourcing issue, which affects not just landlords who make applications but tenants who make applications, and everyone in getting a decision.

Our concern is largely that, when the service was introduced, in 2019, a decision took about three months from application, whereas, now, it takes at least eight months, and we are hearing many cases in which it takes well over a year. That is just not good enough. We know and understand that the whole point of the tribunals service is to expedite justice more quickly than the courts can do, but it is now working out to be a lot slower than the courts were when they dealt with private rented sector cases. We need to look at that. It is a resourcing issue, which, from the Scottish Courts and Tribunals Service's perspective, could well involve staffing. It may also involve the way that cases are dealt with—for example, could they be dealt with through their papers? We have come up with some suggestions, which we have raised with civil servants in the Scottish Government, who have taken them away to consider; they will, no doubt, be speaking to their judiciary counterparts and the justice team too.

There are big issues of efficiencies in the service in relation to how we can speed up the process so that we get better outcomes for everyone. Although I understand the fact that more cases are now before the tribunal—it is more heavily used—it is incredibly concerning that the cases are taking much longer to be dealt with. That is not acceptable.

Emma Saunders: We agree on the need for greater support for tribunals and for things to go faster. There are a lot of ways in which the tribunals could work better, especially when it comes to compensation for lack of repairs. Right now—and this is the first time that I am having to say it—the tribunals in England are sometimes better than those in Scotland when it comes to having greater ability on rent decreases and on tenants not being liable for the full rent increase if it has been appealed. I am loath to say it, but there are a few aspects on which England is now better than Scotland.

The Convener: John Blackwood, before we close the meeting, I bring to your attention a paper that came to the committee from Anna Gardiner at Scottish Land & Estates, which highlights the fact that there is provision to go straight to resolution rather than a hearing in cases that are being challenged by neither tenant nor landlord. That is something that we have put to the Scottish Government.

We will leave it there. That closes—

Maeve McGoldrick: Before you close, I would appreciate being able to flag to the committee two points that we have not covered, which were raised in the previous parliamentary session. I am not sure how much they will have come through yet as a result of the legacy report.

The first is investment in the ask and act duties. At stage 2, the committee asked to have further scrutiny of the financial memorandum, because that had not accounted for the delivery of ask and act by public bodies other than local authorities. The financial memorandum puts the cost at £2 million; however, we have estimated that it will cost between £35 million and £38 million per year for all public authorities to deliver the ask and act duties, with a net cost avoidance of £76 million per year coming back in return.

The other thing to flag on that point is that two thirds of that return involves reduced interactions with the criminal justice system and reduced temporary accommodation costs. You might want to look at that. If we in homelessness provision are to invest that level of money in the delivery of ask and act, but the savings are to come from other portfolios, should we pool budgets with other departments through public service reform?

You might also think about asking for temporary accommodation costs to be devolved to the Scottish Government from the DWP because, ultimately, a significant return on the money that we will be investing in prevention will go back to DWP, in expenditure on temporary accommodation costs.

The second point that was raised in the previous session is that, in stage 2 of the Housing (Scotland) Bill, we got secondary legislation for ask and, in particular, act, because, in the Housing (Scotland) Act 2025, there are prescribed actions for the six-month local authority duty—the minimum floor that a local authority should have in order to deliver on prevention. However, there is a lack of prescribed actions for other public bodies. If we do not flesh out what the minimum expectation is, there is a risk that it becomes just a duty to refer and that those bodies do not really deliver on the act duty in a meaningful way. We proposed an amendment to require secondary legislation to bring about those prescribed actions for the other public bodies. The amendment was agreed to but, at the time, no one was quite clear about what that should involve. The pilot programme was run to find out what interventions from those other public bodies were effective, and that needs to feed back into the secondary legislation, but there is no current agenda to scope out what intelligence has been gathered from the pilots and at what stage we can legislate for the act duty in particular.

The Convener: That is helpful. We have that on the record and the committee can follow it up with ministers accordingly.

I thank everyone for joining us. As I said to the earlier witnesses, if there is anything that we have not touched on that you think that the committee

should be aware of, please feel free to write to us now or at any stage in the future.

Next week—on 18 November—we will have our final round table discussion in our inquiry, which will be on planning. We look forward to that.

With that, I take the committee into private session.

12:45

Meeting continued in private until 12:59.

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