

# **LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**

Wednesday 11 June 2008

Session 3

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## LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

### 18<sup>th</sup> Meeting 2008, 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:

Greig Chalmers (Scottish Government Europe, External Affairs and Culture Directorate)

Gavin Corbett (Shelter Scotland)

Anne Dagg (Scottish Government Europe, External Affairs and Culture Directorate)

Linda Fabiani (Minister for Europe, External Affairs and Culture)

Mike Foulis (Scottish Government Housing and Regeneration Directorate)

Councillor Harry McGuigan (Convention of Scottish Local Authorities)

Andy Young (Scottish Federation of Housing Associations)

#### CLERK TO THE COMMITTEE

Martin Verity

#### SENIOR ASSISTANT CLERK

Jane-Claire Judson

#### ASSISTANT CLERK

Ian Cowan

#### LOCATION

Committee Room 4



# Scottish Parliament

## Local Government and Communities Committee

*Wednesday 11 June 2008*

[THE CONVENER *opened the meeting at 10:00*]

### Digital Television Switchover

**The Convener (Duncan McNeil):** Good morning, everyone, and welcome to the 18<sup>th</sup> meeting of the Local Government and Communities Committee in 2008. I remind everyone to switch off their mobile phones and BlackBerrys.

Under agenda item 1, the committee will take oral evidence on the implementation of the digital television switchover. I welcome the Minister for Europe, External Affairs and Culture, Linda Fabiani, and Scottish Government officials Greig Chalmers, who is the team leader in the creative Scotland and broadcasting branch, and Anne Dagg, who is a policy officer in the branch. I invite the minister to make some introductory remarks.

**The Minister for Europe, External Affairs and Culture (Linda Fabiani):** Thank you very much, convener, and thank you to the committee for inviting me to discuss the implementation of digital switchover. I know that the committee is aware that digital switchover is reserved to the United Kingdom Government. However, the Scottish Government wants to ensure that it goes smoothly in Scotland. We are focusing strongly on the Scottish Borders, as the Selkirk transmitter that serves that area will switch over in November.

The majority of Scottish households already have digital TV on their main set. According to the most recent communications market report from the Office of Communications in May 2008, the take-up is 84 per cent, despite the fact that there remain areas where digital television, or Freeview, will not be available until switchover is completed. That is positive. It is clear that householders who find the process and technology of switchover easy to understand have taken the initiative and switched, whether intentionally or by default. However, the people who are not receiving the messages about switchover need support through the switchover process. That is why Digital UK was established and why there is a help scheme, which the BBC administers, to provide the support that groups need.

I have discussed much with Paul Hughes, the Digital UK manager for Scotland, and I am confident that he will do all that he can to ensure

that Digital UK meets Scotland's specific needs during the switchover process. However, that does not mean that the Scottish Government is standing on the sidelines doing nothing, because we want to ensure that the public sector is prepared for switchover. John Swinney wrote last month to all Scottish local authorities highlighting the availability of Digital UK's online resource for councils, and we will shortly issue a circular to local authorities and landlord associations to ensure that landlords help their tenants to prepare for the switchover.

We will also issue to all care homes and relevant bodies a community care circular that provides information and advice on switchover and the help scheme. As we prepare that, we are working with the UK Government to ensure that the scheme is administered in a way that takes account of the different arrangements for the personal care of older people that are in place in Scotland. We do not want anyone to be disadvantaged.

The Scottish Government is very much engaged with all the relevant organisations that are involved in the switchover. I receive regular updates and have met Digital UK twice. Officials attend the UK Government digital switchover group meetings and also the digital switchover housing group, which ensures that specific Scottish issues are taken into account at a UK level and that the Scottish Government is informed of all developments in relation to the switchover.

I hope that that assures the committee that we are engaging to ensure that the switchover goes as smoothly as possible for everyone in Scotland.

**Kenneth Gibson (Cunninghame North) (SNP):** Good morning, minister, and welcome to the wonderful world of the Local Government and Communities Committee.

**Linda Fabiani:** I have been so looking forward to it.

**Kenneth Gibson:** I am sure that you have.

You gave a fairly comprehensive introduction, but does the Scottish Government have any concerns about the implementation of the digital switchover? Can it be tweaked in any way to make it better or more effective?

**Linda Fabiani:** There were issues with the first switchover, in Whitehaven. I had a chat with Paul Hughes of Digital UK about that, but Anne Dagg and Greig Chalmers—particularly Anne—have discussed the issues in much more detail with Digital UK, which has examined issues from the first switchover and is making changes for the switchover in the Borders. For example, the switchover window has been shortened—it was one month in Whitehaven, but it will be two weeks in the Borders—because Digital UK feels that that

is a more focused and tighter approach. I will pass over to Anne Dagg, who is the most appropriate person to tell you about the issues, because she is working closely with Digital UK.

**Anne Dagg (Scottish Government Europe, External Affairs and Culture Directorate):** After the Whitehaven switchover, the United Kingdom Government switchover group discussed the report that Digital UK produced. Digital UK realises that Whitehaven is a much smaller area than the Borders and has taken into account the fact that it will have to change its approach in the Borders to ensure that it delivers. John Askew has been active in the Borders as the Border television area manager for some time. We are confident that the adaptations that Digital UK has made after the Whitehaven switchover will satisfy the need to change the approach for a bigger area.

**Linda Fabiani:** Scottish Government officials and Digital UK are trying to ensure that all the material that Digital UK has compiled is relevant to Scotland and that it is clear and concise. That work is on-going.

**Kenneth Gibson:** Is the Scottish Government happy with the eligibility criteria for assistance from the help scheme—which was discussed in detail last week—or could the scheme be enhanced or tweaked in any way to ensure that it reaches more disadvantaged people?

**Linda Fabiani:** The help scheme has been applied consistently throughout the UK, apart from for a small group of individuals. The Department for Work and Pensions sets the criteria, which seem to be pretty standard. A small anomaly in relation to care homes has arisen and is being worked on. The issue relates to free personal care in care homes in Scotland, which is not in place south of the border, and arises because attendance allowance is not received by self-funders in care homes. Shona Robison, the Minister for Public Health, first identified the anomaly in October last year. The issue affects a small number of people, but constructive discussions have taken place between the UK Government, including the Scotland Office, and our people. I have no reason to suspect that the issue will not be sorted quickly. We could call that a tweak that is necessary because of Scotland's specific circumstances, but there is no reason to suspect that it will not be sorted, and fairly soon, I hope.

**Kenneth Gibson:** So apart from that anomaly, you are happy with the help scheme's criteria and categories.

**Linda Fabiani:** I am quite happy. I have not had input on the scheme, as it is delivered by the UK Government, which I am sure has done all the necessary work to ensure that people are targeted properly.

**Jim Tolson (Dunfermline West) (LD):** I was glad to hear you say in your introduction that the Government does not want anybody to be disadvantaged as a result of the switchover. I am sure that you are aware that, last week, I raised a great concern that the switchover in the Borders, which is the first in Scotland, will lead to a two-tier TV system. We will have to see how the other switchovers go. As you rightly said, the Selkirk transmitter will come online in November, but so will 11 relay transmitters throughout the Borders. With the Selkirk transmitter, the public will be able to access 40 channels, but with the relay transmitters, people will be able to access only half that number—approximately 20 channels. That was confirmed by Digital UK last week and by the Scottish Consumer Council after questioning from the committee. I asked the witnesses whether there was a technical reason for that, and the answer was that it was a "commercial decision".

Given that the Government does not want to disadvantage anyone, I plead with the Scottish Government to lobby the Westminster Government—which, as the minister rightly says, has more control over the matter—and the providers to ensure an even and full service for everyone, not only for the forthcoming switchover but for all the other switchovers in Scotland. Will you give the committee an assurance today, minister, that the Government will lobby Westminster on the issue?

**Linda Fabiani:** There is certainly an issue. Last week, the matter of some people getting 40 channels and some people getting 20 was raised—it is to do with the public service broadcasting side and the commercial side. We are aware of the issue, and we have asked the Scottish Broadcasting Commission to consider it. I assure the committee that, when we get the response from the Scottish Broadcasting Commission—I would not like to pre-empt the response, nor its detail—we will make our concerns known to the UK Government and the Scotland Office if we find that anyone in Scotland has been disadvantaged.

**Jim Tolson:** I respect that answer, minister, but, with all due respect, it does not go far enough towards what I have suggested. Although the Scottish Broadcasting Commission and the Scottish Government have some powers and influence, they do not have the powers to influence the situation enough. Only Westminster can help to deliver in this instance and ensure a robust, even and fair service to members of the public.

You correctly said that 84 per cent of Scots already have digital TV. I suggested last week, and I suggest again today, that many of those

people who have opted for a digital service because they have a poor signal are probably paying a monthly subscription to various providers. If they get a higher quality of digital signal in their area they will see that, for the small outlay of getting a box—which I have seen on sale for as little as £10 in some shops—they will not need to keep paying a monthly subscription; they will receive all or most of the channels that they like to watch with Freeview. When the 84 per cent of Scots who currently have digital TV becomes 100 per cent, fewer people might choose to take out monthly subscription services and will instead use their Freeview service. We need to ensure that the service is robust and fair for everyone.

**Linda Fabiani:** I presume that, following its deliberations, the committee will also write to Westminster. In conjunction with and alongside the committee, I am more than happy to relay those concerns, which have come out clearly in the evidence that the committee has taken.

**Jim Tolson:** Thank you, minister.

**Alasdair Allan (Western Isles) (SNP):** We have mentioned the help scheme. Does the Scottish Government have any information about the take-up of it? Has the Government liaised with other bodies, in particular UK bodies, about that? Questions have been raised about whether the take-up of the scheme has been high. Do you view it as part of the Scottish Government's role to promote the help scheme?

**Linda Fabiani:** I will ask Anne Dagg or Greig Chalmers to speak about the detail of what has gone before. In Scotland, the help scheme is being very much targeted as areas come on board and as the work is carried out, so the Borders is being particularly targeted at the moment.

We want people to take up the help scheme, so John Swinney wrote to all local authorities to ensure that they were aware of the help that is available and to join up that help as far as possible. I will pass over to Anne Dagg, who can talk about how the help scheme was taken up elsewhere.

**Anne Dagg:** Whitehaven is a point of reference to which we can return. Of those individuals who were eligible for it, 28 per cent took up the help scheme offer—that is 10 per cent of households in Whitehaven. The report that Digital UK produced after the Whitehaven switchover said that the value of the help scheme should be made clearer to people. It was a question of what people got out of the £40 subscription fee to the help scheme, when they can buy a Freeview box for £10, as Jim Tolson said.

The National Audit Office carried out a report on preparations for digital switchover, and felt that there was a need to promote the help scheme

better. We will continue to work with Digital UK to ensure that the promotions and help scheme work effectively, in the Borders and throughout Scotland.

10:15

**Alasdair Allan:** My other point for the minister is—predictably—on Gaelic television and Freeview. There has been some discussion about the availability of the new digital channel. Has the Scottish Government had any involvement in that side of things?

**Linda Fabiani:** I am concerned about that, too. It is not yet definite that the Gaelic channel will be on Freeview—it still has to make some representations to the BBC trust later in the year. We have put a significant amount of funding into the new channel, and we want it to be as widely available as possible. I recently met the Gaelic Media Service and the BBC trust, and the channel was long and well discussed. We will continue to do whatever we can to support the allocation of Freeview space to the Gaelic channel.

**Johann Lamont (Glasgow Pollok) (Lab):** What can you do about that, apart from holding discussions?

**Linda Fabiani:** We have to keep impressing on the BBC trust just how important the Gaelic channel is to so many people in Scotland. When the BBC trust carried out tests on the channel to approve it, everyone worked very hard, but I sometimes felt—although I do not mean to be negative about what was done—that what the Gaelic channel means was not fully appreciated. It is not just about language; it is about culture and the promotion of something that is very much part of Scotland. We have a role, in conjunction with the Gaelic Media Service, in constantly impressing on the BBC, the BBC trust and Ofcom how important and how much a part of our culture the channel is.

**Johann Lamont:** What discussions have you had with the Minister for Communities and Sport on the role of voluntary organisations in supporting digital switchover?

**Linda Fabiani:** We have, at officer level, been discussing those things at great length. John Swinney has taken up the mantle of keeping local authorities informed, and we will be sending a circular out to all local care homes. I will be doing something else very soon—I cannot remember quite what it is, but something else is coming through. If you are asking about direct discussions between me and the Minister for Communities and Sport, we have not had such discussions. Discussions are, however, taking place across Government covering all portfolios, because input from all portfolios is required.

**Johann Lamont:** It might be worth while, whether at ministerial level or elsewhere, having further discussions. Although a formal support structure can be put in place to give people advice, trusted intermediaries—as I described them last week—such as church groups and local voluntary care workers can come into people's homes to ensure that they are not given poor advice or, in the worst cases, ripped off. That structure could be used effectively in a proactive way, rather than perhaps being used later on. I seek reassurance on that.

Has there been any discussion in areas where switchover has already taken place on the benefit of using voluntary organisations and groups in that way? Would you be willing to assess that for future advice in relation to voluntary organisations? I am concerned that while you can set up all the formal structures in the world, it is often through such bodies that you can reach out to people. I would like to think that you will start those discussions so that they happen now and you can learn from what happens in the Borders to inform your other work.

**Linda Fabiani:** The thing that is happening in the near future, which slipped my mind for a minute, is that a circular will go out to all local authorities and landlords.

I take on board what Johann Lamont says—it is interesting. I will hand over to Anne Dagg and Greig Chalmers to talk about what has already been done, and I will come back in afterwards, once I have heard their views.

**Johann Lamont:** You mention circulars and letters to local authorities, but their reach will depend on who the local authorities speak to. They might be left at a formal level, and the message might not go out to local communities and individuals.

**Anne Dagg:** Digital UK has set up the Digital Outreach programme, which is, as I understand it, working with third sector organisations to reach people who might not be eligible for the help scheme, as well as people who are, to ensure that they know about it. The organisation involved in the Border area is The Bridge. I am not sure whether Digital Outreach was active in Whitehaven, but I am sure that there was something like it—it might have had a different name.

We will advise Digital UK, as we have done in the past, on how it can best engage with the Scottish voluntary sector. We recommended that it target the Scottish Council for Voluntary Organisations and that it attend the SCVO's event, "The Gathering", which happens in May each year, to enable it to reach voluntary organisations directly. Digital UK has also worked with Age Concern Scotland and other charities. Digital UK is

taking forward the consumer-led approach to the digital switchover, but we are more than happy to do what we can in the Scottish Government.

**Linda Fabiani:** I undertake to pull that information together and have a good look at it, to see whether it can be improved by additional input from the Scottish Government. I will send the committee a note on what we intend to do.

**The Convener:** Following a mystery shopper exercise, the Scottish Consumer Council expressed concern to us that the information that people are given might not be good enough and might even verge on mis-selling. For example, people were told that they would need a new aerial and equipment. Digital UK told us that it has tried to address the matter with retailers. Is there also a role for the Scottish Government and local authorities in ensuring that there is no mis-selling? People are taking significant decisions to buy televisions and equipment that they expect to see them through three, four or five years—perhaps more in hope than expectation, given some of the equipment. It is important that people are given good information and are not mis-sold products that they do not need. How can the Government and local authorities in Scotland use their powers to ensure that retailers deliver the information that we expect them to deliver and do not engage in the shoddy practice of mis-selling?

**Linda Fabiani:** The Scottish Consumer Council's report "Digital Diaries: consumers' experiences in the run-up to digital TV switchover in the Scottish Borders" highlighted such issues, some of which are serious. In December, our officials passed the report to those at the BBC who deal with the help scheme. Greig Chalmers has been considering the matter closely and will talk about what we are doing about it.

**Greig Chalmers (Scottish Government Europe, External Affairs and Culture Directorate):** We have tried to fulfil the role of connecting Digital UK with the right parts of the Scottish Government and the Scottish public sector. We have ensured and will continue to ensure that Digital UK can pass on information to trading standards officers through local authorities, and perhaps in future through the Convention of Scottish Local Authorities, to ensure that local authorities are alert to mis-selling, which correctly was highlighted in the report to which the minister referred.

**Linda Fabiani:** I think that I am right in saying that training for retailers can be accessed through Digital UK.

**Greig Chalmers:** I think that that is right.

**The Convener:** Does the circular to local authorities that the minister mentioned a couple of times—I presume that we will be given a copy—

contain a section on the role and responsibility of trading standards officers in relation to misinformation and mis-selling?

**Greig Chalmers:** We will certainly want to include such information.

**The Convener:** Is it not currently included?

**Linda Fabiani:** The circular is being prepared.

**The Convener:** Will there be discussion with local authorities and COSLA about how they find the resources to enable them to deal with all the issues and ensure that trading standards officers are informed? Is consideration being given to funding and support for local authorities? Is that a priority that will attract additional moneys?

**Linda Fabiani:** The Scottish Government is not in a position to allocate funding to support the digital switchover. The UK Government is responsible and it has not allocated any additional resources to local authorities.

**The Convener:** You said that you are concerned that mis-selling would go on. Is that not an issue for trading standards, irrespective of the resource issue?

**Linda Fabiani:** Of course it is, but, with respect, that is a separate issue from funding local authorities to do the work. Local authorities are responsible for that work through discussion with the UK Government, and we are happy to facilitate how that is financed. We will do everything we can to help that process.

**The Convener:** A circular will go out that says that this is a priority area and the Government is concerned that people will be mis-sold products.

**Linda Fabiani:** We will send out a circular detailing issues that we feel are relevant to local authorities. The issue that you raise will be one of the relevant details in that circular.

**The Convener:** But not too relevant.

**Linda Fabiani:** That is not what I said, convener. I said that it will be one of the issues in the circular that we are sending out that contains relevant points.

**The Convener:** We are all judged by our actions, minister, not just by what we say.

**Kenneth Gibson:** Minister, I was pleased earlier when you said that you want to ensure that no one in Scotland will be disadvantaged during the digital switchover. However, I feel that some people in my constituency are being disadvantaged. Last week, I raised the issue of people in my constituency and, I believe, in the convener's constituency who have bought digital equipment but will not be able to get a digital signal until about 2010-11. Paul Hughes of Digital UK said

that those areas will get a digital signal once the switchover has been done. However, those areas currently get an analogue signal, so it is not as if they are not getting any signal at all, although 1.11 per cent do not get an analogue signal. Why can they not get digital? What steps will the Scottish Government take to ensure that our constituents who have bought equipment will be in a position to get digital before 2010-11. Jim Tolson talked about 20 or 40 channels; in my constituency, people have bought equipment but they are getting no channels. What steps will be taken to ameliorate that situation?

**Linda Fabiani:** On the technical question, I do not think that I can give any reassurance that I can ameliorate the situation. However, I am more than happy to make inquiries of Digital UK and anyone else who is relevant.

Anne Dagg tells me that she can explain a little bit.

**Anne Dagg:** The roll-out of the switchover has been developed in such a way as to allow it to be staggered, based on areas that will interfere least with other signals and other countries. The Borders region is least likely to do that, so it is going first.

The process will take the years that it will take because there is a limited number of engineers who can upgrade all the transmitters. The transmitters in a local area need to be upgraded so that the digital signal will travel to people in that area.

The switchover signifies more than just the loss of the analogue signal. The digital signal will be boosted so that people who cannot receive the digital signal currently will receive it then. However, the technical deliberation was done by the UK Government in the period running up to switchover between 2005, when it decided to deal with the issue, and 2008, when the switchover started. So unfortunately, people who have already bought equipment will have to wait until the switchover is completed in their area before they get the service via Freeview. If they really want more channels now, the option is to use an alternative method of receiving television, such as the BBC's freesat service.

**Kenneth Gibson:** Right. I mean, they cannot even get DAB radio in Largs. It seems to be wholly unfair. We talked about mis-selling earlier. I do not think that people in that area were informed that they would not be able to get a digital signal until some time in the future. I have been going back and forth on this issue since October, and the BBC has not been particularly helpful. I hope that the Scottish Government can make its views felt a bit more and try to expedite a solution. All that we are suggesting is that our constituents get the same

level of service as everybody else. Frankly, it is not acceptable for people to have to wait more than two years when 84 per cent of households already have the service well before the switchover.

10:30

**Anne Dagg:** There are online services where people can enter their postcode and check whether they can get DAB radio and digital television. Digital radio is a separate matter. The digital switchover will not mean that people receive digital radio on a DAB radio set; it will mean that they can get digital radio stations on their televisions.

**Linda Fabiani:** If you pass more details to us, we can write to the appropriate people to express concern about the fact that the transmitters are not being upgraded sooner.

**Kenneth Gibson:** I will do that, minister.

**The Convener:** As there are no further questions, I thank the minister and her team for their attendance this morning.

**Linda Fabiani:** Thank you.

10:31

*Meeting suspended.*

10:33

*On resuming—*

## Homelessness Monitoring Group

**The Convener:** Under item 2, the committee will take oral evidence from members of the homelessness monitoring group on its work. I welcome Mike Foulis, director of the Scottish Government housing and regeneration directorate; Councillor Harry McGuigan, Convention of Scottish Local Authorities spokesman for community wellbeing and safety; Gavin Corbett, policy manager at Shelter Scotland; and Andy Young, good-practice adviser at the Scottish Federation of Housing Associations.

I invite our witnesses to make some introductory remarks. I do not know whether you have agreed that one of your number will make those remarks.

**Mike Foulis (Scottish Government Housing and Regeneration Directorate):** Convener, I will say a few words about the process that we went through. We reformed the homelessness monitoring group last year. We extended its membership to take into account some of the changes that have occurred in the landscape since the previous group did its work. We had representation from community planning partnerships and community health partnerships, but we cast the net a bit more widely across government and brought in the Ministry of Defence, the Department for Work and Pensions, and also the Scottish Prison Service because of the important role that it can bring to bear.

The work involved assembling all the evidence that we could find, assessing it, and producing our report. The evidence was in four main forms. First, there were the reports that local authorities had produced for us on the issues and problems in their areas and what they were doing. Secondly, there were the statistics that the Scottish Government collects, much of the information for which comes from local authorities. Thirdly, there was information from regulatory activity, with the regulation and inspection people from Communities Scotland, as it was then, represented on the group. Fourthly, there was testimony from the front line and the experiences of those who delivered the services and who could voice the issues of the service users.

We assembled that information, assessed it and produced our report, which indicated that there are four main areas in which we need to take action. We gave a greater emphasis to prevention than had previously been the case, we again picked up the well-known themes of the need to maximise the number of lets from housing associations and the private rented sector, and we also considered how we can ensure that at least some of the

investment is targeted on the areas of greatest pressure. With COSLA, we are taking forward the agenda that is set out in the report and in the parallel report that was produced by two front-line homelessness workers who collected the views of their colleagues, and we are fashioning an action plan that we will progress in the weeks and months ahead.

**Alasdair Allan:** Perhaps the most conspicuous, although certainly not the only, aspect of homelessness is rough sleeping. The Government has set itself some targets on that. Will you say more about that subject?

**Mike Foulis:** I will kick off on that and then ask my colleagues to comment, as a few of us will have something to say.

A lot of work has been done and progress has been made on rough sleeping. The rough sleepers initiative paid off with results and it has now been mainstreamed into homelessness activities generally. Many services are in place across the country, but the problems of rough sleeping are complex and difficult to deal with. They vary across the country and, for a variety of reasons, they seem to be concentrated most in urban areas. It is an area in which we are working with COSLA.

**Councillor Harry McGuigan (Convention of Scottish Local Authorities):** I will not say too much because I am not au fait with the detail of progress and operational management in each local authority. However, work on rough sleeping is a key priority in dealing with homelessness. It is a complex and difficult issue, and the identification of the rough sleepers is not always easy. There is a view in my own local authority that one consequence of immigrant labour is an increase in rough sleeping, and steps are being taken to address that.

There is no easy answer to rough sleeping, but dealing with it is certainly a priority in the homelessness monitoring group and in COSLA generally. Perhaps Shelter Scotland would like to comment.

**Gavin Corbett (Shelter Scotland):** The point about migration is important. Migration is one factor that has changed since the homelessness task force reported in 2002. We did not have a feel for how many workers would be coming from eastern Europe, but the number has been higher than imagined. There is a general feeling that such workers are particularly vulnerable to falling out of the system because, for example, they are not aware of rights. That probably needs to be examined.

The trajectory in rough sleeping was generally upwards from the late 1980s onwards. We have successfully halted that trend and produced some

reductions but, as the report shows, there are areas where it is still difficult to provide services.

I do not want us to think that rough sleeping is done and dusted. Homelessness and local housing strategies need to pay specific attention to rough sleeping, probably indefinitely, as there will always be difficult-to-reach groups.

**Alasdair Allan:** What are the difficult-to-reach areas in Scotland? Where is the problem biggest?

**Gavin Corbett:** The report suggests that there are particular problems in some rural areas, where services are more scattered. The volume of homelessness in those areas is not huge, but it is more difficult to produce viable services there than in Glasgow and Edinburgh, where there is a concentration of homeless people and it is possible to create day centres and outreach services.

**Johann Lamont:** When announcing the cuts in housing association grant, the Minister for Communities and Sport said that one problem was that the Government had “unsustainable inherited commitments”. Is the commitment on homelessness one of those?

**Mike Foulis:** That is an interesting question. I think that the minister responded to the point that you make. You will appreciate that I must be careful not to stray into political territory.

**Johann Lamont:** Can you confirm that the Government remains committed to the homelessness strategy and targets?

**Mike Foulis:** Ministers have committed themselves to the strategy many times.

**Johann Lamont:** So it is not unsustainable.

**Mike Foulis:** I think that the answer that the minister gave to that point, which was in a news release from the Labour Party—you will appreciate that I must tread carefully and avoid straying outside my area of competence—was that what he had said related to the cost increases that had taken place.

**The Convener:** We accept that it may not be appropriate for you to answer Johann Lamont’s question—we may need to be put it to the minister.

**Johann Lamont:** There are concerns in the sector around the issue, so we will ask the minister about it.

I want to flag up two issues. The first is the way in which the new funding is being used. The homelessness monitoring group was charged with the responsibility of monitoring what happens on the ground. With the ending of ring fencing and the rolling up of supporting people moneys, how will you do that? Have you influenced single outcome

agreements? Do you expect that single outcome agreements will have to include an element that identifies the issue before they are signed off? If there is no more ring fencing and supporting people moneys are rolled up, by what process will you identify the distinct strands of the homelessness strategy?

**Mike Foulis:** Before asking Councillor McGuigan to comment, I will say some words about what we are doing through the housing support enabling unit. We are funding the unit so that it can monitor what is happening and liaise with the voluntary sector organisations, which receive about 70 per cent of the funding that was available previously. The unit is carrying out research into the impact of the removal of ring fencing. That research indicates that about a third of councils are offering uplifts and that funding has stood still in another third; three councils have reported cuts. We do not have much more information than that. Before long, we will consult on whether national reporting on housing support services beyond what is offered by the housing support enabling unit is required to understand the impact of the removal of ring fencing.

The picture that is presented in the homelessness monitoring group's report is consistent with my conversations with local authority chief executives. The flavour of what I have heard from them is that, before making significant moves, they want to look at the situation that they have inherited and to consider how best to organise services. They are focusing their minds on the opportunities that they now have to put services together with care budgets, to get a better result and a service that is more focused on the needs of service users.

10:45

**Councillor McGuigan:** On the previous question, on resources, COSLA has always taken the position that the target was a very challenging and ambitious one. We have always made it perfectly clear that resources would be required to enable the 2012 target to be realised.

On the second question, on whether COSLA has monitoring arrangements in place, negotiations are still taking place on the concordat and on how the key principles of homelessness are woven into the fabric of the single outcome agreements. Much work remains to be done.

I welcome the removal of ring fencing; I have always thought that it should be removed. Ring fencing compartmentalises things in a way that can paralyse the good that can come from interagency working and people taking corporate responsibility for the work that they undertake. I am confident on the matter. Indeed, indicator 22 of

the 45 national indicators deals specifically with homelessness and the need for homelessness to have a high priority. I would not have it any other way.

It is early days; there are fragile bits to the whole business. Like Johann Lamont, I share the expectation that homelessness will not be trivialised in the single outcome agreement agenda.

**Johann Lamont:** I absolutely understand the perspective of those who argue against ring fencing, because not having it allows drive and some of the arguments in this area are to do with pace rather than principle. We heard from the official that chief executives have given a "flavour" of what will happen, but there is a huge gap between flavour and the certainty of evidence that the old approach provided. Are you saying that local authorities must include an indicator on homelessness in their single outcome agreement? What would happen if they did not? Would the Scottish Government refuse to sign off a single outcome agreement in those terms? What is important is not what happens at individual local authority level but what happens across the piece. The anxiety lies in whether homelessness will be treated in the same way throughout the country. The key question is whether a single outcome agreement that does not include an indicator on homelessness will be signed off. In other words, is it compulsory for an authority to have an indicator on homelessness in its single outcome agreement?

**Councillor McGuigan:** I do not suppose that it is compulsory. The whole concept of the concordat is about local authorities working towards a shared agenda and identifying the priorities that they see as appropriate to local needs. However, I think that it would be extremely remiss of an authority not to have an indicator on homelessness. If I were on the other side of the concordat or single outcome agreement negotiating fence, I would take very seriously an authority not giving homelessness high priority. Indeed, I would be astonished if that were the case. I do not know what is contained in each one of the single outcome agreements, but I cannot conceive of a situation where an indicator on homelessness would not be included. It would be perfectly valid to challenge any authority that made no robust mention of homelessness.

**Johann Lamont:** But—

**The Convener:** As Mr Corbett and Mr Young have indicated that they would like to come in, I will give them an opportunity to pick up on the issues.

**Gavin Corbett:** As Harry McGuigan said, the national performance framework has an indicator

on homelessness that will be assessed across all local authorities, whether they like it or not. That assessment of progress towards the 2012 target will always be made, so the question is what indicators are used at the local level towards that end. From the single outcome agreements that I have seen so far—obviously, they are not yet complete—the situation is variable. Some authorities have indicators on specific aspects of homelessness such as the extent to which bed and breakfasts and hotels continue to be used, some have different indicators, and others have no indicator. Beyond the national indicator, it will be hard to assess progress at the local level, but perhaps that is the nature of locally negotiated single outcome agreements.

On monitoring, Mike Foulis gave a relatively positive picture of the impact of the changes to the funding regime so far. Year 1 was always going to be like that. When a new funding regime is introduced within a few weeks of the start of the financial year, it is unusual to get radical changes in year 1. In year 2 and subsequent years, we might see substantial shifts in budgets. The committee might want to return to that in future years.

**Andy Young (Scottish Federation of Housing Associations):** Many issues around homelessness are about negative perceptions. In the housing association movement, there is a fear that the removal of ring fencing might have a negative effect on the vicious cycle of homelessness.

**The Convener:** Can you give us any examples of what you are talking about?

**Andy Young:** The possible reduction in the housing support fund.

**Johann Lamont:** The point is this: what would the minister be expected to do if, in relation to the single outcome agreements, a local authority says, “We haven’t got sufficient resources for this, and we believe that this other thing is a priority”? You can argue that you can build a consensus and deliver the appropriate funding in that way, but that does not ensure certainty. What actions can Government take to deliver that certainty?

**Mike Foulis:** I believe that the committee is having a session on single outcome agreements next Wednesday, so that will give you another opportunity to go round the course.

The single outcome agreements are meant to be an expression of local priorities—what matters in the local area—in the context of the national outcomes. As our work in the report illustrated, the extent of pressure in different local authority areas varies quite significantly. Given that different areas have different local priorities, you might expect to see rather different messages coming back from

the single outcome agreements, which will reflect the circumstances that pertain in the various local authority areas. The local authorities are free to make their choice of indicators and so on, as they are supposed to reflect the local priorities.

To pick up on the points that Councillor McGuigan was making earlier, given the range of outcomes that we want the local authorities to be contributing to, it is hard to see how much progress can be made on a great deal of them unless there is an effective effort to deal with homelessness. The same thing goes for supporting people.

The documents are still in the process of being produced. The first round will be in place by the end of June, we hope, but that is only the start of a long process of continuous development. There has been discussion between the Government and local government in the lead-up to the point that has now been reached and that will continue. Next year, there will be an important move from having single outcome agreements that are primarily based on councils to having single outcome agreements that are the property of the community planning partnerships. That takes us into a series of areas that are relevant to what we are talking about this morning.

**Jim Tolson:** I thank Shelter for providing us with its useful submission, which contains a lot of interesting points, many of which I agree with.

The submission includes three suggestions that could help the Government to meet the interim targets and the final 2012 target. The second one is that efforts should be refocused on the provision of more lets within the housing system, and touches on issues such as the right to buy which, as you might be aware, is an issue that I have particular concerns about. Mr Corbett, you said that Shelter would like some reforms to be made to the right to buy. Can you outline to us what reforms are being suggested?

The third suggestion in the paper involves the housing options assessment. That sounds interesting, but I admit that I do not know a lot about it. There is not much detail in the paper about it, so could you flesh it out for us?

**Gavin Corbett:** Sure. For some time, our stance has been that the right to buy needs to be made more responsive to local housing systems. The policy is relatively monolithic, although the Housing (Scotland) Act 2001 made it a bit more responsive by introducing the concept of pressured areas. However, the right to buy is almost 30 years old and a case exists now for making it more responsive, which includes giving local authorities and housing associations more discretion in a local housing system to determine the scale and terms of sales, clawbacks and

discount levels, to make the right to buy fit with rather than ride roughshod over a local housing strategy.

The homelessness monitoring group's report mentions housing options assessment, which is being pioneered much more in England, although some councils in Scotland use it. It involves sitting down with somebody to say, "Let's look at your situation in the round and understand more fully why you've come to us today and all the options that might be available to you." A traditional homelessness assessment involves presenting the legal duties and describing the options, which are a council house or a referral to a housing association, whereas a housing options assessment involves understanding whether we can do something to prevent someone's homelessness more effectively, whether low-cost home ownership options might be available and whether accommodation in the private rented sector might be more appropriate.

Good homelessness assessment officers already do all those things—such work need not be called a housing options assessment to be done. However, in other parts of the UK, a package has been prepared to guide officers more fully through that more holistic process. That has a lot of merit if we are trying seriously to reduce homelessness at source—in other words, to prevent homelessness.

**Jim Tolson:** My next question is for Mr Young. Along with one of my colleagues, I had the pleasure of attending the SFHA conference yesterday. One big concern of many of the federation's members is about what many of us perceive to be a severe reduction in the housing association grant. How will that affect housing associations' ability to help in meeting the 2012 target?

**Andy Young:** In simple terms, it is relatively obvious that that reduction will make it more difficult for our members to build houses.

**Jim Tolson:** Will you provide details?

**Andy Young:** The squeeze on HAG will make it difficult for our members to borrow money to build houses. We build about 8,000 properties a year and I estimate that that number will halve.

**David McLetchie (Edinburgh Pentlands) (Con):** I thought that the housing association sector built about 4,000 homes a year.

**Andy Young:** I am sorry—yes, the figure is 4,000.

**David McLetchie:** So you think that that number will be reduced from 4,000 to 2,000.

**Andy Young:** Yes.

**Jim Tolson:** Thank you for that clarification.

**The Convener:** We got there through team working.

Am I right to say that Shelter's submission says that land values are expected to drop because of the tight market, which will offset some of the HAG reduction and provide an opportunity?

**Andy Young:** That is speculation, but I am not sure whether that has been tested in any way, shape or form.

**The Convener:** Has that theory been tested, Mr Corbett?

**Gavin Corbett:** In general, the credit crunch and developments that are associated with it present significant challenges, but the effect might not be all negative. Elsewhere in the UK, a fund has been allocated to housing associations to allow them to buy homes off the shelf from developers that have a problem with selling them on the market. That is an opportunity.

One problem that housing associations have had in recent years is competing successfully for land in a rising market. If land values fall, that might present another opportunity. However, we cannot quantify whether the potential positive consequences of the credit crunch will outweigh its negative consequences.

**The Convener:** Do you want to contribute, Mr McGuigan?

**Councillor McGuigan:** No, not really. It was just that—

**The Convener:** I thought that you were trying to catch my eye. That is okay.

**Councillor McGuigan:** All that I would say—

**The Convener:** You do want to contribute.

**Councillor McGuigan:** I was just going to say that I would not hold my breath for what has been described to happen. The situation is uncertain, but I do not think that developers will be queueing up to sell in that way.

11:00

**Johann Lamont:** Are discussions taking place inside the Scottish Government on how housing associations down south have been seen as a way of stabilising the housing market? It is clear that they are being pushed out into the private sector to borrow more at a time when the markets are volatile. Have you had any discussions about a different approach? If land values are falling, perhaps developers are staying off-site and housing associations represent a way of stabilising the market and doing things to increase the number of units that are produced.

**Mike Foulis:** The short answer to that question is yes. We have had discussions on that matter. We are also speaking to housing associations.

The market is changing quite fast and no one really knows where it will go, so we are keeping an eye on it. However, the critical thing is that prices have to be right.

**Johann Lamont:** Am I right in thinking that you are asking housing associations to borrow more per unit from the private sector than they have done in the past when doing so is more expensive?

**Mike Foulis:** The changes in the HAG rates to reflect more closely what housing associations are doing result in an increased requirement for borrowing. We all know that there are changes in the funding market, but the indications from regulatory evidence are that quite a number of authorities are still managing to borrow significant sums at competitive rates.

**Johann Lamont:** Again, we might want to pursue that matter with the minister. The approach that has been taken seems to be counterintuitive in the light of what is happening elsewhere in the country.

**The Convener:** Has there been any consideration, in the discussions that have taken place, of the implications of increased rents as a consequence of that approach?

**Mike Foulis:** Yes. The rent increase assumption, which is one of the assumptions that underlie the HAG rates, was changed in line with the assumptions that the housing associations made in their business plans.

**The Convener:** So we can fully expect to see rents rising across the sector.

**Mike Foulis:** Rents will not rise any more than they would have done. A set of assumptions is made in calculating the HAG rate. We have related our assumptions more closely to the observed behaviour of housing associations, which projected in their business plans rent increases of the retail price index rate plus 1 per cent. That is more or less where we have put the assumption in the HAG calculation.

**The Convener:** We will return to that issue.

**David McLetchie:** Good morning, gentlemen.

The target is that every unintentionally homeless person should have a permanent home available to them. Will you clarify what is meant by the word "permanent", particularly with reference to rented accommodation? If, for example, a tenant has a short assured tenancy in the private sector, are they seen as having a permanent home for the purposes of the target?

**Gavin Corbett:** No. The legislation gives examples of permanent accommodation, but the term is generally understood to refer to Scottish secure tenancies with housing associations or

councils, or to assured tenancies in the private rented sector.

The Government's way of addressing the matter is to consider the interim accommodation regulations, which allow homeless people to be provided with accommodation that is not permanent. That is one way in which additional use of the private rented sector can be progressed without having to use assured tenancies. An alternative would be to review the tenancy regime in the private rented sector, which, obviously, should be considered.

**David McLetchie:** Perhaps different members of the panel can explain councils' use of private lets to meet their housing provision requirements and obligations, particularly for homeless people.

**Councillor McGuigan:** That varies across local authorities in Scotland. There are some extremely difficult areas where local authorities are striving to use the private rented sector—Edinburgh is a classic example. However, as you know, a review of housing benefit is under way and we do not know how that will relate to market rent levels in such areas. If the review reduces the available support, it will create great difficulties, whether for people who currently use the private rented sector or for people whom the local authority intends to place in such accommodation. We hope that the Scottish Government will support any representations that we make on the review. We have already made representations on it and will make more when it is complete.

The use of private lets is difficult and can create situations in which homeless people cannot be accommodated in their own territory because the accommodation there is not affordable and available. Is that helpful to you?

**David McLetchie:** It is. I am trying to explore a point that was raised in Shelter's submission, which is the extent to which the current situation in the housing market—particularly in areas such as Edinburgh that have strong buy-to-let markets where the supply of private sector tenants is drying up—provides opportunities for councils to bring some of the private stock into the pool of stock that is available to them for fulfilling their obligations. Do I take it from what you are saying that part of the issue is the relationship between the level of housing benefit and what the landlords in that marketplace regard as being a reasonable return?

**Councillor McGuigan:** I am saying that that facility has been used greatly in Edinburgh and other parts of Scotland. It is a worry to us all that, if the review reduces the housing subsidy that is used to support the rents that are asked for in the buy-to-rent market, that could result in a penalty to the local authority and the homeless people that it

seeks to house in private rented accommodation. You are right that it could make more houses available, but that effect could be neutered if the Department of Works and Pensions takes a view along the lines that I have described. That would create problems.

**David McLetchie:** Where such arrangements are being used at the moment—in Edinburgh, for example—what is the nature of the tenancy that is granted to the tenant?

**Councillor McGuigan:** They are non-secure tenancies.

**David McLetchie:** In effect, they are short assured tenancies. Is that right?

**Gavin Corbett:** In Edinburgh and most leasing schemes, the council is, in effect, the landlord and lets the property to the homeless person.

**David McLetchie:** So it is a sublet.

**Gavin Corbett:** Yes. The council lets the accommodation on a short assured tenancy, because it is only temporary accommodation. That is the crucial difference between such arrangements and finding more longer-term accommodation for homeless people in the private rented sector.

**David McLetchie:** One way to deal with the difficulty that perhaps presents an opportunity, might be to offer landlords—particularly in cities where there is surplus of people who have invested in the buy-to-let market—a more permanent return and thereby bring their stock of houses into the pool that is available for social renting. Is that what we are trying to achieve?

**Gavin Corbett:** Possibly. That is certainly attractive for landlords. The Edinburgh scheme has 1,000 tenancies in it now and most landlords are delighted because it provides secure income for five years and takes management responsibility away from them. We must ensure value for money; there is a question about that, because there may be alternative ways to invest the same amount of money in other forms of accommodation. However, it is also about choice and there is a pragmatic need for more lets. In rural areas, I can think of some villages where there is no social housing stock any more, although there may be private rented stock.

It seems to be perverse that, on the one hand, we want to ensure that people are housed in accommodation where they feel they have social networks, but on the other hand we insist that people go to the nearest town to get a council house or housing association house. A strong case can be made that, in such situations, we should use the private rented sector, if that is the person's preference.

**Kenneth Gibson:** One important feature of the excellent Shelter submission on progress on homelessness is the emphasis on prevention of homelessness. For example, page 3 states:

“the best way to tackle homelessness is to prevent it happening in the first place.”

I am sure that we all agree with that.

However, the submission also says that

“research published in 2007 concluded that turning prevention commitments into practicalities still has a long way to go.”

What kind of practicalities should be implemented to try to ensure increased prevention of homelessness?

**Mike Foulis:** Shelter is absolutely right that the issue is important. As I indicated, we gave greater prominence to prevention in the current report than it received in previous reports. One measure that the Government is taking to help push matters along is joint working with the Convention of Scottish Local Authorities: we have a secondeed from North Lanarkshire Council, who is an experienced professional who will work with other front-line professionals to develop guidance and examples of good practice so that we can spread that around. That is part of the work we are doing with COSLA to make progress on the messages that come out of the report.

**Councillor McGuigan:** I was going to mention that officer. That is an important position that is being made available to the Scottish Government.

It is important to appreciate the opportunity for a new corporateness in the efforts on homelessness. In the past, homelessness tended to be the homelessness department's job—it got on with it, but there was no sense that the job was shared corporately throughout the council or with community planning partners. That new aspect will play a significant role in prevention and early intervention, which are crucial.

**Gavin Corbett:** Mr Gibson asked about practicalities. I agree totally with the point about corporate working. One practicality that flows from that should be that housing management systems do not seek to evict somebody unnecessarily and then expect the homelessness section in the next office to pick up the cost. That still happens, although it is becoming less of a problem. Housing benefit administration still results in people going to court when it is the housing benefit system that is failing.

There are new issues on the horizon, such as the potential rise in mortgage repossession. Scotland is in a strong position to anticipate and deal with that because, uniquely in the UK, we have a state-run mortgage rescue scheme on which to build. Discussions are on-going about

ensuring that the approach to potential mortgage repossession in Scotland is ahead of that in the rest of the UK. In train, we have section 11 of the Homelessness etc (Scotland) Act 2003, which should be implemented this year and which will require all landlords and lenders to tell their local authority if they are about to take action against a person. That should help us to anticipate when somebody is going to be homeless and to ensure that we respond to it effectively.

The prevention agenda will be built up with many small and commonsense measures put together in a big package, rather than with one big-bang answer. However, in our evidence, we suggest that the housing options approach to assessment will act as a hub for that.

**Andy Young:** I want to mention an excellent document that the Glasgow Housing Association has produced. You will not hear me praise such documents very often, but the association has produced an excellent tenancy sustainment strategy. We will encourage all housing associations in Scotland to use that excellent strategy as a model.

**Kenneth Gibson:** I agree completely with Councillor McGuigan's point about cross-cutting and working with community planning partnerships. Being an ex-councillor, I know fine well that local authorities care as much about homelessness and housing issues as the Scottish Government does and that they are as keen to tackle those issues.

What does COSLA do to ensure that best practice is implemented? One of my general concerns is that many bodies, whether in the national health service or local authorities, come up with excellent solutions to problems, but there are problems with sharing information. That is why I praise the work that Mr Young mentioned. Is there a mechanism through which to share best practice and experience among local authorities?

11:15

**Councillor McGuigan:** One of the main reasons why COSLA exists is to ensure that sharing of best practice and successful models in particular service delivery areas and so on are trumpeted, and that bad practice is identified and discussed. I have often been in discussions in which I have been able to see the faults of my own authority and in my position. I learn from that. That is one of the main things that COSLA is about.

COSLA does not enter into the process from a political perspective. We are also anxious to ensure that the Scottish Government is signed up as fully as local government is, and that the Society of Local Authority Chief Executives and Senior Managers is also signed up and is

championing the corporate dimension that I talk about. That is how we can influence, persuade, sometimes criticise when things are going wrong, and seek an alliance of support for the general grain of good thinking that is out there. We can do a lot: indeed, we are doing a lot. In considering the homelessness situation, we contacted SOLACE to ensure that it was signed up as a champion.

**Kenneth Gibson:** We can often knock ourselves, but it is interesting to note that other countries, from Australia to the Basque Country, are looking at what is happening in Scotland. Are we also looking at what is happening south of the border and in other countries in regard to best practice in the registered social landlord and local authority sectors?

**Councillor McGuigan:** We are, but do not ask me to give you examples this morning. We are, in a prudent way, trying to identify successful ways of working: we are identifying the things that work and which make a difference and those that do not work and why they do not work. We have to look across the landscape—not just here in Scotland.

**Kenneth Gibson:** Mr Young talked about HAG, which is an average of £73,000 in Scotland and £62,000 in England. Is the Scottish Government trying to reduce that gap to get more houses built, rather than fewer, as has been suggested? The Cabinet Secretary for Health and Wellbeing stated that there would be no upper limit on the HAG when she was before the committee a few weeks ago.

**Andy Young:** The HAG is not my specialist subject, as you have probably already gathered. However, it is not quite as simple as comparing the Scottish situation to the English one. It is much more complex than that.

**Kenneth Gibson:** I do not think that it is simple, but the reason behind it is about getting a bigger bang for the buck. It is not about building fewer houses; it is about getting efficiencies into the system. Perhaps Mr Foulis can talk more about that—

**Johann Lamont:** Rents will go up.

**Kenneth Gibson:** I am sorry to hesitate. I was just waiting for the heckling to stop.

We need to explain the reasoning behind the HAG. I also note that the plan is for rents to go up by the retail price index plus 1 per cent. In my local authority, council rents have risen 7 per cent, so everyone is trying to generate more revenue.

**Mike Foulis:** That is a good point. We need to make our money work harder and go further because of the pressures that we are under, and because of how costs are rising. To have done nothing would have meant that we could have afforded to build fewer houses than we can afford

to build since we adjusted the assumptions. Kenneth Gibson is absolutely right that there is a balancing point.

As I said earlier, we have adjusted the HAG assumptions to bring them into line with the plans that the RSLs have made and reported to the regulator. The Government's position is that it is adopting a more realistic set of assumptions in its calculation of the housing association grant. The assumptions are realistic in that they are based on what housing associations are actually planning to do.

Despite all the difficulties in the credit markets, housing associations in Scotland are in good financial health. The regulator tells us that they have significant unused assets on their balance sheets, as well as lots of free cash as a result of generous subsidy over the years.

**Gavin Corbett:** It has become apparent in the past week or so that the programme for the current year represents a significant decrease in output. That is not directly related to the HAG rates but it is a problem, at least in the short term. This year, we will build 2,000 fewer houses than we built last year, according to the estimates. I do not want that to go unnoticed. It is a fundamental backdrop to the 2012 challenge.

**Councillor McGuigan:** The assumption that driving down unit costs will give us more houses is questionable. We also have to ensure that we build the right types of houses, otherwise we will recreate the situation of 30 or 40 years ago. The houses that were put up at that time are now falling apart. We must be careful to consider the whole equation, including the efficiencies that might be possible because of the bigger procurement approach or whatever. We must ensure that we build the right types of houses in the right places.

**Kenneth Gibson:** I agree. I have a final question on the credit crunch.

Sorry—I think Mr Foulis wants to respond to the previous question.

**The Convener:** That is okay. I will try and run the meeting. You ask your next question.

**Kenneth Gibson:** Sorry. We are in the early days of the credit crunch, which might get a lot worse, although we hope that it will not. What impact will it have on our ability to meet the 2012 target, which will be more challenging than was anticipated a year or so ago?

**Gavin Corbett:** As I mentioned earlier, it is likely that the number of repossessions will increase, but I do not want to overstate the implications of that for homelessness. Even if the number of repossessions increased by 50 per cent, that would not dramatically alter the number of

homelessness applications because applications from those who have lost their homes because of mortgage problems make up a relatively small part of the total. The credit crunch might create pressures elsewhere in the market, so people might be unable to access accommodation in the first place and might be squeezed out, but that is hard to anticipate. It might be that some positives will come from the situation, although I agree that it is too early to tell.

My main point is that, in so far as we understand any of the implications, we should prepare for them. That is why I suggest that, if there is a chance that the number of mortgage repossessions will increase, we should consider whether the Scottish Government's mortgage rescue scheme is fit for the current context. We can do that now, without waiting to see whether the repossession figures change.

**Andy Young:** Despite Mike Foulis's description of housing associations as fine, healthy specimens, the Council of Mortgage Lenders told us yesterday that housing associations are now at higher risk than ever. That is worrying, obviously.

**The Convener:** We know about the difference between the unit cost subsidies in Scotland and those in England, which Kenny Gibson pointed out. Do we know the difference in rents? How much more do people in England pay?

**Mike Foulis:** We know the difference, and we have calculated the impact on the grant levels. We have to be careful in looking at the English figures because the average includes London and the south-east, where the levels are high. In those areas, construction costs are much higher than they are in Scotland.

It is difficult to be precise, but if we compare Scotland with parts of England that are closer to Scotland, we estimate that about half of the difference is accounted for by differences in rent levels and quality standards. The rest is accounted for by differences in the amount of money that housing associations put in.

**The Convener:** I appreciate the qualification, but there was no such qualification when we considered the subsidy that is now available and that is going to be cut. What are the headline figures for rents in Scotland and England? What are the total figures for England including the south-east and for England without the south-east and London?

**Mike Foulis:** I would have to find that out for you. I do not have that information to hand.

**The Convener:** Would you please do that to inform the committee?

**Mike Foulis:** Yes. We can find that out.

**The Convener:** Thank you.

**Johann Lamont:** I want to ask about the preventive aspect, but I will make an observation first. Given the context in which “Firm Foundations” was set out and the fact that the situation has changed so much, due to market conditions and so on, it is unfortunate that the Government appears to be persisting with the notion that housing associations are living off the fat of the land and that its programme will be a painless way of building more units.

We should take into account what the housing association movement is saying on the matter and what is happening elsewhere—I refer to the question of how the housing sector can be stabilised by using the housing associations. Judging from the comparative levels of subsidy in England and Scotland, was the trend not in the opposite direction until three or four years ago? Was the subsidy not lower in Scotland than it was in England? Might not the uncapping of rent levels in England have had a significant impact? Perhaps a broader view should have been taken of that.

You are basically saying that the rent levels are what housing associations would impose anyway, but presumably there will still be a cut in their moneys. It is that money to deal with specialist need that disappears as far as the prevention of homelessness is concerned—the thing that makes housing associations work is the thing that we lose.

That brings me to the broader point. There is genuine concern that, with local government and the voluntary sector under huge pressure, the bit that goes will be preventive work—that is, the soft end of what happens in schools and in the health service and of the delivery of statutory responsibilities. What reassurance can you give on the preventive work that has been done in the form of advice, outreach work and support for vulnerable families?

Other pressures at local government level are evident. When does an efficiency become a cut in preventive work? How do you stop preventive work becoming the place where organisations are most likely to go to reduce their spending?

**Mike Foulis:** There are a few points there. I do not think that HAG levels affect local government’s ability to do its preventive work. What happens there is different and relates to different funding streams. This is often overlooked, but in the circumstances it is worth remembering that our announced programme is about approvals in a year, not completions. The number of units that will be completed this year is not the same as the number that will be approved this year. That point is worth hanging on to.

On the position of housing associations, we have maintained the wider role programme, which

is relevant to some of the things that we have been discussing. The Government believes that the evidence that it has obtained from regulatory returns, from the actual performance of housing associations in raising money in the market in recent months and from the plans that are being made is that housing associations are in a good financial position.

**The Convener:** Do any of the other witnesses want to respond to the question?

**Gavin Corbett:** It is a difficult question to answer. Some housing associations do excellent work on homelessness, and some do not view it as the main priority. I am not sure that the level of HAG that they receive makes the difference. If there was a strong association between the level of HAG that a housing association gets and its ability to work effectively on homelessness, that would be more of a major concern, but I am not sure about that. The Scottish Housing Regulator has undertaken a study on homelessness this year, and we can perhaps ask it to explore the matter a bit more fully.

**Johann Lamont:** I was rolling up two separate issues in the one question, for which forgive me. There might be an issue for local government regarding preventive work and its corporate view of the world. I seek reassurance from the local authority witness on whether, if there is a squeeze on moneys in local authorities and you are asked to make efficiencies, you go to soft targets and the efficiencies become cuts.

My second question is: does the Government not accept that the financial markets are now more difficult places to borrow? Do you accept that you are asking housing associations to borrow more money at a time when the markets are more uncertain?

11:30

**Councillor McGuigan:** On the local government aspect, you are absolutely right: that situation may well arise. My colleagues recognise that the priorities that have been set for homelessness are crucial. Although ring fencing has gone, we acknowledge that we have an obligation to deal with some of the really hard targets that we face. The Scottish Government faces those targets too—we are not operating in isolation. I certainly expect the voices of COSLA and SOLACE to be persuasive in ensuring that it is not a soft target, but I have been in local government long enough to know that what you describe can happen.

**Mike Foulis:** May I respond, convener?

**The Convener:** Certainly.

**Mike Foulis:** Thank you. I have two points. The settlement for local government allows it, for the

first time, to recycle its efficiency savings. There is a 2 per cent efficiency saving target, but the money stays within the local government pot. The savings that local authorities make in delivering on that target can be recycled within their overall budgets, and the idea is that those savings will go towards the front line. Local authorities have told us that ring fencing involved a lot of bureaucracy and costs, so there ought to be some savings from having removed it.

On housing associations generally, HAG is about development and building new houses, rather than about how associations manage their existing stock—those need to be separated. The nature of the changes in the credit markets means that all borrowing is more difficult. Nonetheless, relative to other borrowers, housing associations are still safe and dependable customers, because they operate within a regulated environment, which we are maintaining and, I hope, strengthening. Therefore, they are able to borrow at more competitive rates than other borrowers.

**The Convener:** We have heard in the evidence today—for the first time—that some of the building societies have described housing associations as high risk.

**Andy Young:** The Council of Mortgage Lenders told us that yesterday at the SFHA conference.

**The Convener:** I do not expect Mike Foulis to respond to that today, as it is the first time that any of us has heard it. He may correct me if I am wrong, but from our discussions it seems to be accepted that HAG is linked to the quality and the type of housing, because it is linked to the sustainability of maintaining a house, and may—and, indeed, is likely to—affect rents. The question is about how much it affects them and whether people are able to afford them; it is about affordable homes. Am I wrong?

**Mike Foulis:** The point that I was making was that the ability of a housing association to do some of the work that Johann Lamont was talking about, and which Gavin Corbett mentioned, is not primarily determined by the level of HAG. HAG is for new development. Housing associations must run their continuing business in a way that meets their costs. There are issues around rising costs on that side of the business, but those are separate from the set of assumptions that we make about HAGs for associations that want to build new stock.

**Alasdair Allan:** My question is really for Shelter. I note from its submission the discussion of its ideas on what it calls a “stock-take” of housing in Scotland. Are you able to elaborate on that?

**Gavin Corbett:** Just to be clear, the focus is specifically on homelessness rather than on housing. Your question picks up on the point that

Mr Gibson made about whether we are as in tune with international experience as we should be. I think that we are not. International eyes have been on us over the past six years, and we have been leading the world in this area. It is not common for Scotland to be doing that in other policy areas. However, we have probably not been looking at what is happening elsewhere in the UK and Europe. We should ask whether we are abreast of what is happening on homelessness elsewhere in the developed world and ensure that we learn lessons from that, instead of just communicating the successes that we have had.

We are six years into a 10-year programme and have massive experience of what has gone well and what has gone badly; we have talked about that today. Because we are still four years from the end of the programme, we have enough time to make changes if we need to do things differently—there will be another spending review before 2012. This is a good time for us to stand back—in a way that the homelessness monitoring group is unable to do, because it reports on an annual basis—and to consider with a degree of independence our progress towards 2012 and how well we are implementing all of the 59 recommendations of the homelessness task force. We should consider what we need to do between now and 2012 to take account of the changed external environment—some of the changes in inward migration that we discussed earlier and the changes of policy that the new Government has initiated, on drugs for example—and any current shortfalls. We have set out a number of ways in which that might be done. The committee, through its role in post-legislative scrutiny, could be involved, but the work could also be done by someone independent of the Government or in the Government.

**Alasdair Allan:** To what extent is progress already being monitored?

**Mike Foulis:** Gavin Corbett put the same point to the homelessness monitoring group, which I chair, and we discussed it. In general, the people around the table struggled to see what a stocktake would add, as it would deal with the same evidence that we had considered and would involve speaking to people to whom we had spoken or who were sitting around the table. I understand the point that Gavin Corbett makes, but the group felt that it should examine the evidence, draw conclusions from that, publish them in a report, line them up with the work of the housing support project, identify what we needed to do and get on with doing it. However, we are happy to talk to COSLA about the issue to see whether there is a way through.

**Councillor McGuigan:** Mike Foulis has outlined a sensible way of progressing. Further down the

line, we might consider carrying out a stocktake, but there is work to be done and we must proceed with it apace. We are perfectly capable of doing that.

It could be inferred from what Mike Foulis has said that local authorities have received a generous settlement, but we must be hesitant about affirming that. John Swinney admitted that the settlement is very tight and that it will be tough for us to ensure that we deliver the key services that we have pledged to deliver.

**David McLetchie:** I want to pick up on a point that the Scottish Federation of Housing Associations made in its submission about the right to buy. Is it correct that you want to go further than “Firm Foundations” proposes and to abolish the right to buy for all new tenancies, not just tenancies for new homes?

**Andy Young:** That is exactly our position.

**David McLetchie:** Can you explain the 10-year exemption for housing associations that exists at the moment and which you think should be extended?

**Andy Young:** When the Housing (Scotland) Act 2001 became law in 2002, housing associations were granted a 10-year exemption from the right to buy—the 2001 act did not permit housing association tenants with Scottish secure tenancies to exercise the right to buy until September 2012. It strikes me as being slightly ironic that the exemption should run out then, given that the homelessness targets relate to 2012. As a bare minimum, the minister responsible should exercise his or her powers under section 44 of the 2001 act to extend the exemption by another 10 years.

**David McLetchie:** What is the turnover among tenants to whom the exemption applies at the moment?

**Andy Young:** At the moment it is nothing, because the exemption applies until 2012.

**David McLetchie:** I was referring to the turnover of households. The issue is whether the right to buy and people owning their own homes produce a higher or lower rate of turnover. What is the current turnover rate in homes that are exempt from the right to buy?

**Andy Young:** It is difficult to measure the immediate impact, but in the medium and long term a house being bought removes it from the social rented stock.

**David McLetchie:** Yes, but it does not necessarily remove it from the stock available to people who need affordable housing if they buy it under the right to buy and then have a house that is affordable to them through a mortgage.

**Andy Young:** At some point, that house would have become available to rent in the social sector; instead, it never will.

**David McLetchie:** But equally it could become available for sale to someone who can afford to purchase it, or it might be let in the private sector to someone who needs a home.

**Andy Young:** None of which helps the homelessness situation or anybody in housing need who needs a social rented house.

**David McLetchie:** It does help people who are homeless. We heard earlier, for instance, that the City of Edinburgh Council is renting some 1,000 homes a year that are then sublet to people who are homeless. That must help, must it not?

**Andy Young:** Only if the house were bought by someone who had the intention of renting it out privately at a later date, which in my view would be against the ethos of someone who would want to buy a social rented house in the first place.

**David McLetchie:** But certainly not in my view—or in the view of the 300,000 people who agreed with me and bought their homes.

**The Convener:** How many homes are we talking about? How many homes will become available to people to buy in 2012?

**Andy Young:** Housing associations in Scotland have 260,000 homes. They will not all become available. I am not exactly sure of the percentage, but some of the charitable organisations’ stock will not become available.

**The Convener:** Will you make some efforts to find out and give us that information?

**Andy Young:** Yes.

**The Convener:** Thank you. Does anyone else want to comment?

**Councillor McGuigan:** I was going to comment, but I will leave it at that for the moment.

**The Convener:** You are resisting the temptation—we will speak to you afterwards. *[Laughter.]*

**Gavin Corbett:** The evidence report on the reformed right to buy that the previous Scottish Executive produced showed, fairly conclusively, that the right to buy reduces lets in the long term. In a situation in which we have a specific legal obligation to provide accommodation to homeless people, most of which is discharged by providing social rented let, the right to buy causes additional pressure. In the report, a really good graph—which is hard to describe—demonstrates that point well. I am sure that we can ensure that it is available as part of our evidence.

**The Convener:** Mr Foulis, have there been discussions about extending the 10-year exemption?

**Mike Foulis:** The SFHA has made those representations to us, and we have been discussing them with it.

**The Convener:** So it is on the agenda—you might end the right to buy for those who expect, after the 10-year exemption, to be able to buy their home.

**Mike Foulis:** I would be going too far if I said yes to that question. The point is that the SFHA has made representations to us, and we are considering them.

**The Convener:** Has the Government got a view at this time?

**Mike Foulis:** No, we have not pronounced our definitive response.

**The Convener:** Are you sympathetic or unsympathetic to the SFHA view?

**Mike Foulis:** It is one of a number of issues that arose out of the “Firm Foundations” consultation. There will be a statement later this month in the Parliament in which the Government’s response will be set out.

**The Convener:** On that specific issue?

**Mike Foulis:** It will cover the range of issues in the “Firm Foundations” consultation.

**Councillor McGuigan:** The COSLA position is that we would hope that local circumstances would influence the nature of any legislation on the right to buy.

**David McLetchie:** May I ask for clarification? Mr Foulis, did you say that there would be a statement by the Government later this month on its response to “Firm Foundations”? That has not yet been timetabled by the Parliament, but is that correct?

**Mike Foulis:** Yes.

**Johann Lamont:** The Cabinet Secretary for Health and Wellbeing said that she was going to do it, but she did not seem to commit herself to responding to the Parliament’s view on the “Firm Foundations” document, although that is a separate issue. David McLetchie will know from the Parliamentary Bureau, though.

**Jim Tolson:** With all due respect, the cabinet secretary has said that before.

**David McLetchie:** What statement is forthcoming, and in what form?

11:45

**Mike Foulis:** As Johann Lamont and Jim Tolson said, it is the statement that the cabinet secretary

said that she would make in response to the “Firm Foundations” consultation.

**David McLetchie:** Will that be a statement to Parliament, or will it be a statement that the cabinet secretary issues?

**Mike Foulis:** The members who I referred to are indicating that it has been timetabled.

**David McLetchie:** It has not been timetabled—I know that for a fact.

For clarification, is it intended that the minister will make a statement to Parliament to set out the Government’s response to the “Firm Foundations” consultation before the summer recess?

**Mike Foulis:** Did the convener want to speak?

**The Convener:** No.

**Mike Foulis:** I saw you raising your hand.

**The Convener:** No, I was trying to get some order. I am afraid that you must make an attempt to answer Mr McLetchie’s question; I cannot help you on this occasion.

**Mike Foulis:** The Government’s intention is to make a statement, as it has said.

**David McLetchie:** To Parliament?

**Mike Foulis:** Yes.

**David McLetchie:** That is interesting; I will put that in my diary.

**The Convener:** We have no further questions. I thank you all for your time, patience and co-operation.

## Subordinate Legislation

**Strategic Development Planning Authority  
Designation (No 1) (Scotland) Order 2008  
(SSI 2008/195)**

**Strategic Development Planning Authority  
Designation (No 2) (Scotland) Order 2008  
(SSI 2008/196)**

**Strategic Development Planning Authority  
Designation (No 3) (Scotland) Order 2008  
(SSI 2008/197)**

**Strategic Development Planning Authority  
Designation (No 4) (Scotland) Order 2008  
(SSI 2008/198)**

11:46

**The Convener:** Under the final agenda item, the committee must consider four negative instruments. No concerns have been raised on the instruments and no motion to annul any of the instruments has been lodged.

**Jim Tolson:** Concerns have been raised in my local authority area about the matter that the instruments concern. I believe that Jeremy Purvis has seen some of the consultation responses and has said that there a number of concerns in the Borders as well.

I understand that committees do not usually hear from a minister when considering negative instruments of this sort, but, given the points that have been highlighted to me, I think that it would be useful, if it were at all possible, given our work programme, to invite the minister to next week's meeting.

The concerns that have been raised relate to the powers that the constituent authorities have to reject any components that they are uncomfortable with or which they feel will disadvantage their area. If an authority feels that something is not in the best interests of their area, what weight is given to its view? Are the authorities equal partners, or will the regional body—for example, Edinburgh, in the case of Fife and the Borders—have a greater say?

There are a number of such questions, and I think that it would be helpful for the committee to have an opportunity to discuss them with the minister.

**Kenneth Gibson:** I have no difficulty with continuing this item for another week. I think that it is important for Jim Tolson to have a chance to ask questions of a minister or a senior official on the matters that he has mentioned.

**David McLetchie:** I concur. Similar points to the ones that Jim Tolson raised have been raised with me by other members. I would welcome an opportunity for some clarification.

**The Convener:** I think that we have consensus on the view that we should invite the minister or senior officials to discuss the matter with us.

**Johann Lamont:** Given that the issue has always been highly contentious and that there was a huge amount of discussion of it ahead of the passage of the relevant planning legislation, I believe that the responsibility lies with the minister.

**Jim Tolson:** I would prefer to hear from the minister—

**The Convener:** We will take that on board, but one week's notice is extremely short. I am sure that the minister will co-operate with us if he is available. If he is not, I suggest that we hear from senior officials. Do members agree with that approach?

**Members indicated agreement.**

**The Convener:** That concludes our business.

*Meeting closed at 11:49.*



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