

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

Wednesday 28 November 2007

Session 3

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11th 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:

Mike Foulis (Scottish Government Housing and Regeneration Directorate)

Stewart Maxwell (Minister for Communities and Sport)

Mike Palmer (Scottish Government Public Health and Wellbeing Directorate)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

Jane-Claire Judson

ASSISTANT CLERK

Ian Cowan

LOCATION

Committee Room 5

Scottish Parliament

Local Government and Communities Committee

Wednesday 28 November 2007

[THE CONVENER *opened the meeting at 11:04*]

Budget Process 2008-09

The Convener (Duncan McNeil): Good morning and welcome to the Local Government and Communities Committee. The only item on the agenda is evidence from Stewart Maxwell MSP, the Minister for Communities and Sport; Mike Foulis, the director of the Scottish Government's housing and regeneration directorate; and Mike Palmer, the head of the Scottish Government's social inclusion division. Welcome, gentlemen.

I register the committee's disappointment with the response that we received to the letter we sent to the minister following our evidence sessions on the central heating programme and warm deal scheme. Our letter was sent on 24 October. We eventually got a short response on 22 November. I do not want to make too much of it as we will be able to return to the issues and questions that arise in the letter later, but I register the committee's disappointment at the length of time it took to receive the reply and the fact that, in the committee's opinion, the reply was not satisfactory. If you wish to comment on that, minister, you are welcome to do so.

The Minister for Communities and Sport (Stewart Maxwell): I am happy to respond to that point. I apologise to the committee for the delay in responding. It should not have taken that long, and I apologise unreservedly for the length of time it took for us to respond. We can agree or disagree on the content of letters and responses, questions and answers, but the length of time it took to respond was unacceptable. I will endeavour to ensure that that never happens again.

The Convener: Thank you. The committee welcomes your comments. The letter was an attempt to engage with you in an honest way before we asked you to give further oral evidence on the issues. We accept your reassurance and thank you for it.

Would you like to make an opening statement before members ask questions?

Stewart Maxwell: Briefly, if that is allowable, convener. I hope to provide some context for the draft budget.

The draft budget has been set in the face of the tightest financial settlement from the Treasury since devolution began. Over the next three years, funding will grow at an average of only 1.4 per cent a year, compared with an annual average increase of 4.3 per cent over the three years following the 2004 spending review. As the committee will be aware, next year will be particularly tight. I will cover one or two areas of the budget before we get into questions and answers.

I highlight two items under the regeneration element of the draft budget. First, we have found an additional £33 million for key strategic regeneration initiatives, especially the pathfinder urban regeneration companies. That means that at least £66 million will be available for those initiatives over the three-year period. Secondly, we are refocusing direct spending on tackling poverty and deprivation by creating a new fund that will be managed by community planning partnerships. The fund will amount to £145 million a year and will be available for action to help Scotland's poorest communities. It will also help to lever in mainstream investment across all local agencies to achieve our goals of getting at the root causes of poverty and reducing inequalities.

As you would expect, I also want to say something about the affordable housing budget. Despite this being the most difficult spending round since devolution, we have been able to increase the amount that we spend on affordable housing by some £130 million. That means that the 2008 to 2011 budget—it amounts to approximately £1.5 billion over the next three years—is 19 per cent more, on a like-for-like basis, than the previous Administration planned for the current spending period.

We have a new relationship with local government that is based on achieving outcomes, one of which is our mutual goal of meeting the target to eradicate homelessness by 2012. We will work with local government and other partners to drive forward that priority—although in our view it does not require the 30,000 new houses for social rent that many stakeholders have claimed are necessary. In our opinion, that claim appears to be based on a specific interpretation of Professor Bramley's assessment of affordable housing need, which the previous Administration published last year, and does not take account of the important roles of low-cost home ownership and private renting in meeting affordable housing need. Nor does it reflect the scope that often exists for housing need to be met across local authority boundaries in wider housing market areas.

In our discussion document "Firm Foundations: The Future of Housing in Scotland", we have set out proposals for a more innovative approach that

includes the provision of incentives for local authorities to use their prudential borrowing to build new council houses. That is a marked change from previous years. It also includes the possibility of subsidising housing associations to provide houses for mid-market rent, which would also deliver new affordable housing at a lower rate of subsidy.

The central proposal, however, is to replace the current practice of funding a large number of small-scale developments every year with an approach that aims to meet the need at a strategic level over several years and to provide subsidies for doing so on a competitive basis. We believe that that approach will create lead developers who can work on behalf of a number of local housing associations and who will be able to bring innovation and greater efficiency to the funding and procurement of new developments.

I do not underestimate the challenge that we face or the scale of our proposed changes, but I am clear that change is necessary if we are to deliver affordable homes and, in particular, if we are to meet the 2012 target.

Patricia Ferguson (Glasgow Maryhill) (Lab): I will come back in on specific issues, if that is okay, convener, but first I want to ask about the process. One of the briefings that we have received mentions the financial figure for making 1,000 extra, or equivalent—whatever they will be called—police officers available in communities. I realise that that matter is not a direct portfolio interest of yours, but the concordat mentions that that money

“will be transferred from the local government settlement to the Justice portfolio”

at some point. Will that transfer have an impact on the money that is available for local authorities to do the work in our most deprived communities and the regeneration work that you have talked about?

Stewart Maxwell: I suggest that you write to the Cabinet Secretary for Justice if you want details on issues relating to the justice part of the budget, but the answer to the general question on the impact on my portfolio of other changes in the budget is that I do not see why such changes should impact on my portfolio. We have set out clearly the money that is available and our plans and ambitions in our portfolio work over the next three years. I do not see why plans elsewhere would have an adverse impact on our plans.

Patricia Ferguson: I am talking about £54 million that will be transferred from a local government heading to a justice heading.

Stewart Maxwell: Which particular heading are you referring to?

Patricia Ferguson: Money will be transferred from local government.

Stewart Maxwell: Where will the money come from, in your estimation? I am sorry—

Patricia Ferguson: That is what I am asking. Where will that money come from? Will that transfer of money make an impact? The transfer is mentioned in the concordat and the papers that are attached to it. Neither justice nor local government are your direct interests, but given local government's strategic role in respect of housing and regeneration, will the money that will be transferred from the local government heading to the justice heading for the purpose that I mentioned impact on the amount of money that will be available for the worthwhile elements of your responsibilities?

Stewart Maxwell: No. I do not believe so.

Patricia Ferguson: Okay. That is interesting.

Jim Tolson (Dunfermline West) (LD): I am interested in what you said about affordable housing. I think you said that 30,000 affordable houses are not required. I want to refresh your memory. In February this year, you and 47 other MSPs signed a motion that stated:

“That the Parliament acknowledges the need for increased investment in building affordable rented homes; further acknowledges that the 2007 Comprehensive Spending Review is the most significant opportunity to secure this funding, which is essential to achieve the Scottish Executive's target that all unintentionally homeless people will have the right to a home by 2012, and recognises the case for committing the funding for 30,000 affordable homes for rent over the period 2008 to 2011.”

Why have you changed your mind?

Stewart Maxwell: Jim Tolson was elected only in May. Perhaps he will find over the four-year period that he will take views when things come along that are based on information that is at hand. I still absolutely agree with most of the motion that he quoted. We are still committed to the 2012 target, and we will do everything we can to maximise the number of affordable homes that are produced over the next three years, with the available budget. I have already said that, on a like-for-like basis, there will be a 19 per cent increase in the affordable housing budget compared with that for the previous spending review period. I therefore think that we will do exceptionally well on housing over the next few years.

The analysis that Professor Bramley published last year, when the previous Administration was in power, shed new light on the detail of affordable housing. We formed an Administration in May and I now have a much more detailed analysis of many of the figures and what is required, which has led me to the view that I have expressed this morning.

In light of the information that is available, we believe that we will be able to meet our targets

and the Parliament's commitments on housing. The money that I have outlined this morning will enable us, working with our partners, to achieve those targets as long as we make the changes to the structure of how housing is delivered in Scotland that are set out in "Firm Foundations: The Future of Housing in Scotland".

11:15

Jim Tolson: As you said, the Bramley report appeared last year. You had the chance to take it on board before you signed the motion. You said that, with the comprehensive spending review, there is a change in the overall budget for the next three years. The big concern of many housing bodies throughout the country is that a large proportion—56 per cent—of the housing budget will go to local government. The money is not ring fenced and it is open to competition from other pressures in local government. Can you assure the committee and the housing sector that, with the budget that they have received, which is not ring fenced, local authorities will be able to achieve the targets on which you have touched, including the 2012 target?

Stewart Maxwell: I apologise if we are talking at cross purposes, but I do not recognise the figure that you have just stated. There has not been a 56 per cent cut in or removal of the housing budget, it has not been transferred to local government, it is still ring fenced and it is still under Government control.

Jim Tolson: I will check the point later.

The Convener: You said that 30,000 homes for rent are not required. If there will not be 30,000 homes for rent, how many will there be?

Stewart Maxwell: We do not think that 30,000 homes for rent are necessary. Our intention is to build more affordable homes in the next session than were built in the previous session. One problem with the figure of 30,000 is that it relates only to homes for social rent. We believe that there is a much broader picture that includes low-cost home ownership and private sector and mid-market rent, to which I referred in my opening remarks. Affordability is not restricted to rent, but includes low-cost home ownership. People's ambitions and aims relate to a broader tenure picture—not all of them want to rent socially. Although we see that there is a clear need for more houses for social rent to be built, we do not believe that the figure is 30,000.

We will wait to see what the consultation on "Firm Foundations" brings. We have made a number of proposals that, along with the cash settlement that has been made, will allow us to build more houses than the previous Administration built. The eventual figure will be

based on the level of sign-up to changes in the system that we aim to achieve through "Firm Foundations".

The Convener: The campaigners focused strongly on homes for rent. I do not argue that there should not be a mix, but if the figure for rent is not 30,000, what is it? We all agree that it is important to have good-quality homes for rent. How many should there be?

Stewart Maxwell: I agree that it is important to have houses for rent, and we have signed up to producing and building more of them, both through the housing association or registered social landlord sector and through councils. Clearly, that represents a change from the past few years. However, until the consultation on "Firm Foundations" has taken place and we have discussed our intentions and the outcomes of the consultation with the Convention of Scottish Local Authorities and those in the RSL sector, it is not helpful to set a target for or to put a number on the number of houses for rent that are needed. Before we do that, we must know the level of sign-up by RSLs and councils and exactly where we are going. The situation will become much clearer after the discussion on the consultation document has taken place.

Alasdair Allan (Western Isles) (SNP): I am not sure which motion Jim Tolson was referring to, but I know that the petition that candidates of all parties were asked to sign before the election did not mention 30,000; it merely called for a significant increase in the availability of social housing. How will the Government's policies on the right to buy influence the achievement of useful outcomes in the provision of social rented housing?

Stewart Maxwell: We have made it clear that the right to buy has had positive and negative consequences. There have been a lot of positive outcomes: many people have been able to own their own home for the first time—people who wished to do so have taken that opportunity—and mixed communities have been created where they did not exist before. There has also been a downside—the removal of those houses from the social rented stock. That has been a difficulty for many local authorities over the past few years.

Many people in the local authority sector to whom I have spoken since I took on my current job have said that they are not motivated to build new houses because they will be bought up. They do not see the point. That is why we have suggested the removal of the right to buy on new-build properties—it would not take away the rights of existing tenants in their own homes, but it would allow local authorities to build new stock and retain that stock in the social rented sector. That is a positive move that has been widely welcomed throughout Scotland.

David McLetchie (Edinburgh Pentlands) (Con): You have made points about new-build properties and the right to buy. What happens in the case of a tenant who has an existing right to buy in their present home who relocates? In my constituency, some high-rise flats might be demolished and the tenants of those flats—who have an existing right to buy—will go into a new build. As I understand it from an exchange with the First Minister in the chamber a few weeks ago, their right to buy will be preserved with regard to that new-build property.

Stewart Maxwell: That is correct, yes.

David McLetchie: So your policy will apply only to new-build properties and new tenants. When councils build new homes that are tenanted by existing tenants, those people have preserved rights. Is that correct?

Stewart Maxwell: No, not necessarily. We are talking about a forced move. Those who are forced to move due to circumstances such as demolition will retain the right to buy; those who choose to move and take up the option of a new council property will not. New tenants will not gain the right to buy in a new-build property; those who are forced to move will retain the right.

Johann Lamont (Glasgow Pollok) (Lab): Where do the cost floor rules apply? How many of those properties could be sold off in the first 10 years?

Stewart Maxwell: At present, those rules apply. We intend to change that so that tenants will not be able to buy those properties.

Johann Lamont: But they cannot buy them for the first 10 years because of cost floor rules.

Stewart Maxwell: The new rules that we propose—you have to remember that it is a proposal in the consultation document—will say that they cannot buy them.

Johann Lamont: They cannot buy them anyway.

Stewart Maxwell: What you said, with all due respect, was that you cannot buy them for a period of time.

Johann Lamont: For 10 years.

Stewart Maxwell: I know what the number is. We are saying that they cannot buy them. That is clearly a change.

Johann Lamont: It is a marginal change.

Stewart Maxwell: It is a complete change.

The Convener: If someone is a tenant of a local authority for 25 years and the local authority builds new homes, will that tenant have to give up the right to buy if they want to get one of those new homes?

Stewart Maxwell: If they wish to take it and it is not a forced move.

The Convener: So those long-serving tenants will not get access to the newer homes?

Stewart Maxwell: Of course they have access.

The Convener: But they give up the right to buy?

Stewart Maxwell: They have access to those homes under the current arrangements. If they are renting a home from the council and they move to a new council home—which they are perfectly entitled to do—they will continue to be able to rent that home from the council.

Kenneth Gibson (Cunninghame North) (SNP): We debated this issue in the first session of Parliament. A lot of what we discussed with regard to tenants' rights et cetera was effectively constrained by the European convention on human rights. What room for manoeuvre does the convention give you on this issue?

Stewart Maxwell: It almost goes without saying that any proposal we make will be compliant with the European convention on human rights. I am sure that you agree with that. We have put out a set of proposals, including the one under discussion, for consultation. I believe that our proposal is a positive move. It has been welcomed right across the sector—by local authorities, by RSLs and by many of the campaigning groups. It is a positive change that will not take away the right to buy from people who live in existing properties, but it will give local authorities the confidence to build again.

Regardless of the rules that have been mentioned, local authorities have not felt motivated to build new housing because they have felt that, after a period of time, any new properties they build will be sold off. Effectively, they have felt that they would lose them. The main point is that the local authorities to whom I have spoken have welcomed the change. Any proposal that we make after the consultation period will be ECHR compliant.

Kenneth Gibson: I fully agree with the policy. My point is that the Scottish Government could not take away those rights even if it wanted to—not that it would. It is important to remember that there are other legislative authorities that we must take cognisance of.

You gave an upbeat and positive introduction, but you seemed reluctant to set targets. Is one reason for that the fact that the previous Administration had a target of building 6,000 affordable units a year but managed to achieve an average of only 4,300? Does that make you a wee bit cautious about setting targets that might look good on the drawing board but are difficult to realise in the short to medium term?

Stewart Maxwell: If a Government sets a target that it does not achieve, that creates a problem. A target might sound good in a press release, but it must be based on the reality of the long-term outlook for housing. I must be honest and say that we have put out a consultation document that contains many radical proposals for change in housing. The fact that it is a consultation document means that we must wait and see what the responses are. We will work with relevant organisations and the Parliament to see what is required. Some of the proposed measures may require legislation. Only at the end of the consultation process will we be able to take a focused and clear view of the number of houses that it is likely we will be able to build. If you want me to give you a target, our ambition is to build more affordable houses in the next few years than have been built over the past few years. I am confident that we will do that, but we will have to wait to find out what the consultation responses say before we can talk about specific numbers.

Patricia Ferguson: I have a specific question on the right to buy, in which I have a genuine interest. I am interested in exploring the definition of a forced move. If a constituent of mine who lived in a house that was deemed to be overcrowded was offered a bigger, brand new house that their local authority had just built, would they not be able to exercise a right to buy, ultimately?

Stewart Maxwell: That is why we are having a consultation on our proposal. I look forward to receiving your input into that exercise so that we can discuss how the rules would apply. Our proposal has been genuinely welcomed across the country. If you have issues with it or suggestions about how it could be refined, I will be happy to take them on board. That is what a consultation process is all about.

Patricia Ferguson: I am trying to get a feel for the parameters that the Government is putting around its consultation. That will make it easier for people such as me and for the RSLs in my area to respond meaningfully. If they are to understand the context in which the suggestion is being made, they must know what the expression “forced move”—which the minister used—means. That is what I am trying to explore.

Stewart Maxwell: A good example of a forced move is a move that someone has to make because their house is being demolished. The position is fairly clear. If a person is forced to move, they will retain the right to buy. We are consulting on where the line should be drawn. We are keen to implement the policy. With all due respect, the purpose of a consultation is to find out the views of different organisations, individuals and parliamentarians on how to proceed with a

policy. That is what we are doing. If you have a view about our proposal—it is clear that you do—I look forward to reading your submission to the consultation.

Patricia Ferguson: I was trying to ascertain the minister's view.

The Convener: A number of genuine questions have come up.

Stewart Maxwell: Which I am answering.

The Convener: As people become elderly, their health might deteriorate. If someone has to move out of a top-floor flat in an up-and-down house, will they lose their rights? Is that considered to be a forced move?

Stewart Maxwell: I am not sure that there is any point in repeating what I have just said—that we are consulting on the proposed policy. The consultation is about discussing the issues around the policy before we proceed to introduce legislation. That is normal practice and has been for many years. I am not sure what would be achieved now by trying to lay out the rules for legislation that may appear at some future date. We have laid out the policy, and its details will be discussed during the consultation. We will hear whether people support the policy. If they do, we will hear how they feel the policy should operate in practice. That is perfectly normal.

11:30

David McLetchie: The issue is whether the policy is real or illusory. The category could be expanded to include the scenarios that Patricia Ferguson and the convener mentioned, and I can think of others. For example, if a member of a household becomes disabled, they are normally given a high priority in allocation schemes, and they may well be allocated a new and purpose-built house by the local authority. That would be similar to the case of an elderly person, which the convener spoke about. But would those situations be described as forced moves? If you describe as forced moves the situations that I, the convener and Patricia Ferguson have highlighted—she spoke about homeless people and overcrowding—you will end up with so many so-called forced moves that the policy becomes completely meaningless. It will just be window dressing.

Stewart Maxwell: I disagree, as you will be unsurprised to hear. The policy is not window dressing; it is a genuine attempt to deal with some of the problems of the right to buy while retaining some of its positive effects.

As I have said, the purpose of the consultation is to allow us to hear people's views on how the policy should operate. Obviously, any legislation that is introduced to implement the policy would be

consulted on, and the Parliament would take a view on the details of any regulations and how they would operate. That is normal practice.

David McLetchie: If you expanded the category of forced moves to include the situations that we have raised, the policy would become illusory. So many people would qualify as forced movers that there would be very few new tenants and new builds, and your object would not be achieved. Do you agree?

Stewart Maxwell: That is a hypothetical question, which—

David McLetchie: It is a commonsense question. If you have a principle but then ring it with many exemptions and qualifications, you can destroy the principle, can you not?

Stewart Maxwell: We do not intend to destroy the principle.

David McLetchie: So the category of forced moves will be limited.

Johann Lamont: I think that we have dealt with the right to buy, so I want to move us on to some of the substantial issues to do with affordable housing. You said earlier that the previous Administration did not meet its targets. That is not the case. You will know that Communities Scotland met its targets each year. We could have a debate about what the targets were, but Communities Scotland was a hugely efficient organisation. I think that its administration costs were 3 per cent.

In passing, I note that the budget line for Communities Scotland remains the same, even after abolition. It will therefore be interesting to know whether there will be added costs because of the announcement that you will be creating a new housing regulator.

Your capacity to increase the number of houses is predicated on two things. The first is increased efficiency: costs will be less than £79,000 a house. Those efficiencies cannot come into effect until April 2009, because I understand that you are calculating your efficiencies from April 2008. If housing association grant subsidies remain the same, my understanding is that you will produce a smaller number of houses from your budget.

Secondly, you will have a preferred bidder. Some people have suggested to me that that is an attack on the community-based housing association movement. You are more likely to get larger housing associations coming in. Indeed, in "Firm Foundations", you indicate your willingness to have private sector developers coming in. What is your position on the role of community-based housing associations? I know that you have cut the wider role budget. Do you accept that some people believe that there is such a thing in housing

as diseconomies of scale and that community-based housing associations have been able both to build and to sustain houses, thereby generating communities, precisely because they are community based? There is a fear that you are embarking on a house building programme, rather than focusing on the means by which housing becomes part of community regeneration.

Stewart Maxwell: You asked a number of questions. The wider role budget was not cut; that is not true. On the setting up of the independent regulator, there is a clear intention, which I am sure that everyone would welcome, to keep regulation at arm's length from Government. That is the correct thing to do. There are no costs over and above what is already out there, so I do not know what you were referring to.

On the efficiency agenda, we are not denying that the first year is the tightest. We will make progress in the first year, but most of the progress will be made in years 2 and 3. That is a matter of fact. We have already said that progress will speed up as we go forward. That is our intention.

There are two separate issues in relation to the community-based housing association movement: the building of properties; and the owning and managing of them. Those two things do not necessarily go hand in hand. You seem to be suggesting that, in order to own and manage the properties, the housing associations have to build them. I disagree. Our proposal is to allow a developer, which could provide efficiencies of scale in procurement and other efficiencies, to act as a lead developer for a number of housing associations. The developer would do the work and ensure that the units were built, but the properties would be owned and managed by the community-based housing associations. The benefits of community-based housing associations, for which I have made clear my support, would be maintained.

By using a lead developer, rather than having each association build, own and manage the properties, we would drive efficiencies into the system, which would lower the costs for the public purse and ensure that we got more houses for the money. The inefficiencies are caused by every individual housing association building houses, as opposed to there being lead developers, which would still allow the associations to own and manage the properties. That seems a sensible way to proceed.

Johann Lamont: You will know that the wider role budget has in fact been frozen at the same level from 2008 to 2011, which is a cut.

Stewart Maxwell: The budget is being maintained, yes.

Johann Lamont: It is being cut, unless we are assuming a zero rate of inflation. I do not think that anyone is pretending that having the same money in 2011 as we have now means that the budget is the same.

If we are getting rid of Communities Scotland for efficiency reasons, I cannot understand why you have a budget line that maintains the same cost over the next three years—allowing for inflation, the figure is reducing slightly. I understand that you have decided that we need an independent housing regulator, which was Communities Scotland and will be something else. Will that be an extra cost, or is it included in the budget line for Communities Scotland?

I understand what you are saying about procurement and efficiency. I welcome your commitment that the ownership of the houses would pass to community-based housing associations after the houses were built, which is a critical issue for housing associations. However, how can it be more efficient to have 32 local authorities managing development moneys, rather than having Communities Scotland do so? Whether you agree with keeping Communities Scotland or not, the argument for it was that it could move budgets around Scotland to ensure that houses were built; if there was slippage, the money could be put into other places. That role will now go to local authorities. How can that be more efficient?

Have you done any modelling on how many more houses you expect, even if you cannot give us exact numbers? How many new council houses do you expect to be built by local authorities? The figure that I have heard is 500 or 600 a year.

Stewart Maxwell: You are correct to say that the wider role budget is flat over the next three years—it is £12 million, £12 million and £12 million. Interestingly enough, the spend in the current year is approximately £10 million. The amount of money that we are allocating is above the current spend levels, so that is probably not a cut.

We have laid out a new proposal for council houses. As you will be aware, the number of council houses that were built throughout the country in the last three years for which figures are available was zero, zero and six. It is our ambition to go from six council houses a year to, in effect, 600. That is a step change in the number of council houses that are built, which many communities throughout the country will welcome.

I do not know what Johann Lamont means when she says that the 32 local authorities will control the housing money, because that is not the case. The money has not gone to local authorities—it has been retained by central Government.

Johann Lamont: So it is administered by the Scottish Executive.

Stewart Maxwell: Yes—by the Scottish Government, apart from in relation to Glasgow and Edinburgh, which you know about.

Johann Lamont: Yes, we know about that.

So the management will remain central and efficiency savings will be achieved through procurement methods. There will be a national procurement programme but, unlike the Howat recommendation, that will be carried out by the Scottish Executive/Government, rather than by a housing agency. Is that right?

Stewart Maxwell: Yes.

Johann Lamont: I hear what you say about building 500 or 600 new council houses. Do you accept that the vast majority of houses for rent will continue to be built by housing associations?

Stewart Maxwell: Yes.

Johann Lamont: Can you say what proportion 500 or 600 houses will be of the annual build of social rented housing?

Stewart Maxwell: No. I think that we are back where we started. As I said, we will wait for the outcome of the consultation process. At the end of that, we will have an idea of the kind of numbers that we believe are achievable. However, I am confident that we can achieve a higher rate of delivery of houses in the next three years than was achieved in the past three years.

Johann Lamont: You say that it is not possible for the efficiency savings that you describe to kick in until April 2009, so we cannot calculate the efficiencies for April 2008.

Stewart Maxwell: We can make progress in year 1, but I agree—

Johann Lamont: How would that be?

Stewart Maxwell: I agree that progress will be much steeper and that the efficiencies will be greater in years 2 and 3 and beyond.

Johann Lamont: So, although the documentation says that the efficiency savings will not start until April 2009, that is not the case—they will start from April 2008. Aside from the issue of making progress, stuff will be in place from April 2008—there will be efficiency measures that can be seen on the ground.

Stewart Maxwell: As I have laid out, we cannot turn efficiency savings on and off—Johann Lamont knows that from being a minister previously. The amount of efficiency savings that we drive through will increase as the years go on.

Johann Lamont: But you now think that efficiency savings will be made from April 2008.

Stewart Maxwell: We are implementing changes from next year, which I think will assist. That will be progress.

Johann Lamont: Can you give one example of those changes?

The Convener: Sorry, Johann, but I have a couple of supplementary questions, from Kenny Gibson and Bob Doris.

Kenneth Gibson: I welcome the strategic approach that the minister has told us about. In the next 24 hours, I will present him with a document from a substantial housing provider in my constituency—a housing association that has won the award for the United Kingdom social housing provider of the year. The organisation will be able to make efficiency savings of about 7 per cent, which will enable it to provide 170 houses for the public sector with no additional cost. Does the minister welcome the fact that the proposal will include a significant tie-in with the private sector, so that not only will houses be provided for rent, but mixed communities can be created, with owner-occupied housing alongside social housing?

Stewart Maxwell: Absolutely. We have made our position on that pretty clear. We are ambitious not only for the social rented sector, the low-cost home ownership sector and the private rented sector but for the private bought sector, too—the marketplace in private housing. The Government firmly believes that mixed tenure is the best way forward for many of our communities. Most people agree that ghettos, at either end of the spectrum, are the last thing that we want. We want people and children to mix in communities, as that is good for social cohesion. I welcome proposals from anyone that allow us to work hand in hand with the private sector on housing—I look forward to receiving that document from Kenny Gibson.

The private sector makes up the vast majority of housing in Scotland. It also builds the houses, irrespective of who owns and manages them subsequently. It is important, therefore, to work hand in hand with the private sector. That is why the house builders are such prominent players in the housing supply task force. We understand and recognise the importance of their role in achieving some of the things that we set out to achieve in our document.

11:45

Bob Doris (Glasgow) (SNP): This is difficult, because so much has been covered, but I will start off with a supplementary question on discussions that you have had or will be having in connection

with the “Firm Foundations” document. On the right to buy, many concerns were raised over what forced moves would mean. What are you doing to encourage registered social landlords and local authorities to engage with you, aside from producing the “Firm Foundations” document and hoping passively that they spontaneously come along and make submissions to you? What work is the Government doing to ensure that they will come forward with information?

I must declare an interest on that point. I thought that the right to buy in the 1980s was appalling—although we might disagree about that.

The Convener: We have an alliance here.

Bob Doris: Personally, I thought that it was appalling. I would be interested to work out why those people who have always had the right to buy have not bought their properties. There might be an issue there. While the right to buy is being reformed for new-build property, the minister could perhaps try to work out why those who have been living in properties over the past 10, 15 or 20 years have never exercised their right to buy.

Johann Lamont mentioned community-based housing associations. Are you giving us a commitment today that you value small community-based housing associations? Rather than having one larger housing association eating up the smaller ones, are housing associations going to work together collegially to get the most efficient use out of HAG subsidies from the Government? Is that the way ahead? I will be interested to hear your comments.

Stewart Maxwell: You have made a lot of points, and I will start with the last one, about community-based housing associations. As I have said many times, I welcome the housing association movement, which provides a vital service in our society—and that of course includes community-based housing associations. We intend to bring competition into this marketplace, which we believe will drive down costs. I anticipate a positive outcome for people.

My intention is not to be nice to one particular part of the sector or another; it is to ensure that we deliver more homes for people. That is the fundamental point. I will do all that I can to secure the maximum amount of housing for the money that is available. That is why we have suggested some changes and why I think that competition is important. I think that who eventually owns and manages properties is of less importance than the fact that we have them. As I have stated repeatedly, community-based housing associations and local authorities are the big players in the social rented sector and I see no reason for that to change. RSLs will have an opportunity to bid for the HAG in the future.

You also asked about "Firm Foundations". That document has gone out across the country. We have also written to people, seeking submissions. We will carry on taking part in the seminars and conferences that have been organised to explain what is happening and to gather the views of organisations throughout the country. There are a number of events happening. We are also seeking written submissions from RSLs, local authorities and other sectors.

The Convener: This is perhaps a parochial question—it relates to your statement about urban regeneration companies and the additional moneys that may be allocated over the years. Will the urban regeneration companies continue with their stand-alone identities and get on with their work, or will they be subsumed into the community planning process? I am thinking about enterprise companies' roles going to local authorities. I would be quite happy to hear that the same will not turn out to be the case in this instance.

Stewart Maxwell: The answer is no, that will not be the case.

The Convener: Fine—there was some idle chat about that.

Stewart Maxwell: I am not aware of any idle chat or otherwise on that point.

The Convener: Pleased to hear it.

Let us get back to the evidence from the housing supply task force, the big issue for which is land supply and land acquisition. I am thinking about increased competition for parcels of land. Although some local authorities will be able to exercise a right to buy, for others that will remain an aim or ambition, which may mean that they will be less likely to release land. The unintended consequence may arise that local authorities may be less likely to release land to others who want to build houses because they have an ambition to build houses some time in the future. Do you envisage that increased competition and local authorities getting involved in house building will increase the pressure on the limited land for house building?

Stewart Maxwell: I understand the argument that you are trying to make—

The Convener: No, I am asking a genuine question. How will the cost be brought down when the evidence says that the prime reason for the increase in the cost of house building is the value and scarcity of land?

Stewart Maxwell: I genuinely do not believe that the scenario that you are asking about will come to pass or that tension between organisations will somehow drive up prices or have the unintended consequence of local authorities holding on to land and not releasing it for house building by others.

From speaking to witnesses from the housing supply task force, the committee will be aware that the task force has two fundamental aims: to tackle the land supply and to tackle perceived blockages in the planning system. It is early days, but the task force is already beginning to have serious discussions on how we take forward the release of public sector land—not just local authority land but land that is owned by other parts of the public sector. We want to explore those areas to see how we can bring more surplus land into use for building. We have made it clear that we are in favour of house building—where appropriate, I add, before anybody says that we are trying to concrete over the country.

One of the task force's purposes is to bring together many of the partners that are involved. COSLA is represented, as are others such as RSLs and builders. The task force will help to drive forward the work and will point to how we can release more land into the system rather than a situation in which we restrict or cause a pressure on the land that is available.

The Convener: So you have looked at the situation and you are satisfied that the pressure on land will not increase.

Stewart Maxwell: I personally do not envisage the scenario that you asked about coming to pass.

The Convener: Have any of your officials had time to consider the point?

Mike Foulis (Scottish Government Housing and Regeneration Directorate): It is clear that we need an increase in land supply. We are positing an increase in house building from the level of 25,000 per year, which it has been at for several decades, to about 35,000 in the middle of the next decade.

The point of the housing supply task force's activity and of the work that we are doing with local authorities on their housing planning function is to increase the supply of land for housing in order to accommodate what has to be done. Nothing that we have seen indicates to us that there should be the problem that you described, provided that the parties take the necessary steps to make the land available.

The Convener: The local authorities will need to give up their ambition to build on the land and instead hand it to someone else.

Mike Foulis: I imagine that many local authorities will seek to build in partnership with others. The days of large monotenure estates are gone—the amount of land that would be needed for them is not available, anyway. The picture is of more mixed development. If a local authority had an interest in a site, that site would be more likely to be developed with partners for a range of tenures.

The Convener: If we have given local authorities the right to return to building houses, that right must be meaningful, yet you suggest that they will not build houses anyway.

Patricia Ferguson: I am genuinely interested in pursuing the idea of a lead developer. How would that operate in practice? My area has several good registered social landlords, all of which might build properties at some point in a year, although occasionally they might not be building, for various reasons. However, I am conscious that they are geographically based and that their developments are not necessarily close to one another. Their timeframes for planning might be different; development could be held up by the need to decant people from a site, the weather and land availability—all sorts of issues could arise. Those RSLs will not always have money at the same time for a build, or they might not need to build in a particular year.

How would a lead developer operate in such circumstances, when RSLs are not all building at the same time? Developments might be spread over a long period. Would that be an attractive prospect for a lead developer, whatever form that took? The lead developer might have to sit and wait for something to happen. How would those developments be packaged attractively?

Stewart Maxwell: You said that RSLs would not necessarily have the money at the same time for a development, but we are going into a new way of operating, so that point will not apply.

Patricia Ferguson: Not all the RSLs' money comes from the Government—they raise money themselves, too.

Stewart Maxwell: I understand that, but I was talking about the money that comes from the Government.

I accept what you say about different RSLs and housing associations working at different times, but we are taking a much more strategic approach—we are looking at a broader area in the housing strategy. By clumping together a variety of housing associations, we will be able to put out to tender and award larger contracts. That will be more attractive to builders than building individual small developments.

The average size of build is very small—it is about 14 houses. If we bring developments together in a wider area, contracts will be bigger and economies of scale will apply. I see no reason why that would not be attractive to a builder. Instead of competing for individual contracts of half a dozen houses here and 18 houses there, builders could bid for a much more attractive contract that brought developments together.

Patricia Ferguson: Will the Government's role be to co-ordinate that?

Stewart Maxwell: To co-ordinate what?

Patricia Ferguson: The bringing together of diverse schemes throughout a city, for example.

Stewart Maxwell: The choice will be with individual associations in the RSL sector. If they wish to come together to bid for the money that is available, that is sensible, because they will be much more likely to obtain the money with which to build properties. We will not force organisations to do that, but it would not be sensible for an association to strike out on its own to produce a contract for four houses in an area where a bigger contract could be created that would allow houses to be built for less money. That would be attractive to housing associations as well as to the Government.

Patricia Ferguson: Builders are good not just at delivering value for money but at imposing penalties when something goes wrong. If, through no fault of its own, an RSL's plans were delayed for three, six or nine months because of a planning issue or unexpected land remediation, that could blow an entire scheme for several RSLs and make progressing that well nigh impossible.

Stewart Maxwell: I do not accept that. Problems arise now with the weather or with planning, so the problems that could come to pass will not change. I do not envisage the problems that you suggest.

Alasdair Allan: Clearly, tackling homelessness is one of the things that motivates local and national Government in relation to the issues that we are discussing. One of the national targets is that all unintentionally homeless households will be entitled to settled accommodation by 2012. What more can you tell us about the central budget for tackling and preventing homelessness? What areas do you think it should cover?

12:00

Stewart Maxwell: You will be aware, of course, that that money has been transferred into the local government pot. It is the responsibility of local government to tackle the issues that you raised. We have rolled up that money into the overall local government settlement to enable local government to carry on with that responsibility.

Alasdair Allan: Does the Government have a view on the problems that are faced by local authorities in relation to their reliance on temporary accommodation to tackle homelessness?

Stewart Maxwell: Like other members, I am disturbed by the amount of temporary accommodation—sometimes called bed-and-breakfast accommodation—that is in use. Clearly, we want to drive that down and give people

security of housing. It is perfectly appropriate to use such housing in emergency, crisis or short-term situations—that will always be necessary—but we do not want to have people living in bed-and-breakfast accommodation for extended periods. That is why we set such ambitious targets in relation to building more houses. The only way to solve the problem is to build more properties for people to live in, whether they own them or rent them.

Of course, that cannot be done tomorrow—effectively, it is a longer-term goal—but we will never solve the problem by leaving things as they were. We have never managed to reduce the number of people living in temporary accommodation for extended periods, which is why we have set out a new agenda that involves an ambitious target of building up to 35,000 houses a year. That is a massive change from the policy of building 25,000 houses over the next eight years or so. People who are in temporary accommodation understand the difficulties and are aware of the length of time that it takes to build the necessary number of houses.

Jim Tolson: Before I ask you about aspects of the central heating programme and special needs housing, I would like to make a small clarification in relation to our earlier discussion. You seemed to question some of my statistics on the basis of my experience in Parliament. I am not sure whether you are aware of the fact that I bring to the table 15 years of local government experience, the latter four years of which I served in a particularly senior housing position. I would think that the important knowledge that I have would help me to quantify points that I make today.

On the central heating programme, I was lucky enough to meet representatives of Energy Action Scotland in my constituency yesterday. They showed me examples of the work that they are doing, across a wider area than my constituency, in relation to the warm deal. However, as you will be aware, Energy Action Scotland has expressed a view that the flatlined amount for the central heating programme in the current budget will fail the fuel poor. Will you comment on that? Given the static budget over the next three years, it is hard to understand how the warm deal or the central heating programme is capable of being maintained at even the current levels of activity.

On special needs housing, David McLetchie quite rightly touched on the issue of people with disabilities. However, whether a person's disability is physical or mental, the special needs housing that they require will have a higher-than-average unit cost—I think that you said earlier that the average unit cost was £78,000. I know of a housing association that covers part of my constituency and other areas that provides special

needs housing for people with Alzheimer's disease. The economies of scale that you mentioned give some concern, because I do not know whether they will allow for higher-cost special needs housing, where that is required. Do you have any comments on that?

The Convener: Minister, with deference to Jim Tolson, I should say that, as Kenny Gibson is going to lead a discussion on fuel poverty and central heating later, it would be helpful if you could answer Mr Tolson's questions on those subjects at that time, rather than immediately. At this point, you could, instead, deal with his questions on special needs housing.

Stewart Maxwell: If that is acceptable to Mr Tolson.

The Convener: I just want to save your breath, because we will return to those issues later.

Stewart Maxwell: I am, somehow, not surprised.

As I am sure members are aware, for approximately 10 years, new build has had to meet a certain standard of flexibility that means that it can be adapted for people with special needs.

There may well be additional costs related to the number of houses that we are building for people with special needs—houses specifically for people in wheelchairs, for example. However, I return to the point about bigger building contracts. If there is a contract for half a dozen houses, such extra costs have to be spread among those half a dozen houses. If the contract is for 50 or 100 houses, the extra costs will be spread among that larger number of houses. Bigger contracts are therefore better in terms of building special needs houses, as they allow us to cross-subsidise those houses. That is a useful outcome of larger contracts.

Most developers do not build special needs houses on a speculative basis, and nor do we. The reasons for that are fairly clear. For the most part, such houses are built to order—for want of a better phrase—because individual people have particular needs and require houses that are designed around those needs, which vary from individual to individual. The houses tend to be built directly to meet the needs of individuals and their families, rather than speculatively.

Johann Lamont: I want to pursue some of the issues around homelessness. I was concerned to hear you say that the way in which you plan to deal with homelessness is to build more houses. By that logic, you would be able to say how many social rented houses you would want to build. Part of the problem is to do with supply. However, do you accept that, as *The Big Issue in Scotland* and others have argued, addressing homelessness is

about supporting people through transition? Can you comment on the concerns that have been raised by a lot of the groups that deal with homelessness about the decision to lift the ring fencing around supporting people funding in the local government settlement? I understand that you are prepared to consider reinstating that ring fencing. Can you tell us how that would work, when you would do it and how you would monitor whether it was necessary?

Stewart Maxwell: A number of people have expressed concerns about the removal of ring fencing from the supporting people budget. First, however, I absolutely accept that we need to do much more than just build houses; I was answering a specific question. Clearly, this is about preventing homelessness from occurring in the first place and supporting people if, unfortunately, it occurs. Many people are homeless simply because we do not have enough properties of the right type in the right places and, ultimately, we want to resolve that problem. Nevertheless, I recognise that there are other issues.

It might be helpful if I gave some background to our decision to remove the ring fencing from the supporting people funding, which is going into the local government settlement. The supporting people budget currently funds more than 20 different forms of housing support and works alongside other mainstream budgets. One problem is the artificial divide or barrier that exists between one set of funding and another, although, effectively, all the money comes through the delivery mechanisms that are in place at local authority level. It is important to keep in mind what is best for the individual client who is being supported through those funds. The removal of ring fencing removes an artificial barrier to getting money from different areas to support the individual client. The money is still there—it is in the local government settlement—but local government will now have more flexibility in the way in which it operates. The removal of the ring fencing will also allow people to concentrate on the needs of the client rather than on the need to gain money from different funding streams.

Johann Lamont: Can you confirm that you are willing to consider reinstating the ring fencing around the supporting people budget if its removal is shown to have the effect that people fear it may have?

Stewart Maxwell: I have no reason to suspect that that will happen.

Johann Lamont: I understand that you have said publicly to *The Big Issue in Scotland* that you would be willing to do that. Can you confirm that that is the case?

Stewart Maxwell: I said, and am happy to repeat, that we are working alongside local government in partnership to deliver all local government measures in terms of supporting people and in delivering housing services. Clearly, that partnership is based on the concordat that has been signed, the overall strategic objectives, the national indicators and outcomes and, beyond those, the negotiation with individual authorities on single outcome agreements. With all of that in place, I have no reason to suspect that there will be any problem in this area. I have no evidence—perhaps Johann Lamont has evidence—that any of those budgets are under threat. That being the case, I see no reason why ring fencing would be reintroduced. However, in any partnership, if one partner were to break the agreement that has been put in place, things would need to be reconsidered in light of any changes.

Johann Lamont: We all know that there is a tension around housing policy. Local authorities have long expressed concerns about the capacity to deliver on the homelessness commitment by 2012 because other parts of the affordable housing budget are under pressure. If local government decided, for example, that it was impossible to meet that target—I asked John Swinney this question in the debate on the spending review, but I did not get an answer—would that be a ground for reintroducing the ring fencing?

Stewart Maxwell: There are so many—

Johann Lamont: Let me just finish the point.

One difficulty about which housing associations have expressed concern is that the priority given to homelessness indicators seems to be very low. The concern is that, in developing a single outcome agreement, homelessness might be such a low priority that failing to meet the target would not break the concordat. Therefore, for understandable reasons of pressure in other budgets, local authorities might not do as we would hope on the issue. In what circumstances would you reintroduce the ring fencing?

As a supplementary question, I also want to ask what meetings you have had with housing organisations. I suppose that I am trying to get a sense of your recognition of the problems that housing organisations have identified. Since the publication of the draft budget, have you had meetings with housing organisations to address the issue? For example, housing organisations have suggested that ring fencing should not be lifted until single outcome agreements are in place. Do you accept that suggestion? Have you had conversations with housing groups about that?

Stewart Maxwell: I do not accept that suggestion. I also do not accept the idea that homelessness is somehow low on the priority list. In the concordat and the national indicators and outcomes, there are clear lines to the effect that both we and local government are signed up to the homelessness target for 2012. Given that fact—and given the fact that the target is a legal requirement under legislation that the Parliament passed, so local authorities have a statutory duty to meet it—I genuinely do not see where there is a problem.

Johann Lamont: So you are absolutely confident that local government will deliver the target and that you have measures in place to deal with it by reintroducing the ring fencing if the target is not met.

Stewart Maxwell: You are putting words in my mouth. I did not say that. I said that the target is already part of the agreement between the Government and local authorities. The target is clear in the documents and indicators that we published and it is also clear in the legislation. That is why we will also discuss with local authorities how they will meet the target because, obviously, 2012 is not that far away. We will work with local authorities to ensure that we achieve the target, which is extremely challenging. No one else in Europe has such a challenging target on homelessness, as I am sure you are only too well aware. We will do everything in our power to ensure that we meet the target and local authorities are signed up to joining us in doing that. We have a strong commitment from both central and local government to the homelessness agenda.

Kenneth Gibson: To be fair, Jim Tolson was not in the room when we decided that I would lead on this area, but my questions will be quite similar to those that he has already asked.

Last week's announcement of an additional £7 million to try to clear the backlog on the central heating programme was very welcome, but I am sure that many, if not all, committee members share my concern that there was no inflationary increase in the amount of money that is to be allocated to the target of eliminating fuel poverty by, we hope, 2016.

I have concerns about the review. When will it conclude? Will it consider increasing the grant in line with the rate of inflation, given that, since the warm deal was introduced, the grant has fallen in real terms from £500 to £421? Will the review look at the anomalies and consider whether those can be eliminated? For example, on Monday I was in a gentleman's home when his central heating system was being installed. The local contractor told me that, as you know, the grant for installing insulation measures in a house in which central

heating has been installed is less than if insulation measures were taken separately under the warm deal. That means that although someone may get a central heating system installed, their house will not get full insulation, so heat is effectively going out the windows. I would like to ask a number of other questions—as, I am sure, would other members—but I ask you to respond to those points.

12:15

Stewart Maxwell: I reiterate that, as I am sure you are aware, the budget settlement is extremely tight. Within that settlement, we have managed to maintain the budget over the next three years. If you are asking me whether I would like more money to spend in this area, my answer is of course I would, but decisions have to be made about how we split the money between competing priorities. A decision was made to maintain the budget at its current level.

I am glad that you pointed out that, although the budget this year is roughly the same as next year's intended budget, not only have we spent the additional £7 million that was announced last week, but we announced, back in the summer, additional funding for the central heating programme this year. Therefore, instead of spending £45.9 million this year, we will spend £59.9 million. The original target was 12,000 installations this year; the new target is 15,000 installations this year. We are funding an additional 3,000 installations this year alone.

I make no bones about the fact that the settlement is difficult. I have done all that I can to ensure that we try to hold on to the allocation. You have heard from witnesses from groups that work in the sector that fuel poverty is not decreasing—in fact, recent evidence suggests that it is on the rise. I am concerned about that problem; we must examine the issue and decide how to tackle it.

The biggest problem is that although we have money for the warm deal programme and the central heating programme, the two main drivers of fuel poverty are levers that are outwith our control: energy prices and levels of income. The tax and benefit systems are reserved to the Westminster Government, as are energy prices and powers over the energy companies. Our hands are tied in relation to dealing with the main issues that affect fuel poverty.

That said, I would like to make some points about the warm deal grants, which you raised. On the installation of insulation and whether that is done through the central heating programme or separately as part of the warm deal, I note first that insulation is a requirement of the central heating programme: when someone has a central

heating system installed, they also get appropriate insulation measures. However, it is not always appropriate to install cavity wall insulation or loft insulation—for example, some houses do not have lofts, some have solid-wall construction and some of the measures may already be in place in a property. Therefore, some houses get insulation measures whereas others do not because, for one reason or another, those measures are not suitable, although they are part of the programme.

You are right to say that the warm deal grant has not changed over a number of years—the previous Administration never changed the size of the grant. We keep the issue under review, and I would never say never in respect of a change in the overall amount, but my concern about the demands to raise the figure—a grant of £750 was mentioned by one organisation—is the effect that that would have on our ability to get funds from the other, important, source, which is the energy efficiency commitment money. If we increased the amount of money that we spend through the warm deal grant, the likely consequence is that all we would do is replace spend from elsewhere.

We do not have the exact figures, but it is my view that we do not get the full amount of energy efficiency commitment money that we should be getting at the moment, and we want to ensure that we pursue that. When the energy efficiency commitment changes to the carbon emissions reduction target next March, we want to make sure that Scotland gets its full entitlement. It would be a mistake to increase the warm deal grant if the effect of that would be to lower the amount of money that we receive through the energy efficiency commitment or carbon emissions reduction target. It would be a retrograde step to end up doing the same amount of work in a way that cost us more. We need to get the maximum amount of carbon emissions reduction target money, which is what energy efficiency commitment money will become. Then we will spend on top of or in addition to that, rather than replacing one pot of money with another.

Kenneth Gibson: The contractors and Energy Action Scotland have been saying that their concern is not about whether it is appropriate for some houses to have cavity wall insulation but about the fact that the grant is less than the cost to the contractor. Contractors are effectively being asked to do installations that cost them money, and the figure is becoming increasingly unrealistic, especially as only 1 per cent of warm deal homes are getting all the measures that they require.

I welcome the £59 million, but is there the possibility of further contingency funds being made available in future years? The additional £7 million was essential, given that the waiting lists were extending into April; I heard that from my

constituents as, I am sure, did other members. If such delay happens next year or the year after, will you have contingency money?

When we talked about the provision of affordable housing, we talked about economies of scale, which are absolutely crucial. Are there any proposals to look at economies of scale for the central heating programme? Do you agree with Energy Action Scotland that developing a warm zone in, for example, Ardrossan and Saltcoats would be an excellent way to achieve economies of scale for the central heating programme?

Stewart Maxwell: There is no contingency fund as such for this area. However, it is true to say that, in future years, as in all previous years, in-year adjustments will be made to the budget. I cannot say at this point what those adjustments might be.

This year, we have been able to allocate additional money, and that might happen in future. However, I do not know at this stage whether it will; as we go through the year, we will have to wait and see whether money becomes available through slippage elsewhere, which is possible.

On next winter and the waiting list, there has been a waiting list for the programme since the day that it started. During the first couple of years, the waiting time was eight months; it fell to approximately six months after the second year, where it has remained ever since. The fact that that happens every single winter does not make it right or good; it is just a repeat of the pattern that we have seen since 2001.

We are having a review to look at the system and see why the systems and insulations are not being put into properties at the right speed, and to find out whether the programme is delivering on fuel poverty. We should look at a number of issues related to the programme so that we can determine how to improve it and ensure that next winter is not just a repeat of this winter. I hope that we will put something in place that will mean that we are not in a situation every year that is clearly unacceptable to you, me and the pensioners who find themselves in it.

I know that you are a particular supporter of and campaigner for the warm zone. As I said during your members' business debate on the subject, the principles behind the warm zone are interesting, and there are several lessons to be learned. I will not commit myself here—and I did not do so during the debate—to saying that we will roll out the same model across the country, whether in Saltcoats, Ardrossan or anywhere else. However, important lessons can be learned from some of the warm zones down south, which have not been universally successful. We should figure out how the particularly successful warm zones

did it—although even the successful ones did not meet the targets that they were set, so we have to be slightly cautious about adopting the same model.

Kenneth Gibson: Indeed, minister—we can learn from examples south of the border and pick up best practice. I still think that economies of scale are important.

Energy Action Scotland brought to our attention its fear that, because the budget is static, it does not allow room for manoeuvre in developing new microrenewables technologies that will help to reduce not only fuel poverty but people's carbon footprint. Will you comment on that?

Stewart Maxwell: A pilot is continuing and the interim results are about to be published. I will not make any judgment on the basis of interim results; I want to wait until the full pilot is complete and we have the analysis of it, which will perhaps be in the middle of next year. However, the initial results seem to suggest that renewables are effective in providing warm, dry homes. Again, my remarks come with the caveat that we must wait for the full analysis at the end of the project.

A concern about systems that are based on renewables is that their cost is far higher than the cost of other systems that we might put in place. A moment ago, we discussed the amount of money that we have available and the demand on the system. If we signed up to many of the proposals in relation to renewables, we would be able to install far fewer systems than we do under the current arrangements. I do not think that that would be acceptable to anybody.

We will consider the renewables project next year, when the pilot is complete and the analysis has been done. If we can achieve economies that mean that we can install such systems for roughly the same price as the current systems, they would be a useful addition to the programme, but we are not at that point at the moment.

Patricia Ferguson: The minister is correct to say that there have always been waiting lists for the central heating programme, but my experience is that they have been relatively consistent over the piece. For my constituents in Glasgow, the average waiting time has been about three or four months, perhaps with blips here and there when there has been a particular problem with a particular house type. I have to say that, recently, people have begun to tell me that they have been allocated installation dates in June of next year. Those people are without heating or hot water. There is a need to keep the matter constantly under review and to consider whether a pattern is emerging.

I am concerned because Scottish Gas advised us that it was going to take great steps to make

sure that people in the islands who had been waiting for more than six months had central heating installed before Christmas. Although I welcome those steps and understand that it is difficult for people who have been waiting for that length of time, we have to consider how they can be achieved. Are they being achieved by moving resources from one area to another? Is Scottish Gas storing up one problem to follow another rather than dealing with the original problem?

Stewart Maxwell: The particular difficulty in the Western Isles, Orkney and Shetland was that almost no installations had been done there. A lot of installations had been done in other parts of the country, such as the central belt, including Glasgow. I am sure that Alasdair Allan can confirm almost no installations had been done in the Western Isles or the northern isles. Clearly, there was a particular problem there. That is why we met Scottish Gas and individual MSPs to try to make sure that we drove things forward. I can say to you that that effort will not result in a transfer of resources. We met Scottish Gas to ensure that it could meet the current commitment, and the arrangements that are in place will ensure that that happens.

On your point about people waiting for excessive periods of time without heating and hot water, that is why we moved swiftly to inject another £7 million into the programme. We will prioritise those who are in the greatest need and difficulty, and one of the criteria in that respect will be whether the person has no heating or hot water—and, in some cases, no cooking facilities. Others will have some form of heating, but will be waiting for a replacement; some will have hot water and temporary heating facilities. Of course, such situations are not ideal. Although the additional money will ensure that those in the greatest need are brought forward, none of those people will be pushed further back in the queue because of that prioritisation.

12:30

Patricia Ferguson: But the overall waiting list is growing.

Stewart Maxwell: As I have said, the average waiting time has remained roughly the same. We keep the matter under review and we and our officials meet regularly with Scottish Gas.

The Convener: The figures suggest—and your officials can confirm this—that compared with what is happening now there have at times been as many as 10,000 installations taking place. Of course, there have been peaks and troughs. That was always going to happen, given the way in which the scheme began.

The fact is that all the members around the table have had to deal with this matter in their caseload. Indeed, just this month, I heard about an elderly woman who received a letter from Scottish Gas saying that her system would not be installed until June 2008. I had never seen such a letter before, but it is becoming a common experience. Perhaps we can discuss later what you can do with regard to Scottish Gas, but that is what is happening at the moment.

David McLetchie: My question is about the overall settlement as it applies to programmes in your domain, particularly the central heating programme. You and other ministers are constantly telling us that the financial settlement is tight, but will you confirm that over the next three years the Scottish Government has at its disposal more money than ever before, both in absolute terms and when adjusted for inflation?

Stewart Maxwell: I think that at the very start I said that there was an average 1.4 per cent increase over the three years. I also pointed out that the increase on the previous three years was an average 4.3 per cent.

David McLetchie: But that refers to growth rates in the budget. I am trying to get on the record the fact that the settlement that you have described as tight is in fact more generous in real terms than any settlement that any Government before or since the Scottish Parliament's establishment has had at its disposal to deal with the responsibilities of the former Scottish Office and the present Scottish Government. Is that correct?

Stewart Maxwell: The amount of money in the budget has gone up, if that is the question that you are asking.

David McLetchie: And it has gone up in real terms.

Stewart Maxwell: However, the costs of what we spend that money on have also gone up. Given that, the settlement is the smallest and tightest that we have had since devolution. I am sure that you will accept that that is also true.

David McLetchie: No, I do not accept the use of the word "tight". If I had more money in my pockets than I had ever had before, I would regard them as well filled, not tight. There is a difference in language here.

Stewart Maxwell: It depends whether your pocket has an extra penny or an extra pound. You would probably notice the difference.

David McLetchie: Well, you might notice the difference between a housing and regeneration budget spend of £480 million in 2007-08 and a projected spend of £572 million in 2010-11. By my arithmetic, that suggests an absolute increase of

well over 20 per cent over three years. Is that not right?

Stewart Maxwell: In my opening remarks, I said that there was a 19 per cent increase in SR 2007 over SR 2004. I hope that people welcome that increase in funding. It is a good thing, and it shows that this Government prioritises housing.

David McLetchie: Well, we will come to that. However, what we have in a so-called tight financial settlement is nearly 20 per cent growth over three years in the budget that is under your command.

Stewart Maxwell: In this particular area.

David McLetchie: In the areas for which you are responsible.

Stewart Maxwell: No, no—

David McLetchie: Sorry, I accept that you are also responsible for sport and so on. But there is still a 20 per cent increase over three years.

Stewart Maxwell: In the affordable housing part of the budget.

David McLetchie: Right. As I read the budget, I see that most of that increase applies to the affordable housing investment programme.

Stewart Maxwell: Yes.

David McLetchie: Indeed, with regard to affordable housing, you appear to have more than 20 per cent growth over the three years.

The areas that effectively are restrained, or held level, are areas such as the central heating programme—the budget is flat over the period. You have decided that, in the scheme of your overall responsibilities, the 20 per cent increase will go largely into the affordable housing programme. That is the Government's priority, and the other areas for which you are responsible effectively are flat. Is that correct?

Stewart Maxwell: No, I do not accept that. A number of other areas have received real-terms increases, so it is incorrect to suggest that it is only affordable housing.

David McLetchie: If you look at page 106 of the budget, as we have done, you will see that all the categories are flat. "Housing Markets and Supply Policy/Research" is flat at £2.8 million; "Running Costs" is flat at £25.1 million; "Tackling and Preventing Homelessness" is flat at £0.6 million; "Central Heating Initiative" is flat at £45.9 million; "Housing Voluntary Sector Grant Scheme" is flat at £2.4 million; something called "Wider Role" is flat at £12 million; and "Community Engagement" is flat at £3.4 million. That is one, two three, four, five, six, seven—

Stewart Maxwell: You stopped at an interesting place—

David McLetchie: Hang on a second. You have 11 budget headings, and I have just listed seven of them that are absolutely flat over the next three years.

Stewart Maxwell: I noticed that you did not mention regeneration, which is—

David McLetchie: No, I did not.

Stewart Maxwell: You did not mention the equalities budget, which has substantially increased, and you did not mention violence against women.

David McLetchie: We are looking at different pages. The equalities budget is not on that page.

Stewart Maxwell: You said the areas for which I was responsible.

David McLetchie: Actually, you corrected me and referred me back to housing and regeneration, which is the area that we are concerned with, and I referred you to page 106 of the budget—which, as you are aware, has nothing to do with equalities. I am focusing on what the Government has decided, as a matter of choice and of policy, are its priorities. You are entitled to take such a policy position, and I am not saying that you are necessarily wrong—I am highlighting this point. The reality of the situation, with regard to all those budget headings, is that you have decided to put all the additional resources that are at your command into the affordable housing programme, and—to a lesser extent—into the regeneration programme. Everything else is at a standstill. Is that correct?

Stewart Maxwell: Effectively, yes. We are prioritising housing and regeneration. I make no apology for that.

David McLetchie: That is fine. You are entitled to do that, but what you want to do—and what we have discussed—regarding central heating is set against the background of a deliberate policy decision that the central heating programme will not be prioritised relative to other areas. Any changes or developments that you want in it will come about because you have decided, as a matter of policy, that the budget for the programme is going to be flat, because you want to put all your resources into other aspects of your programmes. Is that correct?

Stewart Maxwell: £45.9 million is a substantial amount of money to spend.

David McLetchie: Absolutely.

Stewart Maxwell: As you are well aware, the programme is demand led, and the demand is increasing. We could spend substantial amounts of money and still not achieve an end to the

programme. There is a block on the amount of money that we have in terms of the ability to install systems and work in the area. We do not have an unlimited supply of central heating engineers, insulators and contractors to do the work, so we are limited by the amount of people out there who can do the work. We also have to ensure that the budget does not run away from us in terms of the amount of money that we spend on the programme, as it clearly might if we took the lid off it.

David McLetchie: Accepting those propositions, and accepting that the programme is demand led, the likeliest outcome of having a flat allocation is that the programme's waiting lists and waiting times will increase over the next three years, as opposed to the situation that has applied in the period since the programme was instituted. Do you accept that waiting lists and waiting times will get longer as a result of your policy decision?

Stewart Maxwell: No, I do not accept that. I accept that a massive jump in demand would bring a new and different series of problems, and it would make it difficult to reduce the average waiting time.

One of the reasons that we are looking at the programme, as I have said, is that there has been an average waiting time of around six months since the programme began, so the difficulty has always been inherent in the programme. It seems perfectly sensible to look at the programme and see what, if anything, can be done to shorten waiting times and have a more effective programme. That, surely, is the purpose of the review that I have talked about, not only today but when we last discussed the matter.

It does not follow—just as it does not follow for the amount of money that is spent on housing—that if we spend the same amount we will get exactly the same back. If we make systems more efficient by changing how we do things, we can often improve the situation and get a better outcome for the same amount of money. I do not see that there is necessarily a connection between the two points that you are making.

David McLetchie: I accept that there is always a waiting time, because customers' requirements have to be assessed and installation has to be organised. There is always a waiting time from application to installation; it is a practical issue of the workmen having to do the job. However, members are concerned that the waiting time will be extended not simply because of the time that it takes to assess the needs and do the job, but because the budget is cash limited and is flat over the next three years. We are trying to establish whether the budgetary decision that you have made means that it is more rather than less likely that the waiting time will be extended.

Stewart Maxwell: I do not believe so.

David McLetchie: Well, we can come back to that.

The Convener: I want to ask about the contract with Scottish Gas, for which you and your various departments have responsibility. The fact is that you do not know what the waiting times are.

Stewart Maxwell: Is that a statement?

The Convener: No, it is a question. Is it correct that you do not know what the waiting times are?

Stewart Maxwell: No, we have information from Scottish Gas.

The Convener: Well, there have been a couple of parliamentary questions on the issue from your colleague Brian Adam, and one of the questions in the committee's letter to you asked specifically for information on waiting times so that we could get to the nub of the issue. Those questions were all answered in your name, in various ways, but they basically told members to ask Communities Scotland or whoever, because information on waiting times is not held centrally.

Stewart Maxwell: I would have to be reminded of the exact nature of the questions and the way in which they were asked. I have a funny feeling that the questions were worded in such a way as to require the figures to be broken down, which we do not do centrally.

The Convener: I think that that is the nub of the matter. In our casework, many of us talk about average waiting times in, for example, the health service. There is an average waiting time, but there is also a time that is less than that time, which is the actual time for installation. We would like to have that information. Our observation is that as you extend Scottish Gas's contract, the waiting list seems to be getting longer, but the quality of the package that is being delivered is not as high as it used to be. Can you explain that?

Stewart Maxwell: I do not know where you got that information about the quality of the package being not as high.

The Convener: I can help you, minister. We have received a copy of a letter that McSence sent to you on the central heating programme and warm deal scheme, which goes through a number of the issues that have been raised previously. The letter gives the view of the contractors and the representatives of the contractors. It states that

"Scottish Gas are being paid more ... for installs"

while the industry is being paid less for the installations and asks why

"only 40% of those homes with heating installed"

are

"being insulated when the norm previously ... was 89%".

Are you not aware of that letter?

Stewart Maxwell: Yes, I am aware of it and I understand where you are coming from. The reason for the change in the figure is clear. At the beginning of the programme, 93 per cent of the homes in which systems were installed by the contractors had no heating system or insulation at all. Now, the situation has completely reversed: more than 90 per cent require replacement systems. For the most part, we are putting systems into properties that already have partial measures in place, such as loft or cavity wall insulation. You are talking about like for like, but the situation regarding the systems that we are putting in has changed dramatically over the past seven years, which explains the decrease that is mentioned in the letter.

12:45

The Convener: So the contractor is wrong.

Stewart Maxwell: No, but the explanation for the decrease is not that the work is not being done; it is that the insulating work that is being carried out now is very different from that which was carried out seven years ago.

The Convener: It is the contention of the contractors, so you will be writing to them—

Stewart Maxwell: It is the contention of one single contractor, I believe.

The Convener: A few weeks ago, Scottish Gas assured the committee that waiting times were improving and that it had a new system for doing the work. At that meeting, it was announced that Scottish Gas's contract had been extended. Given the increase in waiting times, do you regret that that contract has been extended?

Stewart Maxwell: No, I do not regret it. Officials and I—officials more often—have had on-going meetings with Scottish Gas to discuss ensuring that the length of time that it takes Scottish Gas to do its part of the process is shortened as much as possible. Scottish Gas has accepted that it needs to do much better—it gave the committee evidence to the effect that it has found ways of reducing the length of time that it takes for installations to go through its system. On that basis, and because Scottish Gas provided the contracted number of installations and promised to install the additional numbers before the end of the year, there seemed no reason—on the basis of the available information—not to extend its contract for a further year.

The Convener: Are you confident that Scottish Gas will increase its 12,000 installations—1,000 a month—to 15,000? I read that the new money

would allow a further 1,500 installations. What has been promised—15,000 or 13,500 installations?

Stewart Maxwell: Two things happened this year. As I mentioned earlier, I decided in the summer to put in additional resources, which took the figure from 12,000 to 13,500. Last week, the cabinet secretary announced an additional £7 million, which takes the figure from 13,500 to 15,000. That was done on the basis of discussions with Scottish Gas, as the managing agent, in which it assured us that it is confident that it can install 15,000 systems this year.

The Convener: When were we first assured that Scottish Gas would install 13,500?

Stewart Maxwell: I believe that it was during the summer.

The Convener: I ask because, four weeks ago, Scottish Gas told the committee that it was doing 1,000 installations a month, or 12,000 a year, which is why I was surprised and puzzled when I read in the press that the 1,500 installations that the welcome £7 million injection will make possible will take the figure to 15,000.

Stewart Maxwell: Prior to last week, the arrangement was that Scottish Gas would install 13,500—up from the original 12,000. The money was awarded to Scottish Gas and it agreed to put in 13,500 this year.

The Convener: It is a matter of record that Scottish Gas told us that it was doing 1,000 installations a month, and 12,000 in total. That was only a few short weeks ago, so there seems to be a discrepancy. You are telling us that you expect Scottish Gas to deliver 15,000 installations by the end of the financial year.

Stewart Maxwell: Scottish Gas has assured us that that is perfectly possible, and it believes that it will achieve it by the end of the year—the end of the financial year, not the calendar year.

The Convener: We may wish to raise that with Scottish Gas.

Kenneth Gibson: The modernising private sector housing budget for 2008-09 is £9.9 million, rising to £14.06 million in 2010-11. What will that budget be used for?

Stewart Maxwell: Can you repeat those figures for me?

Kenneth Gibson: They are on page 106 of the spending review document.

Stewart Maxwell: I see the line that you are talking about.

Kenneth Gibson: In cash terms, the budget will increase from £10.2 million to £15.2 million. I apologise for providing real-terms figures, as the document lists the figures in cash terms.

Stewart Maxwell: The additional money is part of the process of moving from the current assistance-based scheme to the new loans-based scheme.

Kenneth Gibson: What is the thinking behind the money's remaining ring fenced?

Stewart Maxwell: We are in the middle of the process of changing over from grants to loans. The money is ring fenced for part of the time, until we make that move.

Kenneth Gibson: Homelessness continues to be a big issue. You mentioned that there is a statutory duty on the Parliament to meet its homelessness target by 2012. However, I refer you to question S3W-313, which was lodged on 29 May. In your answer, which appeared promptly on 7 June, you indicated that the number of households assessed as homeless under the homelessness legislation has increased steadily over the past 10 years, from 24,700 in 1996-97 to 36,625 in 2005-06. I understand that there has been a further 10 per cent jump. In the convener's constituency of Inverclyde, the figure has increased from 250 to 510 over that period. Given that, at the moment, there are about 40 repossessions a week in Edinburgh alone, and that there is considerable unease about the housing market because of the Northern Rock situation and so on, is it realistic to believe that the Parliament will be able to meet its statutory obligation by 2012? You have put a significant amount of extra money into affordable housing, but is it possible or practical for us to meet the target?

Stewart Maxwell: I hope and believe that the target is achievable. I do not underestimate the challenge: you have set out some of the problems that we face. I believe firmly that if we carried on with the previous regime we would not meet the target, which is why there must be a radical change in how we deliver housing. As I mentioned, we will consult COSLA and local authorities on how they will meet the target, although those discussions have yet to start. Both we and COSLA have concerns, but the bottom line is that both of us have signed up to meeting the target.

I may be reading between the lines of your question, but the danger of backing away from the target in any way is that we reduce the pressure on all the partners to tackle homelessness. I want to keep the pressure on, so that local authorities and all of us who work in the area do all that we can to ensure that we meet the target. I do not underestimate the scale of the challenge—it is a tough one.

Kenneth Gibson: I understand that a tremendous amount of work is being done to meet

the target but, if a year or two hence it does not look like the target will be met, will there be a way of putting in additional resources from contingency or other funding sources to ensure that the target is met?

Stewart Maxwell: We believe that the 2012 target is achievable. I hold to the view that we can meet it throughout Scotland. One reason for our making changes is to drive more efficiency into the system, so that we get more for our money. We have also increased the overall budget for the next three years. In combination, those measures will allow us to meet the target.

I return to the answer that I gave to one of the member's earlier questions. The money that is set out in the budget is our planned expenditure. Governments always examine their expenditure to see where there is slippage and room for money to be spent in the current year. We will do what previous Governments have done.

Johann Lamont: I am conscious that we have a range of issues to explore further, but time is not with us. I have a set of questions about how you calculated the baseline for the affordable housing budget. There is at least a credible suggestion that the current spend has been unnecessarily deflated, which makes the cut look less dramatic and the later increase look more dramatic. Perhaps we will have another opportunity to meet the minister to address the budget—I do not know.

Just now, I want to ask about the community regeneration fund, which the minister said has been increased. Will you talk us through how that will work? The planned expenditure on regenerating communities was £116 million. Where is that money now and how has it been divided up? The minister will know that the community regeneration fund was driven by the Scottish index of multiple deprivation. If the money is to be allocated on the basis of grant-aided expenditure, the impact of the deprivation factors will be far weaker. Will you continue to use the Scottish index of multiple deprivation to determine community regeneration spend? Will you clarify further the role of community planning partnerships? In my constituency, four posts for citizens advice bureau workers are dependent on CRF money and, as a consequence, a significant number of vulnerable constituents depend on that funding. Will that funding continue?

Stewart Maxwell: On your question about the Scottish index of multiple deprivation, we will continue to use that measure. We are considering that in relation to the allocations.

The CRF money still exists, but it has been rolled up as part of the single deprivation fund. That was the right thing to do for several reasons. One is that the measure was recommended

strongly—twice, I think—by the Finance Committee in the previous session of Parliament. A second reason is that it was clear that many groups on the ground felt that too much of their time was taken up trying to get money from various funding streams. In effect, the bureaucracy that that involved diverted them from their valuable work. Taking on board that and the Finance Committee's recommendations, it was clearly sensible to roll the money together into a single deprivation fund. That is what we did—the CRF money still exists and the work should be on-going.

Johann Lamont: Will the money be distributed to local authorities on the basis of the Scottish index of multiple deprivation?

Stewart Maxwell: Yes.

Johann Lamont: So it will not be rolled up with the normal local government budget.

Stewart Maxwell: It is not rolled up with the local government budget. We have brought it into the single deprivation fund, which is ring fenced and goes to community planning partnerships.

Johann Lamont: So the money will go directly to community planning partnerships and not to local authorities.

Stewart Maxwell: Yes.

Johann Lamont: So it goes to community planning partnerships.

Stewart Maxwell: The money is in the overall local government settlement, but it is ring fenced and will be used by community planning partnerships.

Johann Lamont: It is ring fenced for a year.

Stewart Maxwell: It is ring fenced for two years.

Johann Lamont: So why does the budget document have "1" after "Community Regeneration Fund"?

The Convener: I think that that relates to the three funds.

Stewart Maxwell: That is a footnote.

Johann Lamont: Right—so the money will go to the community planning partnerships for two years. Therefore, projects such as the one that I described in my community can still reasonably expect to get funding that reflects local need and deprivation, subject to communities saying whether they want it. Will that remain?

Stewart Maxwell: Yes—I presume so.

Johann Lamont: You will know that the community planning partnerships have a strategic delivery role in relation to European moneys. Will that role remain if deprivation funding is secured

for the partnerships? Is there is a way of match funding with European moneys?

Stewart Maxwell: To be absolutely honest, I will have to get back to you on that. I do not know the detail of that particular point, but I see no reason why that cannot happen. Perhaps my officials can help.

Mike Palmer (Scottish Government Public Health and Wellbeing Directorate): There is nothing to stop the money being match funded with money from any other funding stream. The fund is meant to be a catalyst investment fund. The overall direction of travel is for the fund to catalyse and lever in wider investment from whatever source. There is no reason in principle why that cannot be European funding.

Johann Lamont: So we will be able to clearly identify and track at least £116 million of community regeneration spend within communities via community planning partnerships. The fact that it is caught up in the section dealing with general settlements for local authorities does not make any difference.

Stewart Maxwell: The fund is £145 million a year. It is still ring fenced and they will have to report back on it.

13:00

David McLetchie: I want to pursue this line of questioning to get clarity about how the money flows down. You are bringing together the three current funds into a single fund, which, as I understand it, is being incorporated into the local government settlement but is being ring fenced and is to be deployed by community planning partnerships. Does that mean that the Scottish Government will determine the amount that each community planning partnership gets from that fund or will you determine each local authority's share of the ring-fenced fund and leave it to each local authority to divide it among the community planning partnerships within its area? Will you clarify for me who has what responsibility?

Stewart Maxwell: There is one community planning partnership in each area. You asked about local authorities dividing the money among the different community planning partnerships in their area.

David McLetchie: We have a sub-division of neighbourhood partnerships and so on. The nomenclature changes so often, minister, that I lose track of the acronyms. Something that was called the west Edinburgh community planning partnership, which covers organisations in my constituency, currently has a budget of something like £700,000, which is described as coming from the community regeneration fund.

Stewart Maxwell: There might just be differences in the way that we describe things. The money will go to a higher level than the one that you describe—it will go to the Edinburgh area and it will be up to it to decide how the money is distributed locally.

David McLetchie: Right, so the money goes from the Scottish Government to the councils—albeit that it is ring fenced—and then to the sub-divisions within the council area.

Stewart Maxwell: The money goes to the CPP in Edinburgh, for example.

David McLetchie: And then goes down to the next level.

Stewart Maxwell: Yes.

David McLetchie: Okay, that is fine.

If the new fund, which brings together the three previous funds, is to be ring fenced, as a set amount of money, you must know how much money will be in it. Why do we not have any figures for the new CRF-community voices programme-working for families composite fund? Why do we not have figures for what the totality will be over the next three years? If the fund is ring fenced, you must know how much money you are going to allocate.

Stewart Maxwell: The fund is £145 million. That is what it will be over the next three years in each year.

David McLetchie: Is it? There was no budget line for it. I thought that the spending review said that all the figures would be allocated as part of the local government settlement once an overall package deal had been done with councils.

Stewart Maxwell: We announced that it is to be £145 million in each of the years.

David McLetchie: Oh, I see. I must have missed that, because it is not in the budget document.

Stewart Maxwell: I cannot remember. We did announce that it is to be £145 million.

David McLetchie: Right, so it is £145 million, flatlined over the next three years.

Stewart Maxwell: It is £145 million in each year.

David McLetchie: Like all the other flatlined budget lines.

Stewart Maxwell: It is not like all of them.

David McLetchie: It is like the majority of them, except for one very generous one.

The Convener: Thank you, David. Thank you, minister. There are a couple of outstanding points on which our clerks will write to you. We appreciate your attendance.

I ask you to look again at our communication about the central heating programme. You might be able to respond to us on the question of waiting times. We would appreciate as much detail as you can give.

Stewart Maxwell: I will look at that again and respond as quickly as possible to any further letters that you wish to send on questions that you did not reach today.

The Convener: Thanks for your attendance. Thank you, everyone.

Meeting closed at 13:05.

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