

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

Wednesday 26 September 2007

Session 3

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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

5th Meeting 2007, Session 3

CONVENER

*Duncan McNeil (Greenock and Inverclyde) (Lab)

DEPUTY CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

COMMITTEE MEMBERS

*Alasdair Allan (Western Isles) (SNP)

*Bob Doris (Glasgow) (SNP)

*Patricia Ferguson (Glasgow Maryhill) (Lab)

*Johann Lamont (Glasgow Pollok) (Lab)

*David McLetchie (Edinburgh Pentlands) (Con)

*Jim Tolson (Dunfermline West) (LD)

COMMITTEE SUBSTITUTES

Robert Brown (Glasgow) (LD)

Rhoda Grant (Highlands and Islands) (Lab)

Tricia Marwick (Central Fife) (SNP)

Margaret Mitchell (Central Scotland) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

Kennedy Foster (Housing Supply Task Force)

Brian Gegan (Housing Supply Task Force)

Archie Stoddart (Housing Supply Task Force)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

Jane-Claire Judson

ASSISTANT CLERK

Ian Cowan

LOCATION

Committee Room 4

Scottish Parliament

Local Government and Communities Committee

Wednesday 26 September 2007

[THE CONVENER opened the meeting at 10:00]

Interests

The Convener (Duncan McNeil): Good morning and welcome to the Local Government and Communities Committee. The first agenda item is a declaration of interests, for which we welcome Patricia Ferguson as a new member of the committee.

Patricia Ferguson (Glasgow Maryhill) (Lab): Thank you. I do not believe that I have any interests to declare.

Alasdair Allan (Western Isles) (SNP): I have a point of procedure. The committee is aware of the lengthy discussion at First Minister's question time last week about the content of discussions at our previous meeting. I do not expect the committee to rehearse the rights and wrongs of those arguments, but I notice that Ms Alexander claimed to quote when she said:

"Why, then, did the Minister for Communities and Sport admit yesterday that the Scottish National Party Government is now reviewing the scheme"—

the central heating scheme—

"with targeting or means testing the likely outcome?"—
[*Official Report*, 20 September 2007; c 1970.]

That claim was said to be based on discussions in this committee, although the *Official Report* does not seem to have been consulted, because it makes it clear that the minister made no such claim.

I merely ask about a procedural point. What view do the committee, the convener and his officials take on the quotation of committee discussions when that is not based on the actual discussions and has no basis in the *Official Report*? Would it help to write to tell Ms Alexander that she could save herself some trouble if she followed the idea that members who quote committee discussions should bother to find out what was actually said?

The Convener: That is not a point of procedure but a political point of view. I understand why you make that political point. Committee proceedings, as well as being in the *Official Report*, are televised and anyone can watch them.

Bob Doris (Glasgow) (SNP): I am willing to be corrected if I am wrong, but I understand that the

Official Report of the meeting had not been published when Ms Alexander made her comments at First Minister's question time. She must therefore have watched our proceedings live on holyrood.tv or spoken to a committee member, or she would have had no basis on which to make her assumption. For the committee's integrity, it is important to write to her to seek clarification of how she reached her conclusion. That is not a political point but a point of fact, on the basis of the committee's *Official Report*. The committee's integrity is important and we should write to Ms Alexander.

Kenneth Gibson (Cunninghame North) (SNP): It is inappropriate for politicians of any stripe to quote discussions that did not take place. You said that the point was political, convener, but the reality is that it does the committee no good if its proceedings are misquoted—it does Ms Alexander no good, either. I support what my two colleagues said about clarifying the matter. She was the one who ended up with egg on her face, but what happened did not look good for the committee or for committee members who might have raised the matter with her.

The Convener: I do not know exactly—

Johann Lamont (Glasgow Pollok) (Lab): I understand that comment is free. Some of us did not think that the minister made the SNP Administration's position on the central heating programme terribly clear—far from it. I would have taken what was said as a reasonable interpretation of reviewing a measure with a view to making it more effective. We intend to pursue that.

It is odd that SNP members of the committee want to pursue the matter. Are we saying that we cannot draw conclusions about what the Government might be doing from evidence that is given to a committee? To pursue that further in the committee would not be a productive or wise approach.

Kenneth Gibson: I think that that approach would be wise and productive. It is sensible to wait until the *Official Report* is published, after which people can draw their own conclusions by reading directly from the *Official Report*. To pre-empt that is wrong. The people of Scotland were deliberately misled about what the minister said at the committee meeting.

Jim Tolson (Dunfermline West) (LD): I appreciate that the point has been raised, but we are here to get on with the business of the committee for which we have asked people to come along. I do not agree with some of my colleagues who feel that the committee's integrity has been called into question by what happened last week. There is more than one source for what

was said at the committee; members can watch the meeting being televised live or ask other members what they felt was said. It is not the integrity of the committee that could possibly be called into question; it is the minister whom we were interviewing last week. The convener is right to say that the point that has been raised is political. We should just get on with the business that we are here to do.

Kenneth Gibson: I am sorry, but why is the minister's integrity under discussion?

The Convener: Kenny, please speak through the convener.

Kenneth Gibson: Sorry, convener.

The Convener: Alasdair, you have raised your point and I have given members some indulgence in discussing it. If you want to raise a point of order about the *Official Report*, you need to do so in the chamber.

Housing Supply Task Force

10:06

The Convener: I welcome our witnesses to the committee. We have with us Kennedy Foster, policy consultant for the Council of Mortgage Lenders; Brian Gegan of the Scottish Federation of Housing Associations; and Archie Stoddart, director of Shelter Scotland. We are pleased that you are here as members of the housing supply task force. We hope that we can enjoy a conversation with you about your involvement in the task force and your hopes for it, and that you will share some of your views with us.

I told the witnesses that they could make a short opening statement for the committee and I invite them to do so now if they wish.

Archie Stoddart (Housing Supply Task Force): I have just been instructed by the other witnesses to keep it brief. We are members of the task force, but we are here as individuals because the task force has had only one meeting. The position that we will set out is what the task force aspires to, but we will also give our perspective—that is the caveat in relation to our comments.

I hope that I speak on behalf of us all when I say that we are pleased to have been invited to join the task force, which we hope will address some of the key issues of housing supply, demand, need and ambition.

From Shelter's perspective, the groundbreaking target to eradicate homelessness by 2012 is an important element. We believe that the task force should be examining issues around supply, particularly when it affects affordable housing. You will be familiar with our call for 30,000 affordable homes for rent over three years. We believe that the work of the task force will be an important element in delivering that.

However, there is a broader perspective than just our work. I am sure that Brian Gegan and Kennedy Foster can speak for themselves, but the work of members of Brian's organisation is critically driven by land supply. I am sure that he will have comments to make on the issues that that raises for social housing providers. The issue of how we get a financially sustainable housing supply network will be important to Kennedy Foster.

That is not the statement that I was going to give but, in the interests of brevity, it is a fair starting point for our discussion.

Brian Gegan (Housing Supply Task Force): As Archie Stoddart said, the issue of land supply concerns housing associations in Scotland. I hope that we will have the opportunity to discuss the

interface of land supply with the planning system and how we might address that issue in the future. Supply is certainly critical, but there are other issues to discuss that are germane to housing associations in particular.

Kennedy Foster (Housing Supply Task Force): The only thing that I have to add is that the Council of Mortgage Lenders believes firmly that there is an undersupply of housing in Scotland. It is a question not only of supply, but of building the right type of housing in the right location. Lenders are concerned about certain aspects of the new-build market not just in Scotland but throughout the United Kingdom, where we are seeing an oversupply of two-bedroom flats in city centres and waterfront developments, which makes it difficult for lenders to value such properties.

Kenneth Gibson: I will touch on some of the things that Kennedy Foster said, because they are fundamental to the debate. One of my concerns is the definition of affordable housing. What is affordable to some people is not affordable to others and, at the moment, the definitions are broad. For example, Scottish planning policy 3 defines affordable housing in its broadest sense as

“housing of a reasonable quality that is affordable to people on modest incomes. In some places the market can provide some or all of the affordable housing that is needed, but in other places it is necessary to make housing available at a cost below market value, to meet an identified need.”

There is a further definition for private rental and shared ownership:

“outgoings (any mortgage payment plus any rent payment) should not be more than 30 per cent of net income, subject to the ... residual income test.”

How would your organisations define affordable housing? If we are talking about building 30,000 affordable houses, it is important that we are all talking about the same thing and that we do not have separate views of what that means.

Archie Stoddart: A single definition of affordability has proven a thorny issue over the years. The reason is that there are many different approaches. You have described two, one of which is based on outgoings as a straightforward proportion of income. Is it significant if I pay 50 per cent of my income on housing? If I was Paul McCartney, for example, it would not be. We have to consider what people have left after housing costs; that is why we get into complex net residual income tests.

An approach that we take considers how affordability relates to tying people into benefits. That is connected to the call for affordable housing for rent. We want to consider housing and affordability in general to ensure that people can

move from benefits into work—modest paid work—and not be unduly penalised. Housing policy is about more than just housing; it is also about the impact on the economy. If we lock people into a benefits trap by how we fund housing, that is really deleterious for the economy as a whole.

I realise that I am introducing a third element by talking about allowing people to move from benefits to work. To be absolutely frank about it, we could debate affordability matrices for the next 20 years but, intuitively, people know what is affordable. For example, there is not a town in Scotland that has an average house price of less than £100,000, but the average wage is £21,000. People intuitively know that that does not work, so we must do something different.

Brian Gegan: I agree with Archie Stoddart. We could spend a lot of time on debating definitions of affordable housing. In the 25 years that I have been involved in the housing association sector, we have debated definitions along the lines that Archie discussed—I will not repeat what he said. For me, affordable housing is housing that the majority of the population can afford. Whether affordability is related to income or benefits depends on the socioeconomic circumstances of the time.

We must take into account changing social patterns in the country, not the least of which is immigration. I have just returned from a fact-finding trip in Europe and it is clear that immigration is impacting on housing systems all over the continent. In Scotland, we must take such issues into account.

We must also take into account the fact that it is no longer only people on low incomes who use housing associations. That was our traditional client group but now, in addition to housing people who are on low incomes or people with particular support needs, we are housing people on middle incomes who cannot afford the prices.

The average age of a first-time buyer in the central belt of Scotland is 36. If people leave school at 17 or 18 and are not able to afford a first house, what happens to them in those 20 years? They look for alternatives but, unfortunately, those are in short supply at the moment. That is why the SFHA has supported the notion of building 30,000 houses for rent over the next three years. If nothing else, we need some short and medium-term measures to address the needs of today's teenagers and children over the next 10 to 15 years before some market-driven influences can take effect in the longer term.

Kenneth Gibson: In effect, you are looking for 30,000 additional rental units—not of the type that are being built at the Element in Edinburgh, for

example, but units that the majority of people could afford.

Kennedy Foster talked about the types of houses that are needed. That is quite significant. One of my concerns is the geographical spread of new housing. The job that is before the task force is immense. It is not just about the number of houses; it is about where they are built, whether they are two-bedroom flats or family houses, whether they are flats or houses, and so on. What are your views on what the geographic spread should be? Another element is the cost. I imagine that it costs a lot less to build a house in my constituency than it costs to build a house in central Edinburgh because of the costs of the land and labour. How do you square the circle and ensure not only that the number of affordable houses that you want to see are built, but that they are built to the correct specification, in the desired geographic locations and within the budget that is likely to be available? I know that that is a big question.

10:15

Kennedy Foster: In fairness, I do not think that the task force has been charged with considering that aspect. We have been tasked with looking at certain of the obstacles that are in the way of the development of additional housing. We have not been asked to identify where the houses should be built or what type of houses should be built.

Archie Stoddart: Local authorities have an important role in developing their housing plans. They have a duty to do that and to develop a homelessness strategy. Some work is on-going that has arisen from Professor Bramley's assessment of housing needs, which he undertook on an overall local authority basis; in the Highland area, that involves a dramatic spread. Work is being done by the Scottish Government to tease out what that means locally. There are areas in, for example, North Lanarkshire in which there are dramatic differences in demand, but that demand is expressed as just one type at the moment. We see that very much as a role for local authorities.

The situation is slightly complicated in areas such as Edinburgh, where decisions on prices have an impact in the Lothians and Fife. The question is how we can bring together all the strategies to address that. Travel-to-work areas are extending, and that is one of the problems of having very expensive houses in metropolitan areas.

Brian Gegan: Mr Gibson asked a fundamental question that we could spend the rest of the morning answering. I have two points to draw to the committee's attention.

First, I agree with Archie Stoddart that there is a substantial role for local authorities to play.

However, we have lost the regional dimension in the assessment of housing need and housing markets in Scotland. There are about six or seven main housing need and market areas in Scotland. To attempt to undertake accurate and meaningful assessment on the basis of the 32 local authorities is not the way to go. We must find ways—perhaps within the task force, or within other arenas as well—of considering the housing market areas that exist rather than looking at artificial boundaries, be they local authority or national health service boundaries. We must examine what happens in those areas and look at the drivers. As Archie Stoddart said, Edinburgh and Glasgow, the main cities, are good examples of that, as each of those cities impacts on five or six local authority areas.

Secondly, irrespective of how much investment is made in housing, the availability of land remains an issue. For the past 10, 15 or 20 years, housing associations have found it impossible to buy land on the private market. We are almost wholly reliant on agreements under section 75 of the Town and Country Planning (Scotland) Act 1997. We must find ways—through the planning system, which we will come to—to acquire surplus public sector land, in particular, for housing. We have a housing affordability crisis that is distorting investment in other areas, such as transport, health and education. House prices have risen exponentially, and the house price mechanism is distorting decisions in those other areas.

In summary, we must consider land release mechanisms. We need more land on which to build more houses—without land there will be no houses—and we need to bring a regional dimension into housing needs assessment. If that means local authorities working together in different ways, so be it. For me, those are two crucial issues to address before we start to decide the geographical areas to which the investment should go and what type of houses we need.

Kenneth Gibson: My colleagues on the committee will discuss that in more detail.

I want to pin you down a little on the geographical spread of new housing. You talked about the 32 local authorities and said that geographic location is not a matter for the task force to decide. What mechanism should be used to co-ordinate the enterprise to ensure that the 30,000 houses are built over the three years and that they are built where they are most needed?

Brian Gegan: In the short term, some form of central direction is necessary to ensure that those 30,000 houses are built and that the regional dimension is acknowledged and addressed. I appreciate the new Administration's desire to declutter the landscape, which was enforced by yesterday's publication of Professor Crerar's report, but we need to discuss—in this arena and

in the task force—the provision of central direction to co-ordinate that task. Local authorities should be involved and consulted but, in the short term, the Government should progress the process because, frankly, we do not have a great deal of time.

Archie Stoddart: We have a lot of evidence about need and demand, but the core of your question is about how we move to delivery. From our perspective, the issues around delivery are about land availability and the funding to provide the 30,000 homes.

Kennedy Foster: I fully support what Brian Gegan said about the need to provide a central initiative. How that is done is the main issue.

Johann Lamont: I appreciate your coming along today, even if you are here as individuals rather than as members of the task force. I have some practical questions about the task force.

Has the task force been asked for its views on the future role of Communities Scotland? Everyone recognises that there needs to be a housing regulator. You seem to suggest that we need a central organisation. Have your views been sought on that? Have you been asked to feed into the green paper on housing that the Government intends to produce, to which some of your work will be critical? Have you been asked to provide any early information on the implications for the spending review? Many of the relevant decisions cannot be taken until the spending review has been conducted, but much of your work will be surplus to requirements if we do not know how much money you have got to spend. You say that you have had one meeting. How many more meetings are planned? Is there any sense that you will be building on the work of the housing improvement task force and the homelessness task force?

My final question goes back to affordable housing. My understanding is that at least some members of the housing supply task force are not particularly happy about the fact that social rented housing is not to be considered. Everything that you have said so far implies that the two issues have to be considered together. The housing supply is affected by what happens in the social rented sector. People's capacity—or lack of it—to buy a house causes them to look to the social rented sector, with the result that there is displacement in both directions. Will the housing supply task force consider whether it is reasonable to separate off those two issues? Will it advise the minister that matters should be examined in the round?

Kennedy Foster: On Communities Scotland, the answer is no—we have not been asked to provide any input on the future of the organisation.

I believe that Brian Gegan has had some discussions with the minister, but only in his role as the chairman of the SFHA.

Brian Gegan: I echo that. Questions about Communities Scotland have not come up. The first meeting of the task force was very much about setting the scene. It was an introductory meeting, in which we considered some of the procedural aspects of our work. We talked about some of the issues that we would address and how we would do that.

A concern was expressed about the interrelationship between the work of the task force and work on the forthcoming green paper and the comprehensive spending review. The minister indicated that he thought that it was extremely important that there was a horizontal connection between those issues, as well as a vertical connection between the various strands of policy.

The task force has had one meeting so far. Further meetings are planned for the end of October and November, at which we will develop the various themes. As yet, there has not been time to relate back to the work of the housing improvement task force and the homelessness task force. Such work will develop as the task force meets.

Johann Lamont: If there is to be a horizontal connection, will you be asked to provide a report ahead of the spending review deliberations and the green paper? If so, would it be possible for us to have sight of the comments that you feed in?

Kennedy Foster: We have not been asked to provide any such report. In fact, we were told that no formal report would be produced at the end of the task force's work.

Johann Lamont: How will the connection be made? You are right—you cannot exist in a silo. The green paper is coming up and so is the spending review, and both will materially affect the impact of what you have to say.

Archie Stoddart: We have made the point both within and outwith the task force that it is complementary to the work on delivering affordable rented housing and is not a substitute for that. The task force's work will continue into next year and we expect the results of the comprehensive spending review shortly. However, I reinforce the comment that was made—we have not been asked formally to feed in to that. You might want to ask questions elsewhere about how things are being structured and pulled together. There is merit in our considering planning issues and the broader supply issues, but we are clear that that cannot be a substitute for a focus on the CSR. From Shelter's perspective, we regard the processes as separate.

Johann Lamont: Should it also examine the relationship between social rented housing and low-cost home ownership rather than treating them as two separate things?

Archie Stoddart: Sorry, should what—

Johann Lamont: I understand that social rented housing is being dealt with elsewhere and not through the housing supply task force.

Archie Stoddart: It is a question of the amount. The provision of 30,000 units of affordable housing is not a central focus of the task force, but there are issues about how those units are delivered and we regard that as a matter to be dealt with by the task force.

Johann Lamont: We might need to seek clarification—

The Convener: Brian Gegan and Kennedy Foster want to comment on that point.

Kennedy Foster: My understanding is that the task force is considering housing of all tenures and not simply owner-occupied housing or social housing. The task force is considering all three sectors of housing.

Brian Gegan: That is correct. It was made clear that the minister wanted to focus on the supply issue and the relationship with land and planning. We all made the point that Archie Stoddart made—that links must be made with the green paper and the comprehensive spending review. However, the focus of the task force was to be on the supply of housing in Scotland in general.

I hope that the relationship between the various sectors will be discussed not only in the task force but in other arenas and that views will be brought together so that a comprehensive picture is prepared. The mechanisms for that will be discussed at the next meeting.

The Convener: To clarify, there has been no discussion about Communities Scotland with the housing supply task force but there has been such discussion with the Scottish Federation of Housing Associations.

Brian Gegan: Part of the incoming Administration's manifesto was that Communities Scotland was to have a different status, if not to disappear. We in the SFHA have not engaged in detailed discussions with either the Scottish Government or Communities Scotland. The discussions that have taken place have been informal. We await the Government's thoughts on the future of Communities Scotland, on what will replace it, and on the timescale. Indeed, my suggestion in response to Mr Gibson's question—central direction of our short to medium-term aspiration for 30,000 homes and the consideration of future planning on a regional basis through a

central body—is to some extent a contribution to that debate.

The Convener: That is a wee bit at variance with the evidence that the minister gave us last week. In response to our questions on what type of consultation had taken place, he said that there had been a range of discussions, particularly with the local authorities, the Chartered Institute of Housing in Scotland and the Scottish Federation of Housing Associations.

Brian Gegan: I would not say that no discussion has taken place, but let me put it this way—the board of the SFHA has not considered the matter as an individual item and made an official response. To date, the matter has been dealt with informally.

The Convener: Thank you.

Kennedy Foster: The lending industry is heavily involved in the social housing sector because it lends to registered social landlords. To date, we have not been involved in a debate on the future of Communities Scotland. The independent regulation of RSLs is quite important for us, as can be seen from our recent response to the Cave review south of the border.

10:30

Bob Doris: I support what Johann Lamont said about the need to link social rented housing with the housing supply task force. Since 2001, there has been a 112 per cent increase in house prices. The average price of a house is now £149,000. In 1995, social rented housing represented 35 per cent of the housing stock; in 2005, it was 25.6 per cent. There must be a direct relationship between house price inflation in the buyer's market and a decline in social rented housing. It is vital that the supply task force considers the housing career of tenants—be it social rent, mid rent, or mixed equity—and owner-occupiers, and how easily they can move between the two. Depending on what is important for their lives, people do not just upgrade to owner-occupier, but may decide to go back to mixed equity or to a mid rent scheme. I reinforce Johann Lamont's point that it is vital that we consider social rented housing as an integral part of any housing supply task force.

Brian Gegan: I do not dispute what Mr Doris is saying, but because of changing social patterns it is also incumbent on us to look at new products in different areas, for example for younger people and for older people. From the perspective of a housing association, that is an important part of the debate about regulation, governance and how associations operate. That is not necessarily a debate for today, but it is a debate that will have to take place because we have to produce a broader range of products for society now than we have in

the past. The association sector must rise to that challenge and devise the products that people actually need rather than what we have produced in the past 25 to 35 years. I do not want to take away from the validity of that, but we have to create what is needed now and in future, and not simply continue with what has happened in the past.

Kennedy Foster: I echo entirely what Brian Gegan said. We are seeing quite a lot of significant lifestyle changes. I see it in my own family: my son owned a house, but when he moved south of the border he could not afford a house down there, so he decided to rent and to buy an expensive car instead of a house. Now he is talking about buying. The social pattern is changing—we have done quite a bit of research on that in the past. There is a need to devise products to meet those changes in lifestyle.

The Convener: The importance of the planning system has been mentioned. Jim Tolson will lead on that.

Jim Tolson: The planning system is a key element of the discussion, and it is an issue on which the housing supply task force will focus. I want to focus on SPP 3, on planning for housing, and some of the issues it raises. Research has suggested that, to date, the number of affordable housing units gained through planning policies has been relatively small. There is plenty of evidence of that in my constituency: even with a huge housing development, only 5 per cent of it is affordable housing. With a benchmark of 25 per cent, SPP 3 takes things forward quite a bit.

Homes for Scotland previously indicated its view that we need a planning system that facilitates and assists development rather than one that seeks to control and regulate it. The Scottish Government has indicated that it will review SPP 3 in the autumn. What are the panel's views on the extent to which the planning system adequately facilitates, rather than hinders, housing development; the benefits or otherwise of using the planning system as a means to influence the development of affordable housing; and the operation of the affordable housing planning policies in practice? In particular, what have been the difficulties developing those policies? What are the barriers that private developers face in conforming with policies? How are policies being enforced and monitored?

I know that that is large number of questions, but I am sure that we can have a wide discussion on planning issues this morning.

Brian Gegan: I will kick off, as my first degree is in town and country planning. However, as I have said on many occasions, I have recovered from that.

The planning system on its own cannot solve the affordable housing crisis—it is important to say that—but it is an important element. Over the past 25 to 30 years, I have detected a change in culture in the planning system. If we go right the way back to the Town and Country Planning Act 1947 and the circumstances that prevailed then—which were different, admittedly—there was a presumption in favour of development. Planning authorities were directed to approve developments unless they had good policy and practical reasons for not doing so. That culture in Scotland has been lost for a number of reasons.

There is no doubting the difficulty involved in reconciling all the different influences that exist nowadays, including climate-change requirements for low-carbon footprints and the need to produce facilities that reflect the needs and aspirations of society. I think that the planning system is under-resourced. I also think that we need a comprehensive examination of how the planning system's culture can change and of how we can equip and re-engineer planning to provide the kind of system that can contribute positively to the affordability crisis that we currently face.

A crucial aspect is land release. The simple fact of the matter is that, in the vast majority of places in Scotland, insufficient land is released for housing. Even where land is released, the difficulties and delays in negotiating applications through the planning system—whether for private developers or for housing associations—are legend. My association has experience of such delay with a site in the west of Scotland, for which the tender price for 40 units has increased by £1 million over two and a half years. That £1 million of subsidy arose purely out of planning and infrastructure delays. I do not say that that happens in every case, but it happens in too many cases.

The system of agreements under section 75 of the Town and Country Planning (Scotland) Act 1997 produces a valuable quantity of affordable housing units—let us be clear about that—and the SFHA supports its continuation, but the section 75 system needs to be applied much more consistently throughout the country. As I said earlier, planning authorities need to be aware of the regional dimension of housing markets and housing need areas. That needs to be reflected in development plans and housing needs assessments.

In development planning, we need to shift the focus away from the control element towards the old-fashioned planning and implementation element. There is a direct correlation here with my earlier comments on the need for central direction to encompass and embrace the regional dimension. We need to work with local authority

planning departments to create a realistic and accurate assessment of housing needs so that, as was said earlier, we build the right houses in the right places at the right time. Otherwise, the issue will be very difficult. I think that we need to get back to a regional assessment and regional planning of housing need and demand. We should satisfy that through a programme of land release.

I am old enough to remember the Scottish Development Agency. In my area in West Lothian, that agency delivered rehabilitation and regeneration of old mining areas by flattening out spoil heaps and so on. Ladies and gentlemen, the SDA had an implementation role. I believe that, in the short to medium term, we need to give that positive implementation role back to the planning system.

We need to change the culture away from command and control towards creation and innovation and actually doing things on the ground that people can see. That will be a big exercise. I suggest that it will be on almost the same scale as Professor Crerar's proposed reforms of regulation, but it needs to be done. We will continue in this morass of delay if the accent continues to be on command and control.

The housing supply task force will look at the matter—I hope in some detail—and potentially come up with some proposals.

Archie Stoddart: The fact that there is a clear statement about affordable housing in SPP 3 is very positive, but the issue is how it is delivered on the ground. We hear anecdotal evidence that it is not working. Like some committee members, we are pushing for the task force to establish why that is and what the impediments to it happening are. We should not rehearse the anecdotal evidence now; I am sure that members have all heard it. In the context of planning, the task force should prod around some sacred cows.

Shelter is willing to consider issues about the green belt. Is the green belt, as it is constructed now, a model that still stands? Are there alternatives? There appear to be a range of options. We do not have an answer to those questions, although we have views on a different model that might yield more utility. On the other hand, we should at least prod the issue and find out some of the answers. I would be disappointed if we did not do that.

My final point is that you can have all the planning you like but, ultimately, unless the root issue, which is the availability and provision of housing of certain types—obviously, from our perspective, that includes social rented housing—is addressed, the problem will not be solved. It is perhaps too much to ask that the system deliver it all—it cannot—but a strong planning system is complementary and an important part of the story.

David McLetchie (Edinburgh Pentlands)
(Con): Good morning, gentlemen. I apologise for not being in attendance at the start of the meeting; I was detained elsewhere. I thank you for your comments so far.

You have talked about the robustness of the system in relation to the availability of land. Is it the task force's intention to examine the matter authority by authority and measure the robustness of the proposals for releasing land or making it available for housing development in order to achieve the target? I am not asking you to look at every local plan or every draft local plan, but is there an intention to address whether the authorities in an area or, as you said, a region are on track to deliver, or are the plans full of warm words about what is desirable but with little prospect of delivery?

Brian Gegan: The task force's work will have two strands. One is geographic, the other is thematic. The answer to your question is that on the geographic side we propose to look at three areas: the Lothians, greater Glasgow and a rural area—which rural part of Scotland is as yet undetermined. The idea is to study those regional areas and to hear from stakeholders about the problems that they face in relation to accessibility to land; land release; the nature of the planning system; how the planning authorities in the regional area interact and how—as Kennedy Foster said—that affects the supply of housing across all tenures, not only social rented housing, which is obviously the prime concern of housing associations, although we are involved in other tenures. The general answer to your question is that we will look at examples and see whether we can identify elements of bad practice and good practice that can be encapsulated in the review of SPP 3 and, I hope, in the future.

The review of SPP 3 is crucial and the sooner it is done the better, but it is not the end of the story as far as the planning system is concerned—I think that it is the beginning. It needs to lay down a platform from which we can take forward a more fundamental review of the system and how it operates.

Kennedy Foster: I believe that our role is to understand what the obstacles are and to try to come up with solutions. We have been told that it is a doing task force rather than one that will be listening all the time. Brian Gegan is right to say that we will take evidence about the obstacles in the Edinburgh area, but we have been charged with producing potential solutions.

10:45

David McLetchie: I am interested in your reference to examining Edinburgh and the

Lothians, which I will tie in with Archie Stoddart's comment about poking the sacred cow of the green belt—that subject is close to my heart in my constituency. In relation to assessing how robust policies are, I understand that the planning position in Edinburgh is that its requirement for housing in its development plan can be met without markedly changing green-belt policy for the city and its surrounding areas. Are you saying that one of your tasks will be to test that proposition in Edinburgh and the Lothians?

Brian Gegan: Absolutely—that is precisely the kind of proposition that is involved. The planning system can zone land for housing and allow planning permission to be granted for housing developments, but that does not necessarily mean that that land will come forward for development. In my day, we coloured residential areas on a plan brown. We would say, "We now have enough land zoned for housing and sufficient land that is the subject of detailed planning permission for X houses to be built." That is different from the other step that must be taken—the transfer of land from its owner to a developer. As I said, housing associations cannot access such land on the private market, as it is too expensive to be accommodated in the financial structures that we operate.

The question is not just whether sufficient land has been zoned and whether sufficient planning permissions have been granted, but how that land is brought into development, and with the relevant services such as water, electricity and drainage on tap and on time. Those are the propositions, and it is crucial to test the proposition that was described. Sufficient land must not only be zoned, but be ready for development in the timescale in which we need it.

David McLetchie: I will ask about implementation of the aspiration in the new Planning etc (Scotland) Act 2006 for more front-end community involvement in the process. That aspiration is laudable, but the concern is that it is balanced against the efficiency drive to put plans and applications through the system. Will the task force examine how to balance those competing elements in the system? Will the task force feed into how the act and the regulations made under it are rolled out in the next couple of years?

Brian Gegan: I will ask Archie Stoddart to give a perspective on that. From a practitioner's perspective, a circle must be squared. If we are talking about efficiencies, we are talking about time. The timescale for dealing with applications must be balanced. I have no difficulty with community consultation in advance—it is unquestionably a social benefit—but we must structure it carefully and articulate it in detail. We must make clear the responsibilities as well as the

rights of the community in which a development is to take place—and of the developer. Work has to be done on the detail.

Archie Stoddart: I make it explicit that one subject that the task force will develop is community engagement. The member has identified the issue: communities need to be involved, but we do not want—I will be more blunt than Brian Gegan was—to promote a no culture to development. It is important to address that.

Shelter believes that we get a no culture because people often find out about developments through their local newspaper and there is no proper engagement. If the committee will excuse a commercial for a minute, we have just produced a publication called "But why here? Engaging communities in the development of accommodation for socially excluded people". The evidence that we have had is that basic steps are often not taken and that the first thing people see is a planning notice or, worse, a garbled newspaper report, which sets the process back. The principle is right, but more skills and approaches must be developed to help local authorities and developers manage the process.

David McLetchie: In that context, do communities have a sense of the bigger picture behind developments, or is the focus in engagement sometimes too narrow? Does engagement involve people asking, "Why are you going to build houses next door to me?", rather than asking about where the proposal fits into what the city is trying to do and other perspectives? If the focus is too narrow and the process comes down to issues about the immediate neighbourhood, how do we address that and get people to engage and see a bigger picture in considering developments?

Archie Stoddart: One of the challenges is that it is difficult for people—I include us all in that—to have a broad perspective on the planning system for Edinburgh. I speak as an Edinburgh resident. Inevitably, people tend to consider how developments affect them locally. If the planning process or developers appear insensitive, or if something disappears or appears, people will react to that. We should bear it in mind that we are largely focused on building social housing, so our approach is based on taking communities with us and the need to take the early steps. That is why we have produced "But why here?"

Brian Gegan: In the past, the focus has been too narrow. That goes back to the point that I made about reinvigorating the system and how the bigger picture relates to individual circumstances, sites and neighbourhoods. I endorse Archie Stoddart's comments about the need for community engagement, although in my experience all planning decisions are a

compromise. Planning authorities must expect that they will not please 100 per cent of the people 100 per cent of the time. If people appreciate the bigger picture about the difficulties of housing—awareness is growing in Scotland of the difficulties of access to and choice in housing—it may be easier for the planning system to reach more acceptable compromises.

Patricia Ferguson: Good morning—I have not had a chance to say that. It is good to have this conversation. I was intrigued by your choice of geographical areas to consider. I am conscious that, with greater Glasgow, the greater part of it will of necessity have different issues, problems and, possibly, solutions from the Glasgow part, because the housing markets and situations change the closer one gets to the city. That is just an observation.

I will follow up comments that were made in answer to David McLetchie's questions on planning. When we talk about planning, we are often talking about the process in which there is a formal notification that A wants to build, and B, C, D and E, who live near, have their say on whether the project should go ahead. The discussion is seldom about what is to be built; it is about the principle of whether anything should be built or the type of building that should be there. Do you plan to consider planning in the round and take into account matters such as development control and city plans?

Although I do not mind if you poke a stick at the sacred cow that is the green-belt, in my experience plenty of green belt land is being built on while lots of brownfield land that could be available for housing is not being built on. There are a multitude of reasons for that—sometimes the ground needs remediation or there are other legitimate issues—but often it is because the area is allegedly not the most attractive place to build houses. Will you consider the entirety of planning? This might take us back to your town and country planning background, but will you be able to examine the entire range of planning ideas to find some way of cutting through those obstacles?

Brian Gegan: The task force's work will focus on supply, in which, as we have all made clear, the land element is paramount. As land is a finite resource it is incumbent on society and the planning system in particular to ensure that it is used to best effect.

The task force aims to examine how the planning system influences the supply of land for housing. You mentioned brownfield sites. The concept of using land that has been used for other purposes to build communities, particularly in our cities but also in rural areas, is close to the heart of housing associations.

I do not know whether we will be able to examine the culture of development control in relation to the development planning aspect that I highlighted earlier, but we need to balance the command-and-control element that has emerged in planning over the past 20 to 25 years with a more enlightened approach to development planning in which we identify areas where housing would be appropriate. There might be a price to pay for that—for example, you mentioned remediation.

All our cities have industrial areas from the previous century that are still vacant because of problems with remediation, mining and so on. If we want to make the best use of land, bring housing back into communities and let people live close to where they work and cut the travel-to-work distances that are another blight on our roads and infrastructure, we have to find more enlightened approaches. I hope that the task force will have a role in that respect, although I do not think that it should necessarily be central.

I am reminded of the jute mills in my home city of Dundee being surrounded by concentric rings of tenements. Notwithstanding the condition of the housing, the idea was to build a sense of community by letting people live close to where they worked. We need to revisit such a principle, although perhaps not with the Victorians' inflexible approach. The task force's aim is to examine how the planning system impacts on supply and how land that might not otherwise have been considered for housing purposes can be brought into the equation.

Patricia Ferguson: I perfectly understand that you are operating under the imperative of the timescale for the 30,000 houses that Shelter Scotland and others have referred to, but I am slightly worried that it might be much easier and quicker to build on greenfield rather than brownfield sites. I am not saying that we should not build on the green belt; I am saying that the green belt is very important for many other reasons, and I worry about allocating too much of it for housing because some brownfield sites are deemed unattractive or too expensive to develop. Perhaps your task force can consider that matter.

I am also worried about who gets to live where. If you can afford it, you can buy a house that is pretty close to the green belt, but if you cannot afford it and you are dependent on a housing association or another type of social landlord, you are more likely to be located on a gap site in the middle of a more developed area. How will you address those two concerns?

The Convener: I will let Archie Stoddart respond to those points in a moment, but my deputy convener has whispered in my ear that he wants to support Patricia Ferguson's arguments.

11:00

Kenneth Gibson: I support what Patricia Ferguson said. Some 11 per cent of Glasgow's land is currently vacant, derelict or contaminated. At the same time, a huge reservoir of brownfield land is available. Because green-belt regulations have been relaxed—for example, in East Renfrewshire—building on green-belt land has drawn people out of the city of Glasgow and had a consequent impact on the city's council tax base, its schools and so on. Over the past few years, Glasgow City Council has tried to counter that impact by allowing land to be given to developers for private house building without any real infrastructure developments to go along with that. Glasgow City Council has been so keen to retain residents in the city that it has not perhaps imposed all the caveats about infrastructure that we normally expect on large-scale housing projects.

It is important that the task force looks at matters in a more metropolitan way, as has already been said. We cannot look at local authorities in isolation. If we consider what is happening in Glasgow, we also have to consider what is happening in East Dunbartonshire and East Renfrewshire and come up with a constructive policy for all. Wherever possible, we should emphasise the need to build on brownfield land.

The Convener: I will bring in Mr Stoddart, who kicked us off by prodding that sacred coo. Kennedy Foster wants to come in, too.

Archie Stoddart: Just to be clear, Shelter's position is not that we do not acknowledge the amenity provided by green-belt solutions, but that we have to question whether that is the only way. A number of different models preserve and drive amenity into cities, rather than using the green belt around them. What we are saying is that this is not about harum-scarum developments.

On the point about people moving into other areas following the relaxation of regulations, local authorities next to metropolitan areas often report to us that they get people who jump the green belt. The perception is that once you reach the green belt, nothing can happen. That has strong knock-on effects in neighbouring local authority areas, about which I am sure the committee will have had representations.

My final point is about how we have chosen the housing market areas. My strong feeling is that the position is not the same for all tenures. People who buy a house and who are mobile and in well-paid work intuitively know that it is a lot easier for them to commute. One of the matters that the task force wants to tease out—this is linked to inner-city development—is whether there is a similar market for the social rented sector. I suspect that

there is not, and it is important that we do not lump the sectors together.

Kennedy Foster: I agree entirely that we have to look at the situation on a regional rather than a local authority basis.

The Convener: I will let others in now—Alasdair Allan has been patient, as has Johann Lamont.

Alasdair Allan: The obstacles that face new housing developments are part of the task force's remit and have been mentioned by several speakers. The culture that holds up the planning process for housing has also been mentioned. I ask the witnesses to elaborate further on means of engaging people. In some communities with transient populations, there is no engagement in the planning process, whereas other communities are too engaged in the planning process at a later stage or become involved in contradictory situations, in which they express a social need for new housing and then complain every time that it is proposed. On a cultural level, what can be done to engage people more meaningfully in the planning process? As someone with a rural constituency, I want to know whether there is merit in asking people at an early stage how much housing they need to sustain their community. That would make it more difficult for people to complain later when three houses are built.

Archie Stoddart: You highlight an issue that I discussed earlier. One of the problems is that the first time people have exposure to planning issues is when they react to something, be it a development, a proposal or even a news story.

Along with agencies such as the Highlands Small Communities Housing Trust and the rural housing service, we have been trying to set up the idea of rural enablers. Their role is to work with communities partly to identify not only need but opportunities. Such enablers would literally walk the communities, tease out the issues and identify the solutions before developers and RSLs follow on.

We had such a project in Dumfries and Galloway and, in England, the Government employs 40 rural enablers. One consequence of that work is that much of the nimbyism is headed off, because people feel that they have been involved and engaged. One practical solution that we will take to the task force is about resourcing such work in rural areas to free blockages, identify need and give people a sense of engagement with the process.

Brian Gegan: I endorse what Archie Stoddart says. As Mr Allan said, there are probably a variety of solutions for a variety of locations. We have participated in several local authority areas—not rural ones; they were more urban and suburban—in a series of development forums in

which potential housing developments have been brought to the community's attention and discussed with it. We had a variety of approaches, but the great thing is that the process is consultative and allows people at least to appreciate the bigger picture. There is no one-size-fits-all answer. The Scottish Federation of Housing Associations and I had hoped that we might have a framework for community engagement in the community planning system, but that was described to me the other day as being ecumenical, or all things to all people. However, we could examine that framework to see how it could contribute to creating the community engagement that we want and which will make our planning system more efficient.

Alasdair Allan: I have an observation on the back of that. What you say sounds eminently sensible, but I wonder whether, particularly in rural areas, there is a means of tying in with other agendas on housing need. If we can involve communities in identifying housing need in their areas, they may be less hostile to housing development when it comes. The process could be tied in with broader agendas about the complications ofcrofting legislation or other housing need issues. Is there a means of engaging people in identifying that, in rural areas, they need a certain amount of houses to sustain the community? It would then be much more difficult for nimbyism to take root in the community when development comes.

Archie Stoddart: We are strong believers in the rural enabler model, which involves individuals who walk the ground, know the area and develop local relationships. We are evaluating our project, but the model is simply not resourced here in the way that it is down south, although we believe that it should be.

Kennedy Foster: I presume that the outcomes are then fed into the local housing strategy.

Archie Stoddart: Absolutely. The enablers work with the range of local housing providers and, almost independently, generate some of the community engagement that is essential to making planning and local housing strategies meaningful.

Brian Gegan: The stigmatisation of rented housing in Scotland is an issue for us all. There has been a growth in owner occupation, and rented tenure is perceived as second class. Given the quality of the product in the past 35 years, particularly from housing associations, it is a complete misnomer to render it as second class. That is an issue for the communication policy that Mr Allan talked about. We must address the issue as a matter of urgency.

Johann Lamont: The membership of the task force includes someone with planning expertise

from the Convention of Scottish Local Authorities, but do you intend to have a meeting, or a series of meetings, with the Executive officials who developed the Planning etc (Scotland) Act 2006, which has just gone through and which could achieve exactly the culture change and the move to a development plan-led system that you are talking about? It is important that you have those discussions, because there is a difference between what the legislation says and how it might be delivered as a result of the resources that are given to that area. You might have important comments to make on that.

When the Planning etc (Scotland) Bill went through, the tension was about balancing the rights of communities with the needs of the broader community. I think that we struck the balance correctly at that stage, which I welcome, although Scottish National Party members were concerned about the issue at that time. Therefore, I was pleased when John Swinney said that he does not intend to revisit the planning legislation and that he is satisfied that the balance was struck properly, even though members of his party were not satisfied about that when the bill went through.

I seek reassurance that you will consider that, because the issues that you talk about, such as culture change, are all dealt with in the planning legislation, but I am concerned that the Government is not willing the means for that. I presume that you will talk to Planning Aid for Scotland and similar organisations.

I do not know how this might be done, but would it be possible to introduce a statutory responsibility for house-building companies and public agencies to disclose the land that they hold? Such a measure would let us know where the land was, how much was available and how much was being withheld. We all know that land might not be released because, if it is held long enough, it can go up in value.

Finally, as Jim Tolson will know, our Fife colleagues tend to jump up and down whenever the Edinburgh green belt is mentioned, because of the consequences of what has happened in that respect. In Glasgow, there is a lot of evidence that people who have benefited from private development—or, indeed, from any development—have objected to development that has come in on the back of that. Will you examine those questions of culture?

Archie Stoddart: On your first question, meetings are attended by housing and planning officials. Given the chief planner's presence, we assume that such considerations will be fed into discussions.

It is a bit premature to come up with recommendations on a statutory disclosure duty.

However, one of our early tasks will be to address the release of public land. One tension is that local authorities and health, education and other bodies have to balance the need to maximise receipts with their wish to use the land more creatively. Although there might be no legal impediment, there is a major financial one. COSLA will certainly attempt to tease out the issue of how it can use public land more creatively, because it is incredibly important as far as supply is concerned.

Brian Gegan: We are certainly in favour of a land audit in the public and private sectors. As I said earlier, land is a finite resource—after all, we are certainly not making any new land—and we need to make the most effective use of land through planning and other systems.

I agree with Ms Lamont that the Planning etc (Scotland) Act 2006 was a step in the right direction. However, speaking as a practitioner to a politician, I believe that there is a difference between passing legislation and delivering it.

Johann Lamont: Delivery will be your job.

Patricia Ferguson: I am quite concerned about some of the witnesses' earlier comments. For example, if I understood them correctly, they are not required to produce a report, although surely a report would help to inform the debate more widely. Moreover, given that the task force is at the beginning of the process and has therefore not been able to go into many areas, we might want to invite the minister back to the committee to tease out the Government's intentions, aims, timeframes and so on.

Will the task force examine the types of housing that will be provided? Kennedy Foster said that the accommodation constructed in waterside developments and city centres are very often two-bedroom flats—indeed, that is my own experience. Surely we need to reach a point at which people can either own or rent a property that not only is affordable—which is the aim of the task force—but is right for their needs. Too often people—and families, in particular—have been expected to live in properties that are not appropriate to their needs simply because not enough houses of the right type have been available.

Even if people get a property that is right for their needs, it might not be in the area where they want to live—for example, where their children may be at school, or where their workplace or wider family support may be located. People often have to move out of areas where they have lived all their lives in order to secure one of the few available three or four-bedroom houses with a bit of garden, to which almost everyone aspires.

I favour a holistic approach that seeks to ensure that people have the right house in the right place, and which is both affordable and appropriate for

their family and their needs. I appreciate that the right to buy has affected matters, but will you consider housing issues in that rounded way?

11:15

Kennedy Foster: On your first point, we were told that there would be no official report like the one that was produced by the housing improvement task force, on which a number of us were involved. I think that the intention is just to release information about what the task force is up to, but I am not 100 per cent certain how that is to be done—perhaps through newsletters. However, the minister told us clearly that he did not envisage a formal report coming from the task force at the end of its lifespan.

On the interesting point about two-bedroom flats, we have not identified that as a factor for early consideration; my view is that we need to consider it as we go forward. It is easy for developers to decide to build flats on a particular piece of ground because that kind of density brings the highest return.

Archie Stoddart: I have two quick comments on what Patricia Ferguson said. First, the cycle of life tells us that two-bedroom flats will not be enough for people—they will eventually need something bigger. There are indications that developments of two-bedroom flats are fraying at the edges in terms of their marketability. That raises the huge question of where people go for new housing.

Secondly, on your broader point about the choices that people have of where to live, the agenda in the 1970s was to give people options for owning property, which was fine. However, whatever our perspective, we must now give people real options for renting because the reality for many working people is that owning is not an option now. For example, 700 people applied for a single council house in Edinburgh, and there was the recent case of the policeman in the Highlands who was sleeping in his car because he could not get accommodation. Those examples show that parts of the housing system are not working. We have evidence of demand, so the issue is how we use the task force to reinforce the work that is being done on affordable housing and the CSR, and we will complement that.

Brian Gegan: I echo what my colleagues have said. Ms Ferguson highlighted the real dilemma around access and choice in the context of land supply, planning and the housing system. The question is how directive we are going to be in trying to improve access and choice in housing. If housing provision is left entirely to market forces, we will not achieve the improvements that we seek. However, the issue is getting the right balance between a directive planning system and

a directive housing supply system so that we create access and choice—it is a difficult one.

Patricia Ferguson: I have a small but important point. Housing demand is obviously important, and we must take cognisance of people's rights in that respect. However, I am talking about not only housing demand but housing needs. The people with whom I deal never get near the point at which they would have real choice. All that we can hope for, and all that we can help them to get, is something that is appropriate to their needs at a particular time. That challenge must be faced before we even get to the demand aspect.

Archie Stoddart: Absolutely. There are 200,000 people on housing waiting lists and 8,000 people in temporary accommodation—and there is not a town in Scotland with an average house price under £100,000.

Brian Gegan: Another factor is that, as a result of the growing number of households and the care in the community regime that has operated during the past few years, more and more households require support to sustain tenancies, which is highly problematic for many providers, especially housing associations. The supporting people programme is problematic, to put it mildly. In the overall housing context, we must carefully consider the interface between housing and health provision. The supporting people regime is creaking.

Kenneth Gibson: Witnesses said that the task force's role was to consider how to tackle bottlenecks. How confident are you that we have the resources to meet the target of 30,000 new houses? Is there enough labour to carry out the work? Have we got enough joiners, bricklayers, plasterers and so on to build the houses if land and money become available, obstacles to do with water and sewerage are overcome and everyone agrees on the type of houses we should build and where they should be built? Currently there is wage inflation, and the committee has discussed how the London Olympics will soak up construction workers. If we do not have the resources to build the houses, how confident are you that we can meet the 2012 target?

The Convener: Builders' representatives could not attend today's meeting, but the committee might hear from them. However, we would be happy to hear the witnesses' views.

Brian Gegan: The construction industry will speak for itself about capacity. From the providers' point of view, I draw the committee's attention to the final page of the briefing note on affordable housing, which says that the Minister for Communities and Sport cited

"a 35% above inflation rise ... for the average subsidy paid for each house built for social renting since 2002".

That reflects a one-dimensional approach to the figures. Increases in labour prices, which Mr Gibson mentioned, as well as increases in the prices of materials and—above all—the increase in land prices account for virtually all the 35 per cent increase. A great deal more analysis is required than is offered if we just say that subsidies have increased disproportionately to the increase in supply. The issue needs to be interrogated much more thoroughly than has happened up to now.

Can we meet the target? That takes us back to the issue of the best use of land. I do not know whether there is the capacity; we need to ask the construction industry about that. However, tender and labour prices have shot up exponentially and are increasing rapidly, even for planned and responsive repairs to our houses. My housing association has to increase its budget by at least 10 per cent per annum to take account of such costs—never mind the volume of repairs and the extent of landlord responsibilities. Housing associations are experiencing increasing difficulty in securing suitable tender prices, given the financial constraints in which we work. That must be reflected in the industry's capacity to produce what the country needs.

Kennedy Foster: As Brian Gegan said, the question of capacity is for the construction industry, whose representatives flagged up the issue at the task force's first meeting. Capacity is an issue not just in the new-build market but in the context of achieving the Scottish housing quality standard, which also requires resources from the construction sector. There are great demands on the construction industry, which the lending industry sees reflected in the inflation levels that are being built into business plans by housing associations and the like.

Archie Stoddart: For a number of reasons, I am perhaps more optimistic—or at least I am more willing to say that I am. First, we are not building 30,000 affordable homes from a standing start. We are talking about roughly doubling the current output, which works out at around 5,000 units a year. That is not insignificant. Kenneth Gibson mentioned the 2012 target. Although building 30,000 affordable homes is important in meeting the target, it is not integral to it. Those houses will also help to address some of the other housing needs that are not connected to homelessness—that is an important message to give out.

When considering capacity, I would look to examples from abroad. When I visited Ireland on holiday recently, I was struck by the explosive housing growth there. On average, 50,000 units a year have been delivered there and we have to tease out why that is. I have no notion as to the quality or the type of housing that is being built,

but we cannot ignore the scale of what is being delivered there. I read indicative output figures from last year showing that 80,000 units were built. Let us look at other examples to see how we can get there too. That perfectly legitimate question has rightly been raised in the task force.

Kenneth Gibson: You raised the important example of Ireland. When I met representatives of Homes for Scotland, they mentioned specifically what is happening in Ireland because they are keen to increase the number of homes built in Scotland in the private and social rented sectors.

If inflation is already at 10 per cent a year and we want to increase the number of houses—demand currently exceeds supply—we need to factor in the difficulties with the amount of money that is available to build the kind of houses that we need.

I would like to talk about something else. Brian Gegan—

The Convener: I will stop you there because Alasdair Allan has been very patient, although I will allow you a final cut at it.

Kenneth Gibson: Alasdair Allan is always patient.

The Convener: He is and we should not take advantage of that.

Alasdair Allan: I am patient about all things except Scottish independence, about which I am very impatient.

Johann Lamont: Oh dear, what a shame for you.

Alasdair Allan: Others raised the subject of land release and the pressure that surrounds it. Infrastructure is also an issue. In an urban setting, Scottish Water might be more reluctant to take on the task of bringing water to a brownfield site. The analogous situation in rural areas might be the difficulty in persuading Scottish Water to go to some of the less obvious development sites for housing, such as those that avoid using the best agricultural land. What constraints are there on housing because of the Scottish Water difficulties that I described?

Brian Gegan: In the past two to four years, there have been considerable difficulties for us as a provider with Scottish Water and indeed with all aspects of infrastructure. The problem is a lack of alignment between Scottish Water's plans, those of Communities Scotland as an investor, those of the local authority as the strategic housing enabler and those of the planning authority. It is a matter of better aligning those highly critical strategic elements. I spoke earlier about central direction, which is one of the integral components of deciding not only what kind of housing is built and

where it is built, but when it is built. To go back to a previous question, we need to have a programme that reflects the capacity of the country's construction industry to deliver. We need joined-up thinking and alignment at local authority, regional and national levels. That has been one of the big bugbears.

On a detailed level, we have had problems when housing association developments have been held up not because of on-site issues but because of draining or water supply problems 2 or 3 miles away. The financial systems within which we work do not, in most circumstances, permit the association to address those off-site issues. There have been considerable problems in that regard. Although there has been some easing of such problems more recently, we have to monitor the situation carefully. I suggest to the committee that the problem is one of alignment of those very important strategic strands nationally and regionally.

11:30

Kenneth Gibson: It is not only about water and sewerage but about gas and other supplies. There must be a co-ordinated approach. I endorse Brian Gegan's comment that planning cannot solve the affordable housing problem, but it can certainly hinder it. He talked about the importance of section 75 consents being applied consistently, but they must be applied consistently not only throughout Scotland but within local authorities. Some people who want to provide affordable housing are concerned that sometimes the consents are not applied as consistently as they could be. It is extremely important to open up the land bank, and we have to do a wee bit more about that.

What can local authorities do to overcome the problem whereby they need to release land for affordable housing but they also have to get best value for the people in the local authority and for the local authority itself? How can we overcome that problem? Should the Scottish Government step in on such occasions or should the matter be dealt with by a local authority on the basis of the need for housing?

Brian Gegan: Each local authority must prioritise where it wants to spend its money and how it wants to use its resources. As I said, in that prioritisation there will be a series of compromises. From a housing practitioner's point of view, my contention is that—irrespective of how well people are educated, how healthy they are or how safe their communities are—unless communities are adequately and properly housed, it is a recipe for social breakdown. Housing must therefore be high on the list of priorities. The conundrum for the local authority is to balance out the priorities.

It is aggravating to be told by estate surveyors that the one-size-fits-all prescriptive approach is that they must get best value for the site, without necessarily taking into account other material considerations such as the supply of affordable housing. It is galling to be told that the site will simply go to the highest bidder, because that immediately rules us out. Local authorities must have flexibility to consider the competing priorities for land. If that means a reduction in the resources gained from the sale of land, there is a case for Scottish Government intervention to help the local authority to achieve its aims, on the assumption that those are consistent with the needs and aspirations of Scottish society generally. That approach needs to be considered. There is also a need to express to local authorities the importance of examining the risks that are involved in a blanket policy of selling at maximum value or in taking a different approach.

Kenneth Gibson: Are you saying that the Scottish Government should ask local authorities to have a more flexible definition of best value and that, rather than taking a two-dimensional pounds, shillings and pence view, they should consider the matter in the round?

Brian Gegan: Yes, in essence. The decision of local authorities should be supported and validated by a proper risk assessment, especially in the case of major disposals. There are many examples of lost opportunities to provide balanced housing solutions throughout the country because the approach has been driven either solely by market forces or, in the case of public sector agencies, by the drive to get maximum value. A balance should be struck along the lines that you suggest.

Kenneth Gibson: I have a final question on a different topic. You spoke about looking specifically at Edinburgh, Glasgow and one rural area. I make a bid for Arran, in my constituency, to be the rural area that is examined. Per capita, it has the longest waiting list in Scotland. The Housing Initiative for Arran Residents is a high-profile organisation, which is looking at innovative housing and various other ways of providing affordable housing on the island. You might find that it is a breath of fresh air when it comes to imaginative approaches to the issue.

The Convener: A breath of fresh air—that is the end of the commercial.

Brian Gegan: We will relay that back to the minister, Mr Gibson.

Archie Stoddart: We are going on a site visit but not until next spring.

Kenneth Gibson: The weather is beautiful just now.

Archie Stoddart: First, on the previous question on the role that the Government could play with local government, I cannot speak from a local government perspective but I suspect that authorities would say that they want to do what you described but that other financial constraints do not allow it. I suspect that part of the support would have to cover resources. Local authorities certainly tell us that they feel under great pressure on housing—not because of the legal requirements but because of simple financial requirements.

Secondly, please do not lose sight of the fact that we are talking about public land—not just local authority land but land that is owned by the tertiary education sector, schools, health trusts and so on. Near where I live, there is an extremely large private sector housing development on a former education college site. I know that the local authority would have had to maximise the receipt in order to build the new building.

I guess that everyone who comes to committees says that they want joined-up thinking. Affordable housing might not be at the forefront of the mind of someone in education, so the question is how we ensure joined-up thinking. A strong steer could be given centrally.

The Convener: Thank you. This morning's evidence session has been worth while for me and, I am sure, for my colleagues. Many issues have been explored and identified. We have some sense of your work programme, if not clarity on your priorities, but we look forward to having another session with you to discuss outcomes and timescales. The session has also raised questions for further sessions with the minister, COSLA and the builders.

I am slightly puzzled why not more of the issues will be put into the public domain, but I can assure you that, as a committee, we will do our best to ensure that the issues are brought into the public domain to give a wider airing to the important work in which you are engaged. We thank you again for your attendance and participation this morning.

Meeting closed at 11:37.

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