

LOCAL GOVERNMENT COMMITTEE

Tuesday 23 January 2001
(*Afternoon*)

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LOCAL GOVERNMENT COMMITTEE

3rd Meeting 2001, Session 1

CONVENER

Trish Godman (West Renfrewshire) (Lab)

DEPUTY CONVENER

*Dr Sylvia Jackson (Stirling) (Lab)

COMMITTEE MEMBERS

*Mr Kenneth Gibson (Glasgow) (SNP)

*Mr Keith Harding (Mid Scotland and Fife) (Con)

*Mr Michael McMahon (Hamilton North and Bellshill) (Lab)

*Mr Gil Paterson (Central Scotland) (SNP)

*Iain Smith (North-East Fife) (LD)

*attended

THE FOLLOWING MEMBER ALSO ATTENDED:

Cathie Craigie (Cumbernauld and Kilsyth) (Lab)

WITNESSES

David Comley (Glasgow City Council)

Councillor Garry Coutts (Highland Council)

Colin Hawkins (North East Housing and Planning Alliance)

Fanchea Kelly (Convention of Scottish Local Authorities)

John McConnon (Clackmannanshire Council)

Councillor Michael McGlynn (Convention of Scottish Local Authorities)

Ian McMillan (North Lanarkshire Council)

Tim Mason (North East Housing and Planning Alliance)

Monica Patterson (North Lanarkshire Council)

Mike Scott (North East Housing and Planning Alliance)

Chris Thirkettle (Clackmannanshire Council)

Gavin Whitefield (Convention of Scottish Local Authorities)

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Irene Fleming

ASSISTANT CLERK

Craig Harper

LOCATION

Committee Room 2

Scottish Parliament

Local Government Committee

Tuesday 23 January 2001

(Afternoon)

[THE DEPUTY CONVENER *opened the meeting at 13:30*]

The Deputy Convener (Dr Sylvia Jackson): I open this meeting of the Local Government Committee. The first item on our agenda is to decide whether to take in private the second item, which is consideration of the committee's report on the Regulation of Care (Scotland) Bill. The report will then be sent to the lead committee. Are members agreed?

Members *indicated agreement.*

The Deputy Convener: In that case, I ask the members of the public to leave the committee room.

13:31

Meeting continued in private.

14:08

Meeting resumed in public.

Housing (Scotland) Bill: Stage 1

The Deputy Convener: I welcome the public back to the main item of today's meeting, which is stage 1 consideration of the broad principles of the Housing (Scotland) Bill. As we have a busy schedule this afternoon, we are going to be quite strict and ask that you talk for no more than 10 minutes. We will then have a discussion for 20 minutes. Kenny Gibson might not like this, but I suggest that we stick to one point per member and go round again if we have enough time. That should allow us to focus on different points, given the amount of time available.

Mr Kenneth Gibson (Glasgow) (SNP): Given the fact that I raised the issue of having six different organisations give evidence on one day, I do not think that that approach is appropriate. The Convention of Scottish Local Authorities and other organisations have produced quite detailed submissions and I am sure that I am not the only member who would like to ask more than one question. It would have been more appropriate, as I suggested previously, to have fewer organisations giving evidence and so allow members to ask more questions, to get a clearer

view. One question is not adequate; every member should be able to ask at least two questions—that has always been the case in the committee before.

The Deputy Convener: I think that you slightly misunderstood. I am not preventing members from asking two questions. I am suggesting that everyone should be able to ask one question first of all.

Mr Gibson: You mentioned time limits and I do not think that there should be a 30-minute limit. We have never used time limits before. We have always ensured that people had adequate opportunity to ask questions, without overdoing it—which no one ever does. We should be able to ask an opening question and a follow-up at least—that has always been the case. I would ask that that should continue.

The Deputy Convener: We will see how we get on today. If we do not stick to 30 minutes, we might be here until 6 o'clock or 7 o'clock tonight.

Mr Gibson: I am sure that we can cope.

The Deputy Convener: Let us move on. I am trying to say that we should focus our questions closely so that we reach down to the nitty-gritty of the various issues.

I welcome the representatives from COSLA: Councillor Michael McGlynn, the convener of the COSLA social affairs forum; Gavin Whitefield, the chief executive of North Lanarkshire Council; and Fanchea Kelly, the COSLA adviser on the Housing (Scotland) Bill.

Councillor Michael McGlynn (Convention of Scottish Local Authorities): I would like to thank the committee for the invitation to present COSLA's evidence. As Mr Gibson has already suggested, our submission is very detailed. It runs to 12 pages and builds on other COSLA documents that we have provided to the Scottish Parliament, the Scottish ministers and other bodies.

As the democratically elected representatives of communities across Scotland, we are in a unique position. Our views have cross-party support within the local authorities. We are aware of the importance of the bill and the scale of the task involved in fully scrutinising it. Councils are very keen to do justice to the subject matter because of the substantial potential impact on tenants, homeless people, our communities and councils.

Today, we are giving evidence on homelessness, strategic function and repair and improvement grants. However, we wish to draw the committee's attention to the implications of part 4 of the bill, which is the transfer of the powers of Scottish Homes, because of the significant implications for local government.

I will summarise the main issues. In general terms, COSLA is clear that new housing duties must fit with the emerging community planning framework, so that councils can take on a coherent leadership role in their communities, and with their partners, on relevant functions, and on cross-cutting issues. We want to work closely with the Executive in resourcing the new legislative burdens that the bill is likely to introduce. Indeed, impacts on the general fund, council tax and council tenants' rents must also be made clear.

The bill does not attempt to address the fundamental issues of the appropriate supply of housing, which would ensure that homeless people have access to good-quality permanent homes. We look forward to that being addressed by phase 2 of the work of the homelessness task force. We accept that the principles of the bill in relation to homelessness deal more with issues relating to advice, temporary accommodation and joined-up strategic planning. We are willing to progress those issues because we can improve local government's ability to respond to homeless people. We are also pleased that housing associations and registered social landlords will have a statutory role to play in contributing to solutions on homelessness. We want to see that advanced further during the passage of the bill.

We are pleased that part 5 of the bill aims to clarify the duty of local authorities to assess housing needs in their area and to prepare a local housing strategy to address those needs, in consultation with partner organisations and communities. Irrespective of their positions on stock transfers, our member councils have made it clear that investment must be linked firmly to planning.

We have worked with the Executive to produce the concept of pressured areas. We consider that provision to be a potentially useful, albeit limited, tool.

As for the future role of Scottish Homes, we have several concerns about the proposals for the new executive agency, which is to be regulator, funder, partner in delivering regeneration in the local community, partner in preparing local housing strategies and monitor of those strategies. We have set out 12 questions about the new executive agency in our submission, which we think will interest committee members.

14:15

Members of COSLA have had a mixed reaction to part 6, on repair and improvement grants. We wish to give that further consideration. We are not yet convinced that means-testing will produce positive results for the variety of situations that must be addressed. The grants system is complex

and is geared to different outcomes in cities and in rural and island areas. However, we support the recently announced improvement task force.

We thank the committee for the chance to present our evidence and will answer any questions that we can. We hope that our presentation and those of the councils that follow us today, and the evidence on homelessness next week, will build a coherent picture of the general and local impacts of the bill on local government and our communities.

The Deputy Convener: Thank you for your presentation, which was good and within the allotted time.

Mr Michael McMahon (Hamilton North and Bellshill) (Lab): The bill includes the idea of pressured areas, which can be exempted from the right to buy. Will such a provision ease pressure on social housing in areas that have difficulties? Will it pose difficulties for some authorities over others?

Fanchea Kelly (Convention of Scottish Local Authorities): As Councillor McGlynn said, COSLA's view is that the provision is a useful but limited tool—it would be wrong to expect to use a pressured areas provision to relieve supply issues. We want to work with the Executive, as we are doing, on the detail of the proposal, because that is important.

In areas of severe shortage, such as in the Fife Council and Highland Council areas, such a provision could be useful in maintaining supply that otherwise might disappear under the right to buy. However, the provision is limited to new tenancies and lasts only five years. Furthermore, we would have to produce a large amount of evidence to make the designation acceptable. All those factors could militate against the provision's usefulness. We still want to work through the detail of pressured areas, but we accept that the principle is useful.

Mr Keith Harding (Mid Scotland and Fife) (Con): Have you been able to work out the resource implications of the additional functions that the bill places on local authorities?

Gavin Whitefield (Convention of Scottish Local Authorities): The additional resource implications have not been fully quantified. However, the financial memorandum to the bill shows that several provisions will have resource implications for local authorities, for Scottish Homes as its functions move to the new agency and for the Scottish Executive. The costs focus mainly on the extension of the regulatory and monitoring function for local authority housing, as that represents almost five times more work than is done by the existing housing association network, which Scottish Homes regulates. That

will have resource implications, as will the need for the Scottish Executive to provide additional advice and guidance in pursuing the bill's implementation.

The extension of the regulatory and monitoring function for homelessness will also have resource implications. In local authorities, the requirement to improve the advice and assistance that is given and the provision of temporary and permanent accommodation will have resource implications. The homelessness strategies, the Scottish secure tenancy, tenant consultation, the right to buy—which will be more complex—and means-testing for improvement grants will all have resource implications. The Scottish secure tenancy will have implications for registered social landlords.

It is critical that the resources that are available to local authorities, Scottish Homes, registered social landlords and the Scottish Executive are deployed as effectively as possible under the new arrangements, to minimise the additional resources that are required to deliver on the objectives of the bill.

Mr Gibson: On page 9 of what is, as always, an excellent submission from COSLA, you write that you

"see major areas of confusion, duplication and inefficient use of resources, arising out of the apparent current proposals, at political, professional and managerial levels, leading to community confusion and frustration."

Will you expand on that?

Gavin Whitefield: There is concern about how the regulatory role fits with an organisation that potentially has other important roles. The regulatory role has to be set within a framework that provides independence and objectivity, perhaps at arm's length from the remainder of the organisation. Other concerns relate to the future role of Scottish Homes in development funding and the potential continuation of the regional structures within Scottish Homes. COSLA's view is that, with the necessary expertise within the organisation, local authorities should be more than able to develop their community planning role and their lead role in implementing community regeneration, without having a further layer of organisation above them, which could be counterproductive.

The national framework should contain clear direction for local authorities about what should be contained in the housing strategy, linking that to the community planning role. We see little need for additional input at a local level, which we feel would add nothing to the effectiveness of the process.

Fanchea Kelly: We have identified 12 main questions that are still open for discussion and that should be addressed. We have no doubt that they will be addressed throughout the bill process, but

we think that they will have implications for local government on a wide front. We need answers to those questions relatively early on in the bill process, so that we can give a properly evaluated assessment of whether the principles of the bill will come to fruition.

Iain Smith (North-East Fife) (LD): On the strategic role for local authorities, you say in your submission that, irrespective of whether stock transfer takes place, you wish to see that role taken on in relation to development funds. How would you go about ensuring that local authorities avoid a conflict of interest, where they are both the landlord and responsible for development funds?

Gavin Whitefield: The bill makes reference to the fact that funds that were made available through the development funding mechanism could not be used on properties or land that is currently held within the housing revenue account. There is a clear divide, which ensures that those funds would be allocated objectively, in a manner consistent with the assessed housing needs of the area.

Obviously, further mechanisms would need to be in place. The COSLA submission mentions the commitment to work with the Scottish Executive, the Scottish Federation of Housing Associations and others to ensure that those mechanisms are satisfactorily in place to address the concerns that have been expressed in that regard, especially by the SFHA.

Mr Gil Paterson (Central Scotland) (SNP): You say that COSLA has expressed major reservations about a range of powers and functions. Are those worries about local government losing its present powers or having those powers taken away?

Fanchea Kelly: Do you mean in relation to the duplication of powers with Scottish Homes?

Mr Paterson: Yes.

Fanchea Kelly: No. The bill sets out extra powers for local authorities. We are considering the bill in conjunction with what might emerge on community planning, on which COSLA will give evidence to the Local Government Committee in early February. It is important that the powers that are available, from community planning through the spectrum to the bill's provisions on the strategic functions of local authorities, are clear. That applies both to the powers that local authorities have and to the powers and duties that are given to the partner agencies. That interface with the partner agencies, such as the new executive agency, is not yet clear, simply because it appears that the new executive agency may fulfil some of the duties that local authorities could fulfil.

The Deputy Convener: Kenny, would you like

to come in again?

Mr Gibson: My God—already?

Are there major omissions from the bill that you would wish to include?

Fanchea Kelly: We extensively discussed that point in relation to our submissions for both “Better Homes for Scotland’s Communities” and the bill. We are aware of and have highlighted the fact that the bill does not deal with the supply issues that affect homelessness; it will not fundamentally change supply. Equally, there remain ideas on aspects of fuel poverty that still could be taken on board and that we would be happy to consider as the bill progresses.

The other area that is open for discussion is that of private sector tenants. Although that area is unclear and we understand why it has not been included in the bill at this stage, the task force on improvement that has been set up might make progress on aspects of it. We would be happy to consider further proposals on private sector tenants, if they were to be made during Parliament’s consideration of the bill.

Mr McMahon: The bill will allow local authorities to become strategic developers of housing policy and to retain housing stock. There should also be provision for checks and balances. Do you have a view on what those checks and balances should consist of?

Fanchea Kelly: We have had a range of discussions about that. Gavin Whitefield said earlier that the bill has a provision that prevents us spending from the strategic development block on local authority land and houses. That important provision defines part of the checks and balances. Equally, the guidance that might cover development would be likely to make it clear that the process of how we do that with partners such as housing associations and other providers in the area must be transparent. That process and the guidance on the strategic plans will be important.

However, local authorities consistently split strategic functions and service provision functions and I am not sure that we understand the full range of difficulties that have been expressed by others. For example, the supporting people regulation, which is provided for in the bill, will allow local authorities to provide services themselves and to fund others to provide services. We believe that that is in line with the best-value duties and culture that we are moving into.

Councillor McGlynn: COSLA has been meeting with the SFHA for about a year in order to create separately from the Scottish Executive the checks and balances that Mr McMahon mentioned. We recognise the concerns that the SFHA raised, which we want to alleviate as quickly

as possible.

The other issue that we must put in perspective is that of the different messages that come from the Scottish Executive. The Executive says that local authorities should be the lead organisations on community planning, that they should be the community leaders and that they should take on community interests in conjunction with the Scottish Executive. However, when it comes to housing, the Scottish Executive says that local authorities should not be responsible for keeping £5 million or £10 million of a development budget, despite the fact that local authorities have spent billions of pounds of public money wisely over the years.

Mr McMahon: Do you therefore believe that the Scottish Executive does not support local authorities in developing their strategic role as much as it could? It is empowering local authorities, but is it supporting them in the way that is required to make the system work effectively?

Councillor McGlynn: We believe that the Scottish Executive supports local government and local housing authorities. The current system is considerably better than the previous one, in which we used to have tripartite meetings. We reached the conclusion that everybody was doing a really good job. However, no finance or feedback followed that and the system did not change—it only wasted a Tuesday morning for us, Scottish Homes and Scottish Office officials. We now have far more support and far more access to the relevant minister and her team of officials.

14:30

Mr Gibson: On the second page of your submission, you say that

“the time provided for scrutiny of this Bill is very short. Given the Bill is lengthy and complex, we must emphasise that time is required to get it right.”

What time period would be appropriate to allow COSLA to scrutinise the bill effectively?

Fanchea Kelly: I am not sure that I can provide a straight answer to that question. The bill comprises 101 sections and nine schedules. We are conscious that it has taken time for member councils to understand fully the impact of the bill on them and to assimilate the potential implications and it has taken time for us to form a view. A lot of scrutiny has been required over a short time. Having said that, we are keen not to hold the bill back and to do everything that we can to deliver within the allotted time.

Gavin Whitefield: We mention in the submission that, following the act’s commencement, there will be a large number of

regulations and orders. It is important that there is also consultation and dialogue throughout that period, to cover the important details that will need to be dealt with at that point.

The Deputy Convener: Could I press you to say a little more about the right to buy? You say that you are generally in agreement with the thrust of how things are going with regard to pressured areas, but that you might want to discuss matters further. What sort of reservations do you have?

Fanchea Kelly: Do you mean about the right to buy in general, or pressured areas in particular?

The Deputy Convener: Both.

Fanchea Kelly: COSLA's position on the right to buy—which we expressed in our response to “Better Homes for Scotland's Communities”—is that the balance between the individual and the community is not right. That is the position from which we are working on the bill. We think it better not to have the right to buy, but we recognise the reality that people and communities have benefited from it and that it has provided more stability in some communities.

We do not think that the balance of the bill is right yet with regard to, for example, the discount levels that it identifies, which tip the balance towards the individual more than they favour the strategic aspects of supply. We will monitor that as the bill progresses.

I reiterate that we would not envisage mass designations of pressured areas, both because of the requirement to demonstrate how right to buy exacerbates a shortage of social rented housing in a given area and because of the likelihood that the designations will concern mainly new tenancies. Existing tenants will retain the right to buy. In small rural villages, it will not have an impact.

A further aspect of the bill in relation to pressured areas is the merit of having an interim designation prior to issuing the guidance that will follow commencement of the act. After that, there might be a lot of right-to-buy applications because of people's concerns. We should be clear in stating that we can designate pressured areas before the guidance is produced, if that will be a useful tool.

We have discussed whether only areas or also types of houses could be designated as pressured. For example, ground-floor houses are in high demand for people who have medical needs. As it stands, we would not be able to designate particular types of houses, because the designation is for an area rather than a type. That is a flavour of what we would like to discuss further.

14:34

Meeting suspended.

14:35

On resuming—

Mr McMahon: Michael McGlynn made the point that he was speaking on behalf of COSLA, but we are aware that there is diversity on local housing strategies within COSLA. Given the diversity in size and population of authorities' areas, is one local housing strategy appropriate in all cases?

Councillor McGlynn: It is up to local authorities to reach a conclusion on that. Some local authorities, such as those in the North East Housing Planning Alliance, may wish to work together on a local plan for their area. We think that it is a good thing for organisations to work with one another in that way.

We need to be clear what the local housing strategy is about. It is about the local authority taking the lead, in conjunction with its partners, to assess need, supply, demand and housing quality in its area. That is why we do not see a problem in COSLA accepting that role by assisting local housing associations to improve stock or build new stock. In our vision of the plan, the minister and the Parliament determine the national objectives, which are then fed through the new housing agency. The local communities and councils are the beneficiaries of those objectives and they make them happen on the ground. The objectives will be scrutinised by the Parliament. We regard that as a clear agenda for improving communities. That is why we will work with other agencies to make the plan happen, irrespective of what happens in the Parliament.

Mr Gibson: In the summary of chapter G of your submission, on improvement and repair grants, you state that the Scottish Executive should

“restore Local Authority non-HRA housing funding to realistic levels”.

Do you have a view on what those levels should be?

Fanchea Kelly: I cannot give you a figure just now. In writing that recommendation, we were conscious of the fact that the overall settlement to local authorities had declined during the previous couple of years and we were keen that funding should be restored to local authorities—we want the restoration of funding to continue. We are trying to draw the committee's attention to the cost implications of the bill's provisions on means testing and on the extension of eligibility for grants, which we support. We will need to work with the Executive to estimate what is required and what priority should be given nationally to those matters.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I have one quick question. On the theme of improvement grants, some of the evidence to the Social Justice Committee has suggested that moneys for repair and improvement grants should be ring-fenced by the Scottish Executive. How would local authorities feel if we returned to the position that existed until the mid-nineties, when such moneys were ring-fenced?

Fanchea Kelly: COSLA's view is that such money should not be ring-fenced—that has been our consistent view. We are conscious that there would be a power under part 5 of the bill, which could allow that to happen in the single housing budget. We want to be closely involved in any discussions that take place on that.

Councillor McGlynn: I have one point to add on ring fencing. Ring fencing has been withdrawn by the Scottish Executive from the council tax settlements that have been produced by the Scottish Executive; it has instead produced guidelines. It is not only COSLA that does not support ring fencing; the Scottish Executive does not support it either.

The Deputy Convener: Thank you for coming today and giving your evidence.

I welcome David Comley from Glasgow City Council. Could you speak for up to 10 minutes on the main points in your paper. Thereafter we will ask questions.

David Comley (Glasgow City Council): I have submitted written evidence already, which I hope committee members have had a chance to read—I want to add just a few points to it.

The written evidence identifies six key strategic tasks for local housing authorities, which can be grouped into three broad areas. The first area is planning for the overall provision of housing to meet assessed needs in the local authority area, including controlling all relevant public investment resources to meet them and linking that overall planning to environment, employment, sustainability and transport issues and—importantly—planning support for tenancies. Increasingly it is the case, particularly with social rented housing, that the issue is not just about providing a housing service, but about a range of other issues that the local authority is best placed to resolve.

The second broad area is co-ordination of the social housing sector throughout a local authority area, including monitoring and managing the need for and access to social housing, and providing effective services for the homeless.

The third broad area is private housing; dealing with substandard private housing and facilitating the development of new private housing.

Glasgow City Council believes that it is important that such integrated local housing strategic planning and delivery is the responsibility of the democratically elected local housing authority, which is linked to the community and the structure planning processes, a point that was emphasised by COSLA. Rightly, we hear talk of the importance of local cross-cutting planning and service delivery. It seems to Glasgow City Council that local authorities are best placed to do that. It is extremely important to avoid duplication between and confusion about the roles in that strategic role of local authorities and the new executive agency. The bill as drafted has not properly sorted out the issues between local authorities' responsibilities and those that are proposed for the new executive agency. The new agency should principally be about independent regulation, which clearly should be at arm's length to be objective and independent.

Glasgow City Council does not believe that the new executive agency should have a role in promoting the development of new landlords, advising local authorities on housing plans and assessing those plans, or on promoting community regeneration, because those matters are best handled by local authorities. There is considerable potential for confusion and duplication and for conflict with the independent regulatory role. If some of that duplication were removed or eliminated, that would begin to free up some of the resources that local authorities will need to have access to if they are to deliver the new responsibilities that the bill will place upon them.

We believe, therefore, that the bill should transfer full responsibility for housing planning and funding to local authorities as soon as possible, irrespective of whether authorities transfer their stock, and irrespective of the consensus view of local special interests—although, of course, local authorities should consult such interests in exercising their planning responsibilities.

14:45

The bill should set up a single strategic local housing budget, which includes public funding for housing in the area, non-housing revenue account budgets, capital funding for housing associations, grants for owner occupation and Scottish Enterprise funding for brownfield land preparation. It should also transfer to councils the resources, including staff, that Scottish Homes uses on development funding and strategic planning. We estimate that in Glasgow alone, Scottish Homes spends about £8 million per annum on managing the development budget and strategic planning. Leaving aside duplication, if those resources do not transfer to local authorities, it is difficult to see

how local authorities will adequately resource those duties.

The bill should also create an adequate framework of powers for local authorities to provide an effective service to the homeless, and to plan effectively for homelessness services. That means establishing common housing registers to include void properties, and laying a duty on registered social landlords to participate in the common housing register, to provide lettings and temporary accommodation and to prevent homelessness.

Finally, it is important that the bill is clear about the distinction between the regulation of individual organisations—the regulator's role—and the responsibility to co-ordinate the activities of individual organisations to achieve overall strategic objectives, which we believe is the local authorities' role.

Mr Gibson: On page 4 of your submission, under "Substandard Private Housing" you appear to be critical of what the bill has to say, for example it states:

"The proposed Tolerable Standard is too weak, in particular the omitting serious disrepair as a ground for failure. The proposed means testing regime is likely to be difficult and costly to operate and its cost effectiveness is seriously open to question. There does not appear to have been any systematic appraisal by the Scottish Executive of whether the savings from means testing will outweigh its costs. Most fundamentally, there is no indication that adequate resources will be made available. Clause 94 will undermine the authority's ability to target limited resources where they are most needed."

How does Glasgow City Council believe the bill should be amended to eliminate its concerns about substandard private housing?

David Comley: First, the tolerable standard needs more radical reform than the bill proposes and should include issues such as serious disrepair and energy efficiency measures, because the tolerable standard is not adequate for today's housing.

On means testing, as the submission suggests, we want to see much more analysis of whether means testing will damage the ability to improve substandard housing, particularly—perhaps this is peculiar to cities—in cases of tenemental ownership, which prevails in Glasgow and many other cities where there are issues about securing comprehensive improvement of property that is in mixed ownership. Means testing would make that more difficult than it is at present. At the very least, further analysis of the impact of means testing should be undertaken before a firm commitment to introduce it is made. That is what lies behind the suggestion that we should have a better cost-benefit analysis of the means testing proposal.

The issue is fundamentally about resources. It

might not be related to the ring-fencing issue that COSLA commented on, but the fact remains that over the past few years, since the removal of ring fencing, spending on improvements to substandard private housing has been substantially reduced throughout Scotland. There is no doubt that the resources that go into that are currently inadequate. In the context of Glasgow, Glasgow City Council has major concerns about the impact of stock transfer on the demand for grant aid to improve private housing, given that there are substantial numbers of owner-occupiers of the stock who purchased under the right to buy and who, if the transfer went ahead, would be required to produce resources to fund improvement of their properties as part of the comprehensive improvements. That would undoubtedly give rise to a call for grant funding and would further damage the council's ability to deal with the current backlog of repair work to substandard private housing.

Section 94 seems to accept that there are requirements to deal with such things as energy efficiency and poor electrical wiring without including them in the tolerable standard. Therefore, if a grant had been paid to a property, an owner could apply for further grants for additional work which—because it was not included in the tolerable standard—would by definition be a lower priority than work that might otherwise be funded.

Mr McMahon: Under the proposals, you would be required to produce an initial local housing strategy. Do you have a time scale for that? What would happen to current planning in the interim, while you were drawing up the new plans?

David Comley: Until now, authorities have worked under the regime of housing planning that was established by the then Scottish Office. Authorities will therefore have in place on-going plans for their own housing stock and for the development of housing in their area. Depending on the time scale for introducing the new planning arrangements in the bill, authorities would be able relatively easily to roll forward their existing plans to cover the period before the production of the new strategic plan. Authorities are not operating in a planning vacuum—they have plans to cover the development of housing services in their areas under the old regime.

Mr Paterson: On the new Executive agency, your submission states:

"The proposed continuation of a regional structure for the NEA is uncalled for."

Can you expand on that?

David Comley: Again, there is an issue of duplication. The thrust of my submission is that the responsibility for local strategic housing planning

should rest fairly and squarely with the democratically elected local authority. That responsibility sits comfortably alongside structure planning and community planning responsibilities. A local authority is closer to the communities with which it works. It is in a better position—through co-ordination with other services—to produce properly integrated cross-cutting local strategic housing plans.

The introduction of another tier, with an agency that also has strategic planning responsibilities, complicates and duplicates the situation unnecessarily. If we accept the premise that local housing plans should be about local communities and local issues, it is difficult to see how an executive agency, operating from regional offices, could make an effective contribution to that. It is more likely to duplicate effort and absorb resources that should be applied to a genuine cross-cutting local planning process.

Mr Paterson: Could the prospect of duplication lead to a loss of power for local government?

David Comley: The bill begins to redress the balance and acknowledges that local authorities' strategic housing responsibilities should be strengthened, which is welcome. The fundamental difficulty is that, despite that welcome acceptance, there is reluctance in the bill as drafted to follow through the full practical impact of that. There is confusion about what the role of the new executive agency should be, how its regulatory function should be handled in relation to the other functions that the bill suggests, how it should handle community regeneration and the development of new landlords, and how that interfaces with the local authority.

It is not a question of a loss of power for local authorities; there are welcome trends towards increasing the strategic powers of local authorities in the bill. However, the implications are not developed logically. It is almost as if local authorities are to be given strategic powers, but will not quite be trusted to use them, so there must be a new executive agency that will ensure that they use them correctly, with all the contradictions, duplications and waste of resources that that could bring with it.

Mr Paterson: Has a set of reins been fitted?

David Comley: That is one way of putting it.

Iain Smith: Your submission refers to the development functions and strategic functions of Scottish Homes transferring to local authorities, along with the development budgets and the creation of a single housing budget. You say that you would like that to happen immediately, even if the local authorities were still the major landlords. In those circumstances, how would you avoid the potential conflict of interests between the local

authority's landlord functions and its strategic functions?

David Comley: I echo the comments that COSLA colleagues made—the bill provides for a separation of the investment resources that are available to local authorities for their own stock and for other functions. Local authorities would therefore be prohibited from ploughing all the money into improving their own stock.

The bill ought to be about local authorities planning transparently, involving all the relevant agencies in the planning process and being transparent about their plans and how they would apply development resources to those plans. Crucially, there should be a dialogue between local authorities and central Government about those plans. One of local authorities' most persistent complaints about the housing planning regime—as it operated with the Scottish Office—was that local authorities put a lot of effort into producing the best possible strategic housing plans and then submitted them to what appeared to be a black hole. There was never any useful or meaningful dialogue with the Scottish Office about whether what the local authorities proposed was good, bad or indifferent.

There was no sense of dialogue between central Government rightly setting the overall policy framework for the country and local government indicating how that framework could be applied locally. I would like such a dialogue to exist, so that local authorities would get financial resources to implement their plans, based on a recognition and acceptance by the Executive that they are appropriate plans.

Resources should not be given without strings; they should be given to implement a specific approved housing plan—there are safeguards.

Iain Smith: Would not that imply that the transfer of development funding would follow from the housing strategy, rather than happening immediately, as your statement seemed to imply?

David Comley: That is a fair point. Some reasonable agreement between a local authority and central Government on that requirement would be essential. I would like agreement to the principle that the strategic responsibility and the funding to deliver it sit clearly with the local authority, provided appropriate agreements are reached about transparency and the effectiveness of plans.

Mr Harding: Your submission says:

"The Bill does not currently provide a framework which will enable local authorities to provide an effective service to the homeless."

I understand the problems that you have outlined. Do you believe that it is essential for all RSLs to

participate in a common housing register? Would you like the bill to contain a statutory requirement for RSLs to house the homeless?

David Comley: Yes. It is essential that there is a common housing register and that all RSLs participate in it. I believe that, as recipients of public money and as organisations that are responsible for providing social rented housing, RSLs should be required to assist in meeting all housing needs in the areas where they operate. They should have a statutory duty to manage their houses in such a way as to prevent homelessness as far as possible. They should also have a statutory duty to collaborate with local authorities in the provision of both temporary and permanent accommodation for homeless people.

Mr Gibson: Your submission goes on to state:

"The Bill also does not lay down any timescale to meet rehousing requests, or require RSLs to assist in the provision of temporary accommodation or to avoid making people homeless."

How would you like the bill to address those matters? In particular, what sort of time scales do you believe are realistic?

15:00

David Comley: It would be essential for local authorities to be able to secure from RSLs not just access to sufficient lets for permanent rehousing of homeless people, but assistance in the provision of temporary accommodation. That is a particular issue for authorities contemplating whole stock transfer. Otherwise, it is inevitable that local authorities will have to rely on bed and breakfast and hostel provision to deal with temporary accommodation needs, which is generally accepted to be an unsatisfactory state of affairs.

Essentially, there should be a duty on RSLs to provide a level of temporary accommodation to assist local authorities in the discharge of their homelessness duties. That could be accommodation let directly to the local authority for its use as temporary accommodation. Obviously, numbers need to be sorted out in relation to the size of the stock of particular RSLs and appropriate safeguards need to be built in to ensure that local authorities are not imposing unreasonable duties on them.

The duty to manage housing stock in such a way as to minimise homelessness is really the requirement that RSLs manage their houses and some of the difficult tenancy issues that they will have in such a way as to—as far as possible—avoid making people homeless. That means that, in resolving neighbour disputes or difficulties of anti-social behaviour, as far as possible RSLs have a duty to avoid making people homeless.

On the time scale, our concern is that, the way the bill is drafted at the moment, there is great potential for considerable delay and difficulties in securing rehousing of homeless families into RSL stock. We would argue that we need to have a faster-track method. Essentially, a request to an RSL to accommodate a particular individual would have to be resolved within a matter of days. Otherwise, the local authority—especially if it has no stock and where it is waiting to resolve disputes with RSLs about whether an individual should be accommodated—will find its temporary accommodation backed up with homeless people. Its ability to put more people in temporary accommodation will be severely damaged. However that is done, it has to be fast track. Whatever appeals mechanisms and so on are built in must aim to resolve issues between the local authorities and RSLs in days rather than weeks.

Mr McMahon: Some housing providers may not interpret the Glasgow housing market according to the administrative boundary of Glasgow, which would require you to work jointly with your neighbours. I can guess what your answer will be, given what you said about being trusted to deal with such matters. However, should the procedures under which you work with neighbouring authorities to address such issues be regulated?

David Comley: I agree with analysts who say that housing market areas do not fit local authority boundaries. The Glasgow housing market area does not fit the current boundary of Glasgow City Council—we have long acknowledged that. In our housing plan and in all the demand work we do, we talk about the wider housing market area. So yes, it would be necessary—on the more strategic issues—for Glasgow at least to work closely with neighbouring local authorities in the housing market area.

The same would undoubtedly be true of other parts of Scotland. The structure planning processes that are in place at the moment facilitate such work. It would be entirely appropriate for the Scottish Executive, when the housing market area extends beyond administrative boundaries, to make it a requirement for local authorities to co-ordinate their housing plans. That is part of ensuring that a local authority plan is a coherent response to the housing issues in its area and not just parochial consideration of the area within its boundaries.

Iain Smith: In your written submission, you mention that section 79, on local housing strategies,

"provides too prescriptive a system of housing planning."

Will you elaborate on what you mean by that, and how you believe it will

"undermine the responsiveness of planning to local conditions"?

David Comley: It is a case of the devil being in the detail. The relevant section allows ministers to lay down a framework for local housing strategies. The fear is that if that framework were too prescriptive and too standard, it might end up limiting local authorities' ability to address issues peculiar to their own area that were not within the prescribed framework. We have put a marker down to say that whatever framework is eventually set out for local housing strategies, it should be flexible enough to allow local authorities genuinely to recognise and respond to local issues that might not be standard across Scotland.

Iain Smith: So are you saying that the framework could provide too rigid a structure, rather than that it does?

David Comley: Yes.

Mr Gibson: Do you think that, to remove the demarcation between repair and improvement grants, the grants system should be unified through the introduction of a single refurbishment grant, which would address all aspects of improvement and repair?

David Comley: The current arrangements are unnecessarily complex. Some simplification of the way in which they work could be of substantial benefit to grant claimants as well as to the local authorities that are required to administer the process.

Mr Gibson: Further to that, should representations be made to Her Majesty's Government regarding the harmonisation, at 5 per cent, of VAT on building work for both new build and repair?

David Comley: Yes.

The Deputy Convener: We have exhausted most of the questions, but something confuses me. At the bottom of page 1 you say that the

"overall housing shortage is no longer important",

but on page 2 you mention that homelessness

"remains a major issue and indeed has worsened as a result of widespread poverty and collapse in family structures."

Is that because you want homelessness to be dealt with differently?

David Comley: I should perhaps have stressed in the submission that that is very much Glasgow's point of view; it is not intended in any way to comment on the nature of the homelessness problem in other parts of Scotland.

In Glasgow, the homelessness issue is not, by and large, one of shortage of accommodation. It is a complex of other issues, almost all related to the

particular support needs and vulnerability of homeless people. There have been substantial increases in homelessness due to family breakdown, the number of young single people, problems with chaotic lifestyles and drug abuse and mental health difficulties, all of which can be resolved only by the provision of proper support services for homeless people as well as accommodation. That has emerged clearly from the report on Glasgow from the homelessness task force. It is now generally recognised that the problem of homelessness in Glasgow is not specifically related to a shortage of accommodation, but is a complex of other issues that require to be addressed.

I should stress that I am not commenting on the situation in other parts of Scotland, where shortage may well be a major driver of homelessness.

Cathie Craigie: In a response to an earlier question, you said that means testing for repair and improvement grants would be difficult and costly to administer and that it may deter people in tenemental properties from taking part. As I understand it, the bill allows for a minimum grant in tenemental properties. I was surprised at your response, as I would have thought that means testing might assist people on lower incomes to take part. Will you expand on your answer?

David Comley: If there has to be means testing, it is helpful to have a minimum grant. Given the nature of much of the housing stock in Glasgow, the minimum grant provisions will not necessarily allow the improvement of all property that requires it. My fundamental position would be that, in the Glasgow context, means testing is likely to make it harder to achieve comprehensive renewal. If there has to be means testing, a minimum grant provision would be extremely necessary. The issue would then be where that needs to be fixed in order to ensure that it is not a deterrent to the substantial programmes of improvement that are necessary.

The Deputy Convener: Thank you. You have not only elaborated on, but reinforced, many of the important questions that COSLA raised with us.

15:09

Meeting adjourned.

15:22

On resuming—

The Deputy Convener: I now welcome the witnesses from Highland Council: Councillor Garry Coutts, who is chair of the housing committee; Councillor Drew McFarlane Slack, who is the vice-chair of the housing committee; Gordon Fisher,

the director of housing; and Hilary Parkey, who is the housing strategy officer. I ask you to speak on the main issues for no more than 10 minutes. I gather that you have slightly revamped your paper. Members now have the new version; I do not think that it is too different from the original paper.

Councillor Garry Coutts (Highland Council): I thank you for the opportunity to give evidence to the committee today. We welcome a lot of the proposals in the bill; some of that is outlined in the paper. It will be a better use of our time to concentrate on matters of concern.

I reiterate a general point that was made by both Glasgow City Council and COSLA. An awful lot of the impact of the bill will be through regulation and secondary legislation. It is critical that there is full consultation with local authorities before any of that is enacted.

We welcome the statements in the bill that local authorities will have the lead role in local housing strategies and in directing housing investment in their areas. That is logical and correct as local authorities already have the lead role in community planning and, through the multitude of services that we deliver in our communities, we have a greater opportunity than any other body to ensure that policies and service delivery are joined up. Our democratic accountability is unmatched by any other agency that operates within our area and there are already clear connections between individuals, communities, other agencies and local authority structures. That strength is currently undervalued and it should be capitalised on.

In Highland, we have a record of working in partnership with others in housing: Highland Council's housing strategy and the strategic alliance with Scottish Homes are often held up as best practice and are good examples of partnership working. More recently, our innovative work in piloting the rural partnership for change should provide lessons for the future role of local authorities. Although that partnership must be considered a success, it highlights that, without the power to direct resources innovatively, there is an inherent weakness in the partnership. That weakness can be addressed by local authorities taking over the development funding that is currently held by Scottish Homes.

We appreciate that there must be openness and accountability in resource allocation. We see no difficulty in the local housing strategy process satisfying that need and giving comfort to all our partners that there is complete integrity in decision making. Although taking over development funding would give us a greater role than we currently have, it is not a new responsibility; we are well used to capital programme management.

The housing capital spend that we are responsible for in Highland is in excess of that spent by Scottish Homes. If our general service capital spend is added on, the total Highland Council capital spend is more than that of Scottish Homes by a factor of four; we have the skills and the track record. The greatest advantage of our taking over development funding would be to ensure that housing investment is clearly aligned to the priorities in the local housing strategy. We are not content that that is currently the case. Because of that current problem in the system, our track record in partnership and—more important—democratic accountability, we see no reason for us not to be given this enhanced role as soon as possible, whether or not we continue with our landlord role.

However, if we are to develop our role, there must be clarity over the future role of Scottish Homes. That issue is not detailed in the bill, but it causes us concern and poses several questions. If we are to have the lead responsibility for local housing strategies in our area, what is the regional planning role of Scottish Homes? This is a recipe for confusion, conflict or, at best, duplication of effort. How can we be genuine leaders if our funder, regulator, assessor and the principal policy adviser to ministers is in partnership with us at a local level? How can that conflict of interest between the roles envisaged for the new agency be overcome?

We have no fears about regulation; we accept that there is a logic behind a semi-autonomous agency taking on that role. We also accept the need for national policy guidance on housing and regeneration, within which local housing strategies and community plans must be developed. However, we believe that that role should be within the Executive; it should not be at arm's length through an executive agency. It certainly should not be within a regional office of an executive agency, cutting across the role of democratically accountable local authorities.

We also believe that there is a perverse logic in suggesting that local authorities should take on this new responsibility without resources being allocated to them to carry it out. In other sectors where the role of local authorities is taken on by a new agency, for example in the regulation of care, staff and funding are being transferred from the local authority to the new agency. However, this bill suggests that we are to take on a role that is currently carried out by Scottish Homes with no transfer of resources.

The statements in the bill about our lead role may be no more than patronising rhetoric, as we are being asked to assume responsibility without power. Real power will lie with civil servants in an executive agency, which the Scottish

Qualifications Authority fiasco has demonstrated will at best be accountable in only a limited way.

Highland Council has made much of the crisis in many of our rural communities due to the lack of affordable housing. We believe that the existing right to buy has exacerbated those problems; some examples of that are in our written evidence. The proposals for exempting new tenancies from the right to buy will have little impact on people who are on our waiting lists in rural communities. We believe that we need radical powers to impact on local housing markets. That should be covered in the local housing strategy process. We have learned that lesson in the rural partnership for change.

Where communities are experiencing excessive housing pressure, we must be able to secure accommodation that provides appropriate housing. Developing new homes is one solution, having the right to purchase former right-to-buy properties before they go on the open market is another and being able to develop a dynamic, flexible tenure system where a house may be owner-occupied or rented on several occasions during its life would be another. More work needs to be done on that; the rural partnership for change pilot in the Highlands can do that work. The provisions in the bill will, on their own, make little or no impact.

We want to take on responsibility and powers for directing housing planning and investment in our area. However, we are extremely concerned that that role will be hampered by the powers of the new executive agency and by regulation of the right to buy.

The Deputy Convener: You appeared to suggest that you are quite happy for regulation and monitoring to be part of the role that the local authority would not take over, and would be kept independent. Could you elaborate a little on how you think that would work?

15:30

Councillor Coutts: Local authorities are used to that approach in education and social work, given the way things are moving in those areas. It is appropriate that what we do with public funds is scrutinised properly. The Parliament, the Executive and the executive agency have a role to play in that scrutiny and I see no difficulty with that. We have nothing to fear, as that would be good practice. However, I do not want the role of the executive agency to develop in the other ways that are being suggested.

Mr McMahon: The Executive said that local authorities must have the necessary expertise in place before development budgets are devolved from the executive agency. Do you believe that your local authority has that expertise?

Councillor Coutts: We have demonstrated, through the work that we have done on the rural partnership for change and on our housing strategy work, that we have housing planning policy expertise. There is no doubt about that. The work that we will have to do for the new local housing strategies will be more than we are doing, or that we are being asked to do at present, but resources from the regional office of Scottish Homes are involved in that work. It seems obvious to me that those resources should transfer to the local authority when responsibility transfers to the local authority.

The position on development funding is exactly the same. We already have development officers who are responsible for expending a lot of capital money through the new housing partnership. That cash is controlled by the local authority—the procedures are not vastly different from the type of development work that staff from the Scottish Homes regional office do with housing associations in our area. Again, those staff should transfer to the local authority when the powers transfer to us.

Mr Harding: Other bodies have said that the framework in the bill will not enable local authorities to provide an effective service to the homeless. Your submission does not mention the homeless at all. Are you totally content with the proposals in the bill?

Councillor Coutts: We knew that we had only five minutes to present our case to the committee and that the amount of time available for presenting our written evidence was also limited. We have consulted our colleagues in COSLA and we know that other local authorities are making considerable representations on the homelessness provisions. We are content with the representations that are being made by COSLA.

In general, we are quite happy that the rights of homeless people will be improved, but we think that more consideration should be given to the role of the new landlords in areas where stock transfer takes place. I endorse much of what David Comley said a few minutes ago.

Mr Gibson: What is the view of Highland Council on the 75 per cent set aside on housing capital receipts? Should the bill be amended to ensure that that practice is abolished?

Councillor Coutts: Abolition would impact on different local authorities in different ways. Some local authorities have low debt levels and it would greatly suit them to be able to utilise all the capital receipt for investment. I believe that local authorities should have that power. Highland Council has a relatively high debt for our own housing stock and we would appreciate being able to repay some of it—at least, we would appreciate

not extending the debt.

Local authorities should have the power to expend the capital receipt as they see fit, rather than have to live with the existing mandatory clawback. It should be up to local authorities to decide how best to expend that receipt.

Iain Smith: In your written submission, you refer to the suggestion that RSLs and local authorities should have a right to buy homes back. Are you suggesting that that right should apply to homes that have been sold already under the existing right to buy, or would it apply only to new homes? Would that be a general power or would it apply only in designated areas?

Councillor Coutts: There is already provision for housing associations and local authorities—if they have the capital—to purchase homes on the open market. At present, such properties must be on the open market for about six months and located in areas where there is a lot of housing demand. Therefore, those properties are rarely available for local authorities to buy.

There should be a pre-emption for new right to buy sales that go through after the bill is passed whereby we—or housing associations—get the opportunity to buy properties back at market value for rent. That is one way in which we will be able to make an impact in rural communities. We should also have enhanced powers to purchase houses—whether they are former right to buy properties or not—at market value in areas where there is excessive pressure, as there is in many of our rural communities.

Mr Paterson: You have registered fairly extensively your concerns about the accountability of Scottish Homes. Paragraph 12 of your submission states that

“an increase in the strategic responsibilities will require a transfer of resources”.

Have you quantified the resources that will be required?

Councillor Coutts: A number of staff work in Scottish Homes' Highlands and Islands region. To carry out the planning and development roles, we would be looking for something in the region of two additional planning officers and three additional development officers. That is not inconsistent with current staffing within Scottish Homes, so it could be achieved through resource transfer. We are not looking to create an empire.

Mr Gibson: You have obviously considered addressing the right to buy quite innovatively, but would you prefer it if the right to buy simply were not extended?

Councillor Coutts: I have a difficulty with that. In the Highlands, when people are offered a

house, the vast majority do not choose whether to be a tenant of a council or of a housing association; they take the house that is available first. In many communities, there is no housing association activity. I find it difficult to rationalise why one tenant should have a right and another should not.

I opposed the right to buy when it was first introduced many years ago. My view is still that it is not a sensible housing policy. It does not allow us to plan housing particularly well and it is a very crude tool. Having said that, if there is no will to remove the right to buy either in specific areas or more generally, we should have the right to suspend the right to buy, whether for existing or new tenants, until such time as a community has a sufficient supply of housing for rent.

Mr Gibson: How would you define that?

Councillor Coutts: We have done a lot of work in the rural partnership for change on how to assess relative need across an area. The Executive will receive a report from the national steering group shortly. We have communities in which there is less than 5 per cent social rented housing. There are no alternative places; it is not like moving from one side of Glasgow to another or from one part of Edinburgh to another. People have to be uprooted from their communities and from all the linkages that go with that. There is a chronic shortage of houses for rent in many such areas. I honestly think that the work that we have done will define clearly the most pressured communities, which are those on which we should concentrate intervention, whether new development or more innovative interventions such as acquiring houses on the open market to meet existing need.

The Deputy Convener: Will you say a little more about how you see that operating? I think that what you are saying is that local authorities should have responsibility for saying which areas have pressured housing, rather than that that decision being made elsewhere.

Councillor Coutts: Yes. We spent a long time—six or seven months—looking through all the data that were available from the Sasines reports on former right to buy sales and on future planning for new house building in the area, and were able to quantify relative housing need across the whole of the Highlands. That work, which was done at considerable expense and effort—mainly by Hilary Parkey—did not tell us anything that we did not know. We have the local knowledge of which are the pressured areas. We found that the evidence that we produced justified what we already knew—we proved where the pressured areas are. The national steering group for the rural partnership for change, which comprises, mainly, Scottish Homes, has endorsed the approach that

we took as sensible and will recommend that other local authorities follow it.

The Deputy Convener: When will that report go to the Scottish Executive?

Councillor Coutts: The final meeting will be held towards the end of February. I would think that the report will go to the Executive within days of that.

Mr Gibson: Should there be a reduction in the maximum level of discount under the right to buy?

Councillor Coutts: Yes. The maximum level of discount currently gives a tremendous capital asset to many people. We have said in our submission on the bill that the discount should be reduced to 33 per cent. There is probably also merit in considering having differential discounts in different areas. There are some parts of the Highlands, which are suffering depopulation, where we are likely to have a surplus of houses in the not-too-distant future; I am thinking in particular of Caithness and parts of Sutherland. Being able to offer significant discounts above the current levels may be a tool that we would want to have. We would like there to be flexibility in discount levels.

In particularly pressured areas, the discount level should be no more than 30 per cent. I would go further and suggest that the minimum time that somebody must live in a property before they get the maximum discount should be increased to 10 years.

Mr Gibson: If discounts were affected, how would you prevent speculation on such properties? Would you do that simply, as you suggested, by extending the tenure of the individual who was buying?

Councillor Coutts: We have examined an awful lot of evidence on what has happened to former right to buys. There is no significant body of evidence that there is exploitation of the right to buy—people buy the houses and continue to live in them. When the houses go on the market, they are sold at the market value in the area. They are probably not affordable to the people on our waiting lists, but they do provide useful accommodation—the houses do not go away. There is no widespread evidence of abuse or of people profiteering, apart from in terms of the capital discount that they get in the first place.

Iain Smith: Do you think that the time scales that are suggested in the bill are sufficient to enable a council such as Highland Council to deal with the problems in pressured areas before the designation is removed?

Councillor Coutts: I have already expressed my concerns about the limited impact of designation. Bearing in mind that the proposals in

the bill are only for new tenants, and that new tenants have to be resident for five years before they qualify for the right to buy, a designation in the first instance for five years seems kind of pointless. Having said that, the designation is a tool that we will explore fully. If it is enacted, we will seek to make use of it as best we can in our most pressured areas. If the intention of that part of the bill is to relieve pressure in the most pressured rural communities, it ain't going to work.

Mr Gibson: The green paper published in February 1999 led most people to believe that the bill would be much more comprehensive than it is and that it would cover the private, public and voluntary sectors. Has anything been omitted from the bill that concerns you and that you would like to be included?

Councillor Coutts: I must be absolutely honest; I have spent most of my time struggling with the provisions that are in the bill, rather than looking beyond them at ways to frame potential amendments to what is there. I defer to my colleagues from COSLA, who have spent a lot more time looking beyond the nuts and bolts of what is before us.

Mr Gibson: To follow that up, do you believe that there should be a subsequent bill, in two or three years' time, to cover the areas that this bill omits?

Councillor Coutts: Undoubtedly. As I said earlier, one of my biggest concerns about the bill is the powers that the Executive will have to influence housing policy without full and rigorous scrutiny by the Parliament and local authorities. Another fuller bill in due course would not be unwelcome.

Mr Paterson: In your conclusion, you express the fear that you will be hampered in your ability to meet local needs. I do not know whether you were present when I asked an earlier witness about the prospect that duplication might cause loss of power. I think that we came to the conclusion that reins had been put on. Would you describe the situation in the same way? Is that your fear, too?

15:45

Councillor Coutts: I fear that reins—if not something more draconian—will be put on. I am concerned that, if an arm's-length executive agency has regional offices in places such as the Highland Council area, it would call the tune and lip service would be paid to our function as the body with the lead role. The agency would have the cash—it would assess whether our housing strategy was appropriate and monitor the way in which we functioned as a landlord, yet it would direct the way in which the strategy developed. That is not a satisfactory way ahead. Those

powers should rest with local government.

The Deputy Convener: In paragraph 10 of your submission, you outline your concerns about the lack of accountability and the conflicts of interest that the new executive agency could have. Will you give us some examples of what you think the conflicts might be?

Councillor Coutts: The area that we are concerned about relates to the regulator. We have no problem with there being a regulator, but their role as regulator does not sit well with their role as someone at the table who makes recommendations about whether we get funding. The mix is an uncomfortable one. The two roles should not be played by one organisation. It is interesting that, in relation to the Regulation of Care (Scotland) Bill, the clear feeling is that one body should have the function of regulating and registering homes and a completely separate body should be supporting social workers and their career needs. Obviously, other committees believe that the conflict can be resolved by separating the responsibilities.

The Deputy Convener: Thank you for appearing before the committee today.

I welcome the representatives of the North East Housing and Planning Alliance: Colin Hawkins, who is the director of housing for Aberdeenshire Council; Mike Scott, the director of housing for Aberdeen City Council; and Tim Mason, the regional director of Scottish Homes.

Gentlemen, I realise that you have prepared a full presentation but I ask you to try hard to restrict your opening remarks to a maximum of 10 minutes. That will give us more time for questions.

Colin Hawkins (North East Housing and Planning Alliance): I am pleased to have been invited to give evidence on the strategic role of local authorities. We believe that we have a unique story to tell.

I am the head of strategic development for housing and social work in Aberdeenshire Council. Both Tim Mason and Mike Scott have been the chair of NEHPA and continue to play a significant role in the organisation.

Our presentation will set out a brief outline of the context in which we are working in the north-east, what NEHPA is, what it has done, what we expect to achieve in the next period and our thoughts about the role that NEHPA will play in the development of the local housing strategy in the north-east in the context of the Housing (Scotland) Bill.

The area that we are discussing today covers 6,500 sq km of the landmass of Scotland—Aberdeenshire Council alone covers the fourth largest council area in Scotland. The combined

population is 440,000 and there are nearly 200,000 households. The urban-rural relationship between Aberdeen City Council and Aberdeenshire Council is unique in Scotland. There is a mutual dependency in terms of social, economic, infrastructure and cultural needs. The interconnection of the councils is recognised by the designation of the area as a single area in the structure plan.

The Scottish Executive has placed local authorities in the forefront of community planning. The Housing (Scotland) Bill emphasises that in relation to the strategic role that the local authorities need to develop. Both councils have embraced the move, with Aberdeenshire Council launching its community plan last autumn and Aberdeen City Council's launch of its community plan being planned for the coming spring. The councils share many of the same partners, including Scottish Homes, Grampian Health Board and Scottish Enterprise Grampian. Community planning is being developed through a variety of channels and involves a number of community-based organisations. The councils have embraced the concept of modernising government and are taking significant action to that end. We would like to highlight the home choice project, which is led by Aberdeen City Council. The project provides a one-stop shop and an information-technology-based system that enables applicants for affordable housing to access a wide range of waiting lists without having to complete numerous application forms.

On the economic context, it is clear that the impact of the energy industry has been massive in the past 30 years. At its peak, the industry created many new jobs and the boom in recent years led to high levels of new development, particularly in housing. The area has, however, a number of traditional employment sectors, including farming, food processing, forestry, tourism and fishing. The committee will be aware of the continuing decline in most of those industries, particularly with the current crisis in fisheries. I have with me detailed information about the projected decline in some of those areas, but this part of the presentation is to provide context.

The impact of the growth in the past 30 years has not been felt across the board. Aberdeenshire has lower than average income levels, particularly in the areas that are furthest from the city. The average annual household incomes of council tenants in both council areas is just over £6,000 and, although Aberdeen is seen as having reaped significant benefits from the oil industry, it has the widest polarity between rich and poor of any Scottish city.

A commission to study housing need in the Aberdeen area and rural Aberdeenshire identified

a number of key points. It found that more than 15,000 households in the area were in housing need and that the proportion of households containing a person with special needs was between just under 7 per cent and, in one area in Aberdeenshire, 14 per cent. We face a significant increase in the number of households—over the period to 2016, there is a projected 12.5 per cent increase.

There is concern about the quality of housing in the private sector. Recent research found a backlog of improvements and repairs valued at more than £200 million in the Aberdeen City Council area.

I have set out the context of the relationship between Aberdeen City Council and Aberdeenshire Council and outlined their mutual dependence in economic and housing terms, among others. NEHPA was established in 1998 as a result of the understanding of that relationship. Since 1998, NEHPA, which comprises housing, social work and planning services from both councils, registered social landlords, Scottish Homes and private builders—through the Grampian house builders committee—has achieved a number of successes, including developing information sources, corporate cross-cutting planning and securing new resources.

We are involved in developing the new structure plan, called “North-East Scotland Together”, and we are working on housing need and land use relationships, the supporting people initiative and the Housing (Scotland) Bill.

NEHPA’s progress has coincided with the development of the strategic alliances, which also exist in Aberdeen City Council and Aberdeenshire Council. The two alliances have several common partners, including the health boards, Scottish Enterprise Grampian and Scottish Homes. Both alliances have agreed joint objectives to deal with the main wider housing issues that face the north-east. We have an opportunity to converge the alliances and NEHPA to enable strategic direction to be developed within a streamlined, democratic and politically accountable framework.

The new approach that all the partners concerned are considering would achieve the outputs of the local housing strategy and the regional housing information partnership. It would assist in the development of the strategic development budgets and develop involvement with the regional housing context statements.

The pressures that the north-east faces have demanded strategic and joined-up thinking. The organisations that NEHPA represents have long recognised that and welcome that emphasis in the bill. There is no doubt in our minds that NEHPA or a derivative of NEHPA in the context of a strategic

housing alliance will be able to deliver or assist with the delivery of housing information partnerships, local housing strategies, strategic housing budgets and other matters, all in the context of separate but linked community plans.

The unique relationship between Aberdeenshire Council and Aberdeen City Council—and the housing market areas that bind the two—lends itself to the development of one local housing strategy. NEHPA is delighted that ministers may be given the power to agree an application from councils to produce a joint strategy to take account of housing needs and conditions. We agree that ministers should be given that power and have argued that NEHPA is a role model for such a joint approach. NEHPA has proposed itself to the Executive for pilot status for a conjoined local housing strategy.

The committee asked us to consider section 5, but it is worth pointing it out that NEHPA believes that it has a significant role to play in the development of homelessness strategies in the north-east, in accordance with part 1 as a whole.

NEHPA also believes that the implementation of the proposals on the right to buy and pressured areas must be flexible for local circumstances—as the committee heard today—as well as ensure national consistency and fairness. We believe that the local housing strategies will determine not only the areas that should be considered pressured, but the type of housing. For example, there may be high demand for affordable one or two-person homes in some areas where the need for larger family accommodation has been met or exceeded. We believe that the sensitive development of local housing strategies should identify such circumstances and that the bill should enable local and flexible responses.

Resources must follow the strategic priorities. NEHPA is pleased that the proposals that are set out in the accompanying policy memorandum include the opportunity for local authorities that do not transfer their housing stock to take responsibility for the strategic housing budget. NEHPA also believes that it is well placed to be the vehicle through which agreement is reached. NEHPA believes that any separation of strategy and the use of resources that are available to turn strategy into action could be damaging.

NEHPA also believes that there must be greater flexibility for the use of section 94 consents and the use of capital receipts so that local authorities and their partners can deliver strategic plans that are geared at meeting the needs of their individual communities. Such approval may initially be of some concern to the Executive and the Treasury, but we believe that there is scope for flexibility. The new role of the executive agency will ensure accountability.

We appreciate the opportunity to be here and look forward to answering any questions that members have.

The Deputy Convener: Thank you.

Iain Smith: What will the role of the executive agency be in your strategy? Will local authorities develop the strategy with housing associations alone? Do you think that the proposal for a regional set-up for the executive agency would benefit the strategies that you expect to see?

Colin Hawkins: NEHPA has benefited hugely from Scottish Homes' impact, involvement, expertise and knowledge. We want such resources and expertise to be retained.

Tim Mason (North East Housing and Planning Alliance): We are talking about an evolution, rather than a revolution, in partnership working. Scottish Homes as a regional body is completely comfortable with the bill's proposal that local authorities should gradually take over responsibility for strategic planning. We are encouraged by the fact that Aberdeenshire Council and Aberdeen City Council are considering such planning as one entity. That is a unique example of partnership working across local authority boundaries and is appropriate for regional working.

Scottish Homes will gradually give up some parts of its role in development funding. The understanding is that that will be done through consensus and discussion. The policy memorandum introduces the idea of checks and balances. NEHPA is an essential local forum for ensuring that such checks and balances are in place, and we have no difficulty with the principle of moving in that direction.

16:00

Mr Gibson: NEHPA's submission says that

"there needs to be greater flexibility around the use of Section 94 consents and the use of capital receipts to local authorities and their partners to deliver strategic plans geared at meeting the needs of their individual communities."

What flexibility does NEHPA believe to be appropriate?

Colin Hawkins: I will kick off by making some general points about that, then Mike Scott will give some more detail. In Aberdeenshire, the local authority owns 20 per cent of the housing stock; 80 per cent is in the private sector. We are concerned about that. We do not have the section 94 consents in the non-housing budgets to deal with the situation; it is some years since we carried out a housing conditions study in Aberdeenshire, because if we did that research, we would have no money with which to back it up. Aberdeen City

Council conducted such research and found that it had £200 million of debt from its backlog of repairs. Flexibility over section 94 would enable priorities to reflect conditions.

Mike Scott (North East Housing and Planning Alliance): The consents situation is interesting, because it mirrors the point that was made about the 75 per cent payback on debt. The irony is that the outstanding debts of the two partners are very different. Repayment of debt might not be a major issue for Aberdeen City Council, because our debt is extremely low, but Aberdeenshire Council's debt is much higher. That is why we ask for flexibility. Instead of applying the 75 per cent figure to all councils, we think that flexibility should be available. In the north-east partnership, flexibility would allow different treatment.

Mr Gibson: In that regard, are your views similar to those of Highland Council?

Mike Scott: Yes.

Mr McMahon: There are proposals to introduce the secure tenancy with a big bang. Do you support that idea, or would you prefer to have the flexibility to determine when the secure tenancy is introduced in your area?

Colin Hawkins: I cannot say what NEHPA's view is—my colleagues might want to discuss that—but my view is that we would prefer to adopt the second approach. We must examine the local housing strategy and the needs of the area, then introduce the secure tenancy arrangements through evolution, rather than with a big bang.

Mr Harding: Your submission says that NEHPA has successfully secured new resources. Will you give examples of that?

Colin Hawkins: The main example involves the new housing partnership bid that Aberdeenshire developed. That followed some work that NEHPA did, including site visits in the areas covered by the Lothian councils and by Berwick-upon-Tweed Borough Council in England. We examined a private finance initiative in Berwick and studied the East Lothian new housing partnership, although at the time that organisation was using the approach of a development company. After that visit, Aberdeenshire Council, following the NEHPA process, took the development company route through the new housing partnership initiative. Since then, Aberdeenshire Council has accessed £7 million of new housing partnership money, which is being spent. That was a result of NEHPA visits and intelligence.

Mr Paterson: You talked about the disturbing signs of deterioration in the private housing stock in the north-east. Do you think that the bill will have an impact on that stock? Will it alleviate the situation?

Colin Hawkins: The Scottish Executive is putting a lot of work into reviewing the condition of private sector housing stock. The bill is quite light in that respect and further work is needed.

Another issue is whether there should be flexibility in the bill over the debt repayment model, to enable traditional section 94 consents to be ring-fenced within the private sector non-HRA scenario, so that money can be spent on improvement grants and so on in the areas where they are needed—run-down, inner-city areas or the more run-down parts of Aberdeenshire. There is a considerable problem with empty homes, not just in urban areas, but in rural areas. We need to put more emphasis on that fact. The bill goes part of the way, but a lot more work needs to be done. As regulations are developed, there should be more involvement in consultation, as previous witnesses have suggested.

Tim Mason: The housing needs work that we have carried out in the area has demonstrated that, of those people who are in housing need and cannot rectify the situation themselves, only about 50 per cent would need to move for their housing problem to be sorted out. Neither Scottish Homes nor the council, in their respective plans, has given as much attention to sorting out conditions in the private sector and coming up with housing solutions that do not require people to move as we will give in future under the new local housing strategies.

The issue is partly about further legislation—a working party will consider that issue—and partly about finding more creative ways in which to deal with housing needs, rather than assuming that the new social housing tenancy is the answer to every form of housing need. There is much work to be done on that, but we have ideas of how things can be developed locally.

Mr Paterson: You talk about recent research. It would be unfair to ask for that today, but if that information could be forwarded to the committee, that would help us.

Mr Gibson: You said that you were delighted that ministers may be given power to agree an application from councils to produce a joint strategy taking account of housing needs and housing conditions. If you could play devil's advocate for a minute or two, perhaps you could advise the committee whether you have identified any real or perceived drawbacks to that approach.

Colin Hawkins: We are going into this with our eyes wide open. The work of NEHPA is appreciated by the two local authorities and by local politicians. Other councils are keen to get involved with us, so we are obviously doing something right. In future, when considering the development budget, we must ensure that the

issue of political accountability is taken on board and that the way in which the budget resources are used in a wider NEHPA context meets not only the requirements of Aberdeen and Aberdeenshire, but the requirements across the board.

There is a huge interconnection between the two authorities. However, there is an issue regarding the way in which budgets will be devolved in future. This is very much work in progress, but the foundations are there to build on.

Mr Gibson: So you do not believe that there would be any flaws in a joint strategy approach.

Colin Hawkins: I would not say that there would be no flaws in such an approach. However, three years down the line, others are looking at our work in a very positive light.

Iain Smith: How do you see the relationship between the local authorities and NEHPA, in terms of the development budget? If a single local housing strategy was developed for the area, would you expect the development funding to go to NEHPA rather than to the two individual authorities?

Colin Hawkins: NEHPA is working for both local authorities. In my opening remarks, I showed how that would fit into the context of community planning throughout Aberdeen and Aberdeenshire. We are not a stand-alone organisation. NEHPA would seek to continue to use the expertise of Scottish Homes—not just the planning expertise, but the people who are involved in the delivery of grants, for example—and to develop the local housing strategy throughout the area while remaining responsible to both local authorities, which are properly democratic and accountable organisations. The other organisations that are involved with NEHPA—the housing associations, the builders and Scottish Homes—also follow that approach.

Mike Scott: The work that has been undertaken by the two councils on a joint structure plan has been very encouraging, and local plans are now being developed within the framework of the plan. A lot of the issues surrounding the strategic framework were discussed by a joint committee of the two councils, and that discussion has informed the development of local plans within the councils. A similar mechanism could operate for NEHPA. NEHPA could examine the general strategic framework for the north-east, recognising that each council would have a role to play. Those roles would then be expanded within each council, but according to the overall strategic framework.

Tim Mason: Both councils will want to maximise the resources that are coming to them. However, there is every opportunity for them to make a more successful bid for those resources if they can demonstrate that they are working together to deal

with issues such as homelessness that cross their authority boundaries. Everybody who can demonstrate effective strategic working should be a winner.

Mr Gibson: Does NEHPA have a view on the way in which RSLs can be made more democratically accountable?

Colin Hawkins: The local housing associations are represented on NEHPA by one of their chief executives, and we issue regular newsletters to a wide range of community interests and individuals. We also hold an annual community conference to explain what NEHPA is doing, what its timetable is and what its programme for the future is. In future—if the models that we have discussed today are established—the housing associations will be part of NEHPA and will be involved in strategic community planning for Aberdeen and Aberdeenshire. At that level, they will have a greater degree of responsibility.

I do not have a view on housing associations' responsibilities to their tenants and the public. Tim Mason may have a view on the issue, as he is currently involved with Scottish Homes.

Tim Mason: The majority of regulation and monitoring is carried out centrally by Scottish Homes; it is not conducted at a regional level. NEHPA can improve the accountability of housing associations by involving them in the formulation of strategy and expecting them to contribute to the delivery of that strategy through nominations of homeless people, for example. We should try to break down the artificial barriers that may exist between organisations. If housing associations are part of the strategy, they will regard themselves as part of the solution.

Mr Gibson: Do you believe that tenants should automatically be given membership of the RSL?

Tim Mason: That is a matter for individual associations to decide. There are many different types of association—those that cater for special needs, those that are community based, co-operatives, fully mutual co-operatives. NEHPA has never considered the suggestion that you make and it would be difficult to take such a sweeping approach to the various voluntary organisations.

Colin Hawkins: Other parts of the bill mention greater tenant participation; that is welcomed. Local authorities would welcome the bill and I hope that housing associations will, too. Although there may be different rules and regulations, the general thrust of greater tenant participation and the single tenancy must create more opportunity for fuller involvement and accountability.

Mike Scott: We have gone through some of the accountability issues in the process of combining our housing list. There has been a sharing

between associations and the local council in relation to the aims and aspirations of the people on our combined list. As a result, associations have modified their allocation procedures in the same way as the council has modified its allocation procedures, to gear up towards a combined and common purpose.

16:15

As Tim Mason said, the more NEHPA addresses specific issues and the more associations are involved in those issues and have ownership through the delivery process, the more accountable the process will be, as has been demonstrated by the combined housing list.

The Deputy Convener: You mentioned that flexibility in the right to buy is important. Can you elaborate on that?

Colin Hawkins: Yes. Councillor Coutts from Highland Council raised some of the issues that would be pertinent to Aberdeenshire as a rural area. Deciding what should be designated as a pressured area should be part of the local housing strategy. That is something we know about—housing maintenance, common waiting lists and the housing needs study are part and parcel of that background information. As the submission shows, different areas have different needs. Some areas of Aberdeen city have quite high levels of empty properties because family accommodation is no longer required as much as it has been. In contrast, smaller, one or two bedroom accommodation is still very much in demand. We want to develop a much more flexible and pragmatic approach that is relevant to the needs of different areas.

Mike Scott: The beauty of the partnership is that it addresses the issues in an urban setting as well as a rural one. We empathise with Highland Council's evidence. Although we have pockets where supply far outstretches demand, the reverse applies in other parts of the city. Someone said that a city is a city and that it does not make much difference which side of it a person lives on. If I said that to some of my residents, they would totally disagree. If the whole idea is to build communities, even within an urban setting, we must allow for people from next-generation families, family break-ups and so on the opportunity to remain in their community. We have very pressured communities and, in some cases, pressured house types in communities. That is the element of flexibility that we are referring to in our submission.

Mr Gibson: I have asked other people who have given evidence today this question: are there any major omissions from the bill about which you are concerned?

Colin Hawkins: The first consultation document discusses a partnership body—a national group. In the north-east, such partnership has been very positive and has helped us to develop a policy for the north-east. I would welcome something along those lines, which appears to be missing from the new bill. The private housing sector condition has developed to some extent, but there is much more work to be done. To echo what Highland Council said, we would like to be involved in the development of the regulations for the private sector.

The Deputy Convener: Thank you for coming and for giving us an outline of how a regional housing planning system might work.

Our next witnesses are from Clackmannanshire Council—we are getting nearer my home all the time. I welcome Chris Thirkettle, the head of housing and advice services and John McConnon, the senior officer responsible for housing strategy and development. Please outline the key issues, taking no more than 10 minutes, after which we will ask questions.

Chris Thirkettle (Clackmannanshire Council): I would like to thank the committee for the opportunity to give evidence on the bill and the proposals to strengthen the strategic housing responsibilities of local authorities in particular. One of the defining characteristics of Clackmannanshire is that it is a small council.

In our written submission, we address how we see Clackmannanshire Council fitting into the proposed structure. There are five key points. First, Clackmannanshire Council has the capability to assume the role of strategic planning and investment. Secondly, Clackmannanshire Council has structures and policies in place to deliver the full strategic role. Thirdly, the local housing market area in which Clackmannanshire sits is consistent with Clackmannanshire as a strategic planner. Fourthly, the responsibilities of strategic planning and investment are inseparable. Finally, it is important to achieve a balance between central direction and legitimate local agendas in the structure that will determine housing objectives in years to come.

I will deal with those five issues in detail. We consider that we have the capability to deliver a full, strategic and investment role. We have the desire, capacity and expertise to carry out that role. Our portfolio of experience to date includes public-private regeneration initiatives from the early 1980s onwards and promotion and support for local housing associations. We were a major partner with Scottish Homes in Alloa in the first and most successful small urban renewal initiative.

We have had 20 years of extremely prudent investment and good management, securing what

we believe to be one of the best-maintained and energy-efficient housing stocks in Scotland. At the moment, we are promoting two intermediate labour market initiatives: one is a heatwise initiative dealing with community safety and energy efficiency; the other, in the Alloa social inclusion partnership area, deals with environmental issues. We have carried out a major, innovative new housing partnership-funded new build project for low cost homeownership and renting. We have the appropriate skills and vision at member and officer level to deliver a full planning and investment strategy for the Clackmannanshire area.

Clackmannanshire Council has a highly integrated corporate structure, which facilitates links between housing and social services, planning and economic development. We have broadly based committee briefs. For example, I report to the housing, health and social services committee. We operate in the context of a joint structure plan arrangement with Stirling Council. On most housing issues we have a strong cross-party consensus. We recently completed a new housing partnership-funded investment option appraisal, which is being taken to consultation throughout the community. Our community planning framework is firmly in place.

We have a good fit with our local housing market area. People might assume that, as a small council, we would be part of a much larger area. However, in some respects, it is easier for us to carry out the role of dealing with the local housing market than it would be for a large city. The local housing market area is largely contained within the council areas of Clackmannanshire and Stirling.

There is significant complementarity between Stirling and Clackmannanshire within that market area. For example, private sector starter homes are often dealt with in the Clackmannanshire Council area, but more of the middle and upper market is accommodated in the Stirling Council area. There is, however, complementarity across the tenures. Protocols exist for joint working on the structure plan. They can be built upon to develop a market model to co-ordinate strategy and investment in the two council areas.

My colleagues have dealt with planning and funding roles at some length, but I wish to add to their comments. There is strong cross-party and cross-community support for Clackmannanshire Council to continue to perform some form of landlord role. However, given that development funding is not available for the councils that own stock, we believe that there is no conflict of interest between retaining the landlord role and managing the strategic housing budget.

Moreover, strategy and funding are logically and practically inseparable if councils are to deliver

investment strategies, especially in the contexts of area and community renewal, of being responsive to community care needs and of ensuring that housing investment across tenures is consistent and phased with investment elsewhere in the council area through general funds. We believe that councils, not central Government or external agencies, offer the natural level for such planning and funding. A strategy with no funding attached is not really a strategy at all.

On the balance between central and local roles, it is disappointing that the structure and powers of the new executive agency are not available for scrutiny while we are examining the bill. It is also disappointing that much of the detailed workings of the bill will depend on secondary legislation. We have concerns that the new executive agency, with strong roles in monitoring, regulation, policy, funding and community renewal, will produce a shift towards a culture of more centralised, directed delivery.

Sensitive, appropriate and lasting housing solutions are likely to come from a structure in which communication is in both directions, in which power is diffuse and in which different views and options are mediated and reconciled through discussion, debate and, sometimes, constructive disagreement.

Therefore, our conclusion is that the housing structure that emerges from the bill should emphasise the importance of councils in the preparation of local housing funding and strategies, of recognising the inseparable nature of strategy and funding and of ensuring a constructive balance in powers and responsibilities between central control and local initiative.

Mr Gibson: The bill addresses the possible costs of the cash incentive schemes in pressured areas. Does Clackmannanshire Council have a view about who should fund that?

John McConnon (Clackmannanshire Council): At present, we have the powers to re-acquire houses, but not the resources. If there is to be retention of the right to buy, albeit in a modified form, any attempt to modify it further and to enable us to change the nature of the tenure would require to be backed up by resources.

Overall, our view matches what has already been said repeatedly—not universally: in many ways, the benefits of the right to buy have run their course, certainly in Clackmannanshire. Our right to buy sales are levelling off and there are increasing funding-related problems among people who have exercised the right to buy, particularly among those who have done so relatively recently.

I would like to return to the point about the balance between the interests of the community and those of the individual. The various

submissions that we produced in response to consultation papers have emphasised that we want there to be an opt-in right to buy mechanism, however practical that might be. Utilisation should be consistent with local strategic priorities, which will vary.

The Deputy Convener: NEHPA's presentation gave a model of a regional strategic role. Would you envisage that Stirling and Clackmannanshire Councils together, with their current structure plan arrangement, could form an arrangement similar to what has been described in Aberdeen City and Aberdeenshire?

Chris Thirkettle: We welcome the opportunity to comment on that. However, we have not had much discussion with Stirling Council on the matter. We have had a successful experience in dealing with structure planning issues and it seems obvious that, given the closeness of the two councils and the fact that commuting across boundaries is a clear feature in Clackmannanshire and Stirling, we should deal jointly with the planning side, and perhaps even the investment side, certainly at the higher level.

John McConnon: The recent emphasis has been on structure planning issues. The history of that includes a great deal of discussion with both Stirling and Falkirk Councils on community care planning, when those issues were to the fore a few years ago.

16:30

Iain Smith: Is your view similar to that of the representatives of the other authorities who have spoken today: that the development and strategic functions currently exercised by Scottish Homes should go to local authorities while the regulatory power should remain with the executive agency?

Chris Thirkettle: Sorry, I did not hear that.

Iain Smith: Do you share the views that seem to have been expressed by the other authorities that have spoken today: that the development and strategic functions that are currently exercised by Scottish Homes should go to local authorities, as part of local housing strategies?

Chris Thirkettle: Very much so. We agree with the other authorities. Indeed, COSLA's corporate view is that the regional level for Scottish Homes is probably redundant. We have yet to see the structure that has been proposed for the new executive agency and we do not know precisely what a regional level would have as part of its powers and responsibilities. If two strategies continue to run in parallel, that would not only be redundant in resource terms, but a recipe for unnecessary conflict. We have the structures in place—in community planning and community

care, for example—to put together a viable, sensible and democratically scrutinised housing investment strategy. That does not need to be duplicated in Scottish Homes.

Mr Paterson: Looking at your submission, would I be right in saying that you are worried about a quango having more power than an elected body?

Chris Thirkettle: I would hope that most people are.

Mr Paterson: That view seems to be held by you especially. I have the same view.

Chris Thirkettle: Being a small council with relatively limited staff resources, we feel vulnerable. It is easy for larger bodies to assume that they have a greater capacity to understand the needs of the local area. We think that that is not the case and that it is important to demonstrate that we have the desire and the capacity to take on strategic functions. Indeed, we have a strong local community, which would want decisions about housing investment and strategy to be made in Clackmannanshire, in conjunction with Stirling Council if necessary.

Mr Paterson: So you have considered ways of creating a balance between a local and a national housing strategy.

Chris Thirkettle: It is clear to everybody that there would need to be national objectives and some sort of national understanding of the Executive's key goals in housing investment. It is obvious that local strategies would have to be consistent with that in some way. Decisions on the detailed application in the local area are better made by a democratically elected body than by an arm's-length Government agency.

Mr McMahon: On the practical problems of implementing what is required by the bill, you have raised concern about the data that would be provided by Scottish Homes. Will you explain your concerns and expand on what your solution to the problem would be?

John McConnon: In the past, we have encountered difficulties dealing with information data sets that are delivered from the top, without adequate consultation. It does not necessarily follow that because they come in one direction they are without adequate consultation. Nationally, we have had the experience of the Scottish house condition survey. There has been a great deal of debate about the interpretation of that survey and how the most recent one was used—it produced very different answers from those that were gathered at the local level. That is not to argue that the local case was stronger than that of central Government, simply that it needs to be mediated by a more effective consultation process

than we may have seen in that instance.

More than 10 years' experience of Scottish Homes has shown us that it has worked hard to get to grips with just what a regional context statement—to use current terminology—might look like. We have seen dramatic shifts in the degree of detail that that statement has attempted to tackle and in the degree of prescription that has been delivered through it, based on data interpreted from one particular perspective.

Our concern is not that there should not be a system that collects information in different parts of the system and contributes it to the process, but that there should be a way of testing it and not letting the balance of power get out of kilter. That is true of a much wider range of issues than housing. One of the more recent manifestations that we have struggled with a bit is that Clackmannanshire Council has got involved in a much more corporate approach to its strategic planning and a whole range of issues. Our housing service has started to take that on board in the delivery of housing contributions. I am sure that Scottish Homes is catching up and that the executive agency will continue that trend. However, we fear that we may have to reinvent wheels that are already rolling.

We need a balance of power, with a mediating mechanism in the middle so that local biases do not lead over national ones, or vice versa. That would also allow us to be transparent and accountable at a local level; it is much harder to be transparent and accountable from a remote regional office.

Chris Thirkettle: Although it has not officially been made public, we understand that Scottish Homes or its successor will have the lead community renewal responsibility across Scotland. That concerns us a bit, because it could conflict with the objectives and responsibilities that come under community planning. It almost suggests a slightly out-of-date model of what community renewal is about. It is not solely about housing issues. Indeed, in Clackmannanshire it is hardly about housing issues at all. Rather it is about other social and economic issues. We have some concerns, which are shared by other councils, that Scottish Homes may be assuming the mantle of community renewal throughout the country, which could conflict with the powers and responsibilities of local government.

Mr Harding: What are the resource implications of the additional functions that are being placed on your authority?

Chris Thirkettle: We do not think that they are very high. Without going into an enormous amount of detail about this, I can tell you that we think that we could carry out both the planning and the

funding roles in addition to our current responsibilities. Those new roles will constitute a marginal addition to our existing roles, with perhaps a maximum of two additional staff being needed.

Mr Harding: What about the administration of the repairs and improvement grants system and of means testing?

John McConnon: We would want to see a lot more detail about the repair and improvement grant scheme. That has still to be delivered to all councils. We currently administer the scheme. I think that we would have the capacity within our current resources to adopt the changes. We have been expecting those changes and debating them for quite some time now.

I may be anticipating a question about what is missing from the bill, but it is part of the same answer. One of the areas in which we would be underresourced if we were doing things differently, as we need to, and which is not addressed in the bill, is dealing with common repairs in mixed tenure developments and delivering services to support owner-occupiers participating in common repair schemes. Whether in council stock or housing association stock, that is a growing problem that we thought might have been addressed in the bill. Although it has obviously been left for another day, it is a pressing problem in the meantime. Were it addressed in the bill, there would be resource implications for us. At a crude estimate, we might need to double the number of additional staff, requiring resources for four extra people rather than two. In a department of 76 staff, the resource implications would be of that order.

Mr Gibson: Page 3 of your submission says that

"there is virtually unanimous cross-party support within the Council for it to retain a landlord function, and strong evidence to confirm that this is currently the favoured option of its tenants."

The previous paragraph refers to

"the desirability of both the Council and the Executive seeking innovative solutions to the issue of reinvestment in existing Council stock."

Clackmannanshire is clearly an innovative council, and you have given a number of examples to prove that. What alternative do you believe you could you embark on that is on the scale envisaged for stock transfer?

Chris Thirkettle: The investment option appraisal that we carried out recently—many councils have done it—produced interesting, if difficult, results. It did not produce any obvious answer for us. Stock transfer had major difficulties associated with the funding requirement from central Government, and we cannot continue to

retain stock given that our borrowing consents are way below what we need.

Our consultants suggested that we establish an arm's-length structure—we had considered that idea before—but that option is not currently open to us as a possibility. We are tempted to go down that route, even if we do so on an informal basis initially. We could set up a structure in the council that would shadow the thought of an arm's-length company and make us a more business-oriented organisation. That would allow us to examine the long-term investment needs of our stock and renegotiate the way costs are charged within the council.

We would hope that opportunities would arise for additional funding, such as securitisation, or indeed the solutions that have been offered south of the border, including additional borrowing consents for beacon councils. We would like to think that we could qualify as such a council in Scotland, and we hope that such opportunities will open up in time. However, that is a shot in the dark.

John McConnon: I would like to speak briefly on the flexibility and use of resources, which has been raised several times today. The option appraisal shows in crude terms that pursuit of a stock transfer option might cost the public purse £46 million. We have very neutral value—perhaps a negative value—on many builds. If we took the retention route—perhaps with constitutional arrangements for the arm's-length structure that Chris Thirkettle discussed—an arrangement similar to the one by which we pass 70 per cent of right-to-buy receipts to debt redemption would probably square the circle in terms of cash.

Mr Paterson: You have talked about being a small authority. Does being a small housing authority have some advantages with respect to what is envisaged?

Chris Thirkettle: Yes. We know our houses much better than do most councils, because they are closer to us. We also know our tenants better than do other councils. We understand the problems of the community. A small authority can react more quickly. It can get joint action with other services in the authority and with other agencies, perhaps more quickly than can a large organisation. Before I came to Clackmannanshire, I worked for many years in Glasgow. I do not want to be critical of the council there, but it is much easier to turn the ship around in an authority such as Clackmannanshire than it is in Glasgow, which has enormous problems.

Our problem stems from a lack of resources. We have a very good housing stock in the public and private sectors. We could do much more with a fairly small change in our resourcing structure. The

bill offers us scope to create synergies by bringing together the RSL and council sectors.

Mr Gibson: Do you believe that the bill should give councils and RSLs a statutory duty relating to tenant participation? Should funding mechanisms be established to promote tenant participation and good practice?

Chris Thirkettle: We are happy for a statutory requirement for tenant participation to be included in the bill. Any such requirement would not add much to what we do already. We have a long-established good reputation on tenant participation. All our major decisions are discussed with representatives of our federation of tenants. This week and next week, I will talk directly to our tenants and communities about such matters as the rent increase that we propose for this year.

From our point of view, we are happy for tenant participation to be a statutory requirement. It certainly adds to the importance of tenants in decision making within the housing service. An awful lot of authorities do not see tenants as a major partner in serious decision making. We do; if that does not take place elsewhere, it should. Councils should make funding available to ensure that that takes place. If we can secure funding from the Government to add to that, so much the better.

Mr Gibson: So tenant participation is not really an issue in Clackmannanshire, but you believe that a statutory underpinning would perhaps help tenants in other local authorities.

Chris Thirkettle: Yes.

16:45

The Deputy Convener: Page 6 of your submission states that there should be "comprehensive monitoring and reviewing" of the performance of local and national housing strategy systems. You mention the possible involvement of parliamentary committees. Should the monitoring be done primarily by the Executive or should another body be involved?

John McConnon: We have not hugely developed our thinking on that.

The remarks in the submission were sparked by the suggestion, even from within the Scottish Homes and housing association system, that review of the performance of its strategy and impact of its policies has been weak. Under the proposals, the whole system will be enlarged, so it must review itself openly and accountably. I do not purport to be able to offer any detail on the mechanisms, but one would hope that the Executive and the Parliament could examine the way in which the system operates.

The Deputy Convener: I take it that you want a fair degree of independence as well.

John McConnon: Yes—very much so.

The Deputy Convener: Thank you very much for attending the committee.

I welcome our next set of witnesses, who are from North Lanarkshire Council. Monica Patterson is the head of housing and Ian McMillan is the grants manager.

Members have before them a resubmitted paper from North Lanarkshire Council. I believe that the witnesses want to talk about improvement and repairs grants, but they can raise other issues. Would you like us to keep to that matter?

Monica Patterson (North Lanarkshire Council): I would appreciate that. We have been invited to speak on part 6 of the bill, on grants for improvement and repairs, so we have focused on that.

The Deputy Convener: I will give you 10 minutes to highlight your main concerns; we will then ask you questions.

Monica Patterson: Thank you for the opportunity to come along this afternoon. I will make a brief presentation, which I hope will take no longer than 10 minutes.

I will go through some background information, comment briefly on points in the bill and identify further issues that we believe should be addressed.

It is important to state at the outset that there has been a significant and dramatic increase in owner-occupation throughout Scotland—from 36 per cent in 1981 to 60 per cent in 1997. The increase in North Lanarkshire has been even greater—from 19 per cent in 1981 to 54 per cent in 1997. The right-to-buy legislation had a big impact on that. We estimate that about half the increase in owner-occupation in North Lanarkshire is a result of the right to buy. Of all housing stock in the area, 26 per cent became privately owned following right-to-buy sales; that fact has a significant impact on the situation of people who enter owner-occupation and the disposable income with which they can maintain their properties.

Another feature of the Scottish housing market is its high level of flatted accommodation. In Scotland, 25 per cent of owner-occupied property is flats. The comparable figure for Great Britain is about 8 per cent. In North Lanarkshire, the figure is about 19 per cent, which is high. That has implications for the maintenance and repair of common areas. I will return to that point later.

Another important bit of background information is the income profile of owners. It is estimated that

about 69 per cent of outright owners in Scotland are not in employment. I have examined information that shows that the average age of the head of the household in owner-occupied tenures is increasing. Right-to-buy owners in North Lanarkshire also have lower average incomes. We conducted a housing needs survey, which showed that the average income of a right-to-buy owner was much lower than the average income of an owner who had bought on the open market.

I mentioned the participation of owners in common repairs and improvements. That needs to be emphasised in the context of the bill, because it affects investment and the council's housing revenue account capital programme. We estimate that more than 200 people a year must participate in the capital programme for the council to progress its own housing revenue account capital investment. That involves significant resources, and time and effort are required to persuade those people to participate and join us in investing in their homes. Some choose not to invest, or cannot invest because they do not have sufficient resources. That issue also has implications for stock transfer proposals. Regardless of whether the landlord is North Lanarkshire Council or a new registered social landlord, encouraging owners to participate and invest in their homes will be an issue.

I will highlight one relevant example from our area. The level of disrepair is high in Cumbernauld, where 70 per cent of the former development corporation's stock was sold as a result of the right-to-buy legislation. That has had major implications for the repair and maintenance of the owned stock and the tenanted stock, which has just transferred to a new landlord organisation. Between 40 per cent and 70 per cent of multistorey flats are privately owned. That figure is unprecedented throughout Scotland and possibly the UK, and has implications for the maintenance of the tower blocks in Cumbernauld.

My final piece of background information relates to reducing investment levels in the private sector. From 1984 to 1996, well over £100 million a year was spent on repairing and improving the private sector. By 1998 to 1999, that figure had fallen to £55 million. Set against the significant increase in owner occupation, it is clear that that issue is major. We in North Lanarkshire have worked hard to maintain investment in repair and improvement grants, so the drop in North Lanarkshire has not been as dramatic as the national drop.

That investment is intended to repair and improve private sector housing, but it also levers in much money from owners who invest. The work is good for the local economy, as it creates jobs that tend to be with local companies rather than national or multinational firms.

I want to make some general points on the bill. We welcome the extension of categories of work that are eligible for grant assistance and the increase in eligible expenditure levels. Furthermore, we give a cautious welcome to the introduction of means-testing, which I will return to in a moment.

However, we are quite disappointed that part 6 does not reflect the strategic approach that is advocated elsewhere in the bill; indeed, it could have been far more comprehensive and covered many more areas. If the bill cannot accommodate some of those issues, the role of the task force will be critical in developing them.

It is difficult to comment meaningfully on the means-testing proposals because, to be honest, the bill does not contain much detail about what is intended or on how means-testing will operate. As a result, we request further consultation and discussion with the Executive before means-testing is introduced. We also ask for some discretion in the proposals to allow any means-testing to reflect local strategic priorities and issues. Furthermore, we are greatly concerned that any means-testing scheme could become complex and administratively burdensome, which would discourage people from applying.

We also have some concerns about the right of appeal in the bill. The right of appeal relates to a person's circumstances and the assessment of their contribution to grant in line with the means-testing proposals. Any appeal would be made to the sheriff; again, that could become cumbersome and expensive for the appellant and the council, and we think that further consideration should be given to an alternative dispute resolution approach.

Our written submission contains a lot of detail on definitions and other small detailed points about the bill, and I will not go through them all this afternoon. However, I will say that further consideration should be given to defining more fully adequate heating systems and adequate thermal insulation to avoid confusion when we implement the legislation.

We also seek clarification on the important area of loans and equity share arrangements, both of which would greatly help us by encouraging owners to participate in repair and improvement works. Although those issues are mentioned in part 5, it is not clear how much scope they will give councils. We want the power to give interest-free unsecured loans and to enter into equity share arrangements on individual cases where appropriate. I will be happy to go into more detail on that later.

As for further issues that need to be addressed, we must examine financial resources and

additional borrowing consents. For example, although the new increases in spending over the next three years are much appreciated, I have looked at the borrowing consent levels of my own council since 1996 and, at the end of the three years, we will back to a position just below where we were in 1996. We want additional borrowing consent to let us invest further in this area.

We also feel very strongly that there should be a further range of funding mechanisms. For example, we should consider the voluntary use of charging orders and a national agency to draw money from the private sector to help owners to finance repairs and improvements to their homes. The banks and other financial institutions have traditionally been quite slow to help owners in those circumstances, and other ways of encouraging a national project should be considered.

We should look further at flexible tenure options to allow people to opt in and out of owner occupation. That would help a number of owners to realise some of the equity in their property and to fund repair and improvement works. There is also a need to review VAT levels. Furthermore, sinking funds should be established to help owners save for future repair and maintenance work.

We need to consider giving different forms of advice and assistance to owners, in relation to the decision to purchase and, once the purchase has been made, in relation to investment decisions, so that, when they spend money on their homes, they make informed decisions, spend on the right things and get value for money.

We feel strongly that the law should be changed to compel owners to participate, in some circumstances, in common repair and improvement works. We also feel that consideration should be given to abolishing the right to buy in multistorey flats. I appreciate that that might be contentious, but I will be happy to answer questions on the issue.

17:00

Although I have not mentioned the private rented sector, it is a glaring omission from the bill. That whole area requires further consideration and a comprehensive review to ensure that the poor quality of private rented sector accommodation is improved dramatically. If that is not done in the bill, I would hope that the task force could take up the issue.

I had planned to do my presentation on PowerPoint, but I have brought along copies that I would be happy to give to committee members.

The Deputy Convener: Thank you for that and

for your full written submission.

Mr Harding: You mentioned that levels of investment in repairs and improvement grants have been declining since 1996. Should those funds be ring-fenced?

Monica Patterson: North Lanarkshire Council feels that they should not be ring-fenced. As I said in my presentation, we have continued to invest in repair and improvement grants, albeit not quite at the pre-reorganisation level. With the correct level of resources and strategic direction, councils are able to set their own priorities and invest resources in a way that reflects those priorities.

Mr Harding: Your record on levels of spending is very good compared to others that I have seen. Ring fencing was dropped in 1996. Is that why levels of expenditure have fallen? If you do not support ring-fencing, can you suggest an alternative?

Monica Patterson: Keith Harding is right to point out the dramatic drop in expenditure since 1996. It is also fair to say that borrowing consent levels have dropped nationally since 1996. That was a time of huge upheaval for councils because of reorganisation. It can therefore be difficult to separate out one issue and say that it was caused by X, Y or Z. A number of factors have come together to contribute to the investment situation.

I suggest that the strategic direction that is being advocated and developed for councils should give sufficient scope to consider all priorities. Within that, there must be a clear plan for private sector investment, which should reflect the priorities in council areas and be scrutinised and reviewed as part of councils' monitoring processes. There is enough in the bill's proposals to achieve what Mr Harding suggests.

Mr Gibson: You spoke about changing the law to compel owners to participate in common repairs and improvements. Your written submission says that

"Urgent review of the law is required to compel owners to participate in common repair and improvements"

because

"non-participation of owners will severely restrict all housing investment."

Should that also be reversed so that, if an owner occupier wanted to carry out improvements, the council would have to participate in common repairs and improvements? If so, how would that be funded? How could a council plan its budget on a year-to-year basis if it did not know how many people would come forward and say, "I've got the money; now it's up to the council to put up its money"? It seems that you are saying that owners, at the drop of a hat, should have to carry out repairs for which they might not have the money. I

can see nothing in your submission to say that the same onus should be placed on a local authority.

Monica Patterson: I am not advocating that power as something that councils should use irrationally or heavy-handedly. However, we have experience of a number of cases in which clear priorities for tenants could not be met—I am talking about problems as extreme as water coming in through roofs because of one owner-occupier in a block of 20 or 30 flats. That is an example of why additional powers are required to compel owners to participate.

If a council or registered social landlord did not invest in their homes because of such situations, it would be right and proper to address those problems as a matter of priority and urgency. There is scope for flexibility within the three-year financial planning process that has been adopted by councils. Councils should be able to set priorities and, indeed, to do so when urgent priorities that must be dealt with immediately arrive at their doors. In the same way that we will not compel hundreds of owners to participate, I do not think that hundreds of owners will compel councils to participate. At present, the balance is quite wrong.

Mr Gibson: To be frank, I am looking for equivalents. I was a councillor for seven years, during which time owner-occupiers made loads of complaints about the council not coughing up when they wanted to make improvements.

My other question is how would you be able to fund to an increased number of repairs?

Monica Patterson: Any capital programme must be flexible so that it reflects urgent priorities. We would have to address an urgent priority that was identified by an owner occupier. Councils also manage response repairs for hundreds of tenants daily. We would have to absorb within the response repairs budget priority response repairs that were brought up by owner-occupiers.

Cathie Craigie: Monica knows that I have been involved in housing repairs and improvements over the years. I have great sympathy with the point that she made, but Kenny Gibson suggested an alternative.

When someone signs up for a mortgage on their property, the law says that they are entitled to ensure that that property is kept in good repair. Why have local authorities not used the mechanism of approaching mortgage lenders to ask them to take the process through the courts? The law exists, but why do not local authorities and other landlords use it?

Monica Patterson: We have explored every avenue that is open to us to make progress on repairs when owners have refused to participate.

One has to get into the detail, such as examining title deeds and investigating the basis on which a property was bought. Our legal advice is usually that there are limits to how far we can push such action and that we should not proceed with repairs and improvements without the owner's consent. We sought an opinion from Queen's counsel and were advised that we had limited powers—that is why we are calling for a change in the law.

We think that the proposals in the Scottish Law Commission's report on the law of the tenement should be examined, as it suggests a majority voting system in tenements and common properties. That would help greatly to make progress on common repairs and improvements.

Mr Gibson: I will follow up with a question on that point. What should be done in a case where the owner does not qualify for a full grant and simply does not have any money to carry out a repair or an improvement? They might want the work to be done as much as the council does, but might not have the resources. How would you square that circle?

Monica Patterson: That is one reason why we are disappointed with the scope of the bill. Under the heading "further issues" in our written submission, I flagged up a number of funding options that should be considered. We highlighted those points in order to answer questions such as the one that Mr Gibson asked. For example, the voluntary use of charging orders would give us the power to put a charging order on a title, if someone wanted us to do that. Some of the people whom we have approached told us, "If you put a charge on our home and the debt could be paid later, we would participate". However, we cannot yet take such action.

I mentioned interest-free unsecured loans. In simple terms, when we speak to owners about participating in common repairs and improvements, they say, "Yes, we'll come in with the scheme, but can we pay you by instalments?" As the law stands at the moment, councils do not have the power to say that people can repay by instalments over two years, but if we had the power to offer unsecured interest-free loans we could offer such an arrangement.

Equity shares are another way in which we could help people. I emphasise that we would not use those powers universally or in huge numbers, but for individual circumstances they would help greatly with many of our problems.

I mentioned the attraction of private moneys to help owner-occupiers. In some cases, private sector loans might assist, as would flexible tenure options. We pioneered a scheme to transfer owner-occupied houses back to tenancies. It has been successful on one level, but the number of

people who have been helped has been low. There is an argument for having a national scheme to administer such a project, with local organisations managing the housing. We wish examples such as that would be taken on board.

The Deputy Convener: That is very interesting.

Mr Paterson: You gave a qualified yes to means-testing. I have two related questions on that. Would means-testing have a negative impact on people applying for grants? Would means-testing for grants sit well with the new central heating initiative that has just been announced, which does not require means-testing?

Monica Patterson: It is difficult to answer that question without detailed knowledge of the means-testing proposals and how they would operate. I said that we welcome means-testing cautiously, because the principle of means-testing is sound in the sense that resources are directed to those who most need them. However, as somebody said, the devil is in the detail. It is difficult to think through the full implications of the scheme until we have a scheme on the table that we can examine and relate to our local circumstances. Until the details are available, it is impossible to answer your question.

Iain Smith: You said that you would go into more detail on your suggestion that the right to buy should be abolished in multistorey flats. Could you explain why you think that that should be the case, and how some of the other suggestions that you have in your paper would address some of your concerns, such as the change to the law of the tenement and various other schemes such as sinking funds?

Monica Patterson: In the presentation I mentioned Cumbernauld. Clearly, that is an extreme example of where the right to buy in tower blocks has resulted in some cases in 70 per cent of a tower being individually owned. I cannot overstate the problems that arise for individual owners and tenants when trying to co-ordinate repairs and improvements, and for owners trying to fund those works. At some stage you have to draw a line. It is unreasonable for somebody to purchase a flat in a tower block.

I know that one argument is that if people have enough advice and assistance, they are making an informed choice. However, in the Scottish market, for example, in Cumbernauld, where people have bought flats and cannot sell them because the banks will not lend, people are stuck with a huge liability. I estimated today that the cost for an individual occupier of repairing a lift is £2,000. That means that as an owner living in a tower block, you have to pay £2,000 when the lift renewal comes up to get in and out of your own front door. Those costs are horrendous, and are

beyond the means of individual owners, particularly in the market in Cumbernauld and Lanarkshire, where you could move to a property that is close by and which has a front and back door, and pay the same housing costs that you pay in a tower block.

Iain Smith: There are schemes of privately owned flats in tower blocks, which operate through management arrangements to which people have to subscribe when they buy their flat—I do not know how many such developments there are in Scotland. Would it not be possible to set up an arrangement whereby tenants buying their flat in a multistorey block under the right to buy would buy into a management scheme to pay their share of the cost of long-term maintenance?

Monica Patterson: The short answer for most towers is probably not. Certainly, it is not possible for towers in Cumbernauld, because the title deeds have been set, and one cannot change the basis of sale once the property has been sold. The opportunity has been lost in Cumbernauld.

17:15

In North Lanarkshire, the approach of individual owners is different from that of an owner buying an upmarket flat in a prime site. Where the tower block arrangements to which Iain Smith refers have been successful, they have been centrally located there has been a high premium on land value and the properties continue to attract a high sale value. That would not be the case in North Lanarkshire, and it would be difficult for properties to sustain their position in the market. I do not think that it is a reasonable proposition for people to buy tower blocks and maintain them in the future. We do people an injustice if we pretend that that is the case.

Mr McMahon: I know that you are here to discuss North Lanarkshire, but if you know about the situation in the rest of Scotland, it would be helpful to have your views on that. Do you think that the £20,000 maximum level of approved expense that has been proposed is sufficient?

Monica Patterson: I can certainly speak for North Lanarkshire. We are happy with that level. As our paper suggests, we might have discretion to go higher—we have asked for that. In our experience, an application to go above the maximum expense level has never been refused by the Executive. Unless that approach changes radically, we do not think that there is a big difficulty. I do not know what the position is in councils elsewhere.

Mr Gibson: On that point, should the bill be amended to index-link the £20,000? Otherwise, unless the bill is reviewed annually, that amount will diminish in real terms over time.

The section on means-testing in your submission refers to

“setting minimum percentage grants for specified categories of application”

and says that a means-tested system

“should meet a number of objectives.”

What should the mandatory grant level be?

Monica Patterson: That amount should be index-linked. We would like to consider the question of the minimum grant. I suggest that the minimum should be no less than 40 per cent. I would want to look at how that applied in practice. It could be that the minimum should be 50 per cent. We have concerns about the threshold in relation to common repair and improvement grants. We could end up giving differential grants to people on a common stair. That might mean that some people would refuse to participate because they were receiving a lower grant than the people downstairs.

Mr Gibson: I am intrigued by why you say that the minimum should be 40 per cent. COSLA suggests that for mandatory grants the minimum should be 75 per cent.

Ian McMillan (North Lanarkshire Council): On that point, our view is that the overall level of grants, irrespective of the minimum, could be varied according to the type of grant. The Executive and the councils have certain priorities. Applications for disabled adaptations and applications for grants for houses that are below tolerable standard are two examples of possible priorities. The bill should provide for grants generally and minimum grant levels for those types of work to be set at a higher level. It would be extremely useful to build in such flexibility, and flexibility for local authorities to allow for specific local circumstances.

Cathie Craigie: I do not think that that Monica Patterson’s proposal that the multistorey flats should not be sold at all would be popular in Cumbernauld. However, your suggestion that when someone purchases a property they should sign an agreement on common repairs or join an owners association is worth considering. People in the high flats in Cumbernauld are taking part in such associations. Is it important that a proposal on those lines should be included in the bill or should it be considered more widely—taking the proposals in the bill into account—and dealt with when we are dealing with the law of the tenement, when I understand that the Executive intends to introduce proposals on this? What is the quickest route?

Monica Patterson: The sooner the better. However, I do not know what is practically achievable.

You are right to highlight the point about the owners association in Cumbernauld. One of the difficulties with it is that the constitution of the owners association will not allow membership of the association to transfer when the property is sold. We had hoped for a way of linking membership of the owners association to the title deeds of properties, so that when the property is sold you sell the benefit of being part of the association; it would become a selling point. That has not been possible because the legislation does not permit us to change people’s title deeds. That requires a radical review, which would probably go outwith the time scale of the Housing (Scotland) Bill. Any way of encouraging the development of owners associations and the establishment of sinking funds to help owners improve and repair their homes must be supported and encouraged.

Mr McMahon: The bill would make it an offence for an applicant to make a false or misleading statement on a grant application. Would North Lanarkshire Council have the wherewithal to pursue prosecutions on that? What financial implications would it have for the council?

Monica Patterson: In my presentation I pointed out our concern about that appeal mechanism, for the reason that you mentioned.

Section 88(2) of the bill states:

“Regulations under subsection (1) may provide for assessment to be by reference to—”

and this is what councils must take into account in assessing someone’s income—

“(a) the income and other financial circumstances of the applicant, the applicant’s spouse, any person who lives or intends to live with the applicant and any person on whom the applicant is dependent or who is dependent on the applicant”.

That gives me great concern. Councils could be open to challenge on many areas, when we will not have that knowledge. That is another example of why we are concerned about means-testing and the appeal mechanisms as they now stand. We are concerned that we might have to put huge amounts of resources into defending complex and difficult actions rather than getting on with giving people repair and improvement grants.

Mr Gibson: Should the bill introduce a new higher tolerable standard and make treatment of below tolerable standard housing a priority?

Ian McMillan: We are reasonably happy with the proposals to extend the tolerable standard slightly and couple that with an index of housing quality. The index should be given more clout by the Executive and possibly should be included in future legislation once it has been decided exactly what form it should take. We should aim for that standard to supersede the tolerable standard.

It would be useful for legislation to tie in with that standard so that the council would have a duty to seek to ensure that all the housing in its area comes up to the standard and to make financial provision for grants and whatever financial assistance is applicable under the means-tested system to enable owners who are trying to get their house up to the standard to do so.

We are not unhappy about the tolerable standard remaining basically as it is, but with the emphasis shifting to the new index.

Mr Gibson: Should the index include energy efficiency, electrical wiring, fire provision and smoke detectors?

Ian McMillan: Although I am not clear about all the details, it is proposed that grants will be available for those matters. We fully support that.

The Deputy Convener: I thank you for giving us a lot of detail about improvements and repairs. That has been most useful.

I thank everybody else for staying the course this afternoon. You have done very well.

Meeting closed at 17:25.

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