

SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE

Wednesday 27 October 1999
(Morning)

© Parliamentary copyright. Scottish Parliamentary Corporate Body 1999.

Applications for reproduction should be made in writing to the Copyright Unit,
Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ
Fax 01603 723000, which is administering the copyright on behalf of the Scottish Parliamentary Corporate
Body.

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by The
Stationery Office Ltd.

Her Majesty's Stationery Office is independent of and separate from the company now
trading as The Stationery Office Ltd, which is responsible for printing and publishing
Scottish Parliamentary Corporate Body publications.

CONTENTS

Wednesday 27 October 1999

	Col.
ACTION POINTS.....	159
SOCIAL INCLUSION.....	164
SCOTTISH HOMES.....	167
HOUSING.....	197
MEETINGS.....	205
TIMETABLE.....	206
CORRESPONDENCE.....	207

SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE 6th Meeting

CONVENER :

*Ms Margaret Curran (Glasgow Baillieston) (Lab)

COMMITTEE MEMBERS :

*Bill Aitken (Glasgow) (Con)
*Robert Brown (Glasgow) (LD)
*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)
*Fiona Hyslop (Lothians) (SNP)
*Mr John McAllion (Dundee East) (Lab)
*Alex Neil (Central Scotland) (SNP)
*Mr Lloyd Quinan (West of Scotland) (SNP)
*Mr Keith Raffan (Mid Scotland and Fife) (LD)
Mike Watson (Glasgow Cathcart) (Lab)
*Karen Whitefield (Airdrie and Shotts) (Lab)

*attended

WITNESSES

John Ward (Scottish Homes)
Peter McKinlay (Scottish Homes)
Hugh Hall (Policy and Regulation, Scottish Homes)

COMMITTEE CLERK:

Martin Verity

ASSISTANT CLERK:

Rodger Evans

Scottish Parliament

Social Inclusion, Housing and Voluntary Sector Committee

Wednesday 27 October 1999

(Morning)

[THE CONVENER opened the meeting at 10:02]

The Convener (Ms Margaret Curran): As usual, I start by welcoming everyone to the meeting. I want to give a particular welcome to members of the public, who are here showing an interest in the committee. Today we have a substantial agenda, so I will push on and take points as appropriate.

Before we move on to action points from our previous meeting, I have a point of clarification. At an earlier meeting, we took a decision that we would begin by dealing with housekeeping issues, and that that would be done in private. At the end of our previous meeting, I indicated that, given wider issues that are current, we needed some clarification of private, housekeeping issues. That is on the agenda for discussion today, and we will return to it. However, I think that it is appropriate that we should hold this meeting in public. Is that agreed?

Members indicated agreement.

The Convener: We will clarify the other points later.

Action Points

The Convener: I begin with action points from our previous meeting. I will work my way through them, and members can indicate to me whether they have comments.

I understand, Keith, that the issues that you were due to raise at the meeting of the European Committee on 19 October were not discussed.

Mr Keith Raffan (Mid Scotland and Fife) (LD): I attended the meeting, but it largely tackled the objective 2 structural funds map and the Highlands and Islands. Because the objective 3 papers had not arrived in time, the topic was not covered. We are not the only committee that seems to get papers from the Executive at the last minute. The matter was not covered, but it is on the table and it will be addressed.

The Convener: Will you attend the meeting when the matter is addressed?

Mr Raffan: I have asked the clerk of the European Committee to keep in touch with us and

let us know, so that we can attend. I tried to e-mail Alex Neil, but I think that he was away in sunnier climes.

Alex Neil (Central Scotland) (SNP): No, I was not.

The Convener: Set the record straight, Alex.

May I assume that the clerks will ensure that you are properly informed of those meetings and that you will inform us when they are to take place?

Mr Raffan: Yes.

Alex Neil: Yes.

The Convener: The issue of Scottish Criminal Record Office checks will be returned to. It connects with the next point, which is that Karen Whitefield was appointed as the committee's reporter on voluntary sector issues. Karen will make a brief statement on her progress.

Karen Whitefield (Airdrie and Shotts) (Lab): I was appointed to the role of reporter only at the previous meeting, and we did not clarify my role and responsibilities. I do not want to go off and do my own thing without consulting committee members.

During the recess, I attended a Scottish Council for Voluntary Organisations conference and spoke about the work of the committee. I had a follow-up meeting with the SCVO, and it has given us permission to access its database of community groups and organisations.

I am happy to meet some of the key players in the voluntary sector, but I am keen that we meet many smaller community groups as well. There is no way that any of us has the time to meet them all individually, so I suggest that over the next week to 10 days I draft a letter and questionnaire to be sent out to organisations across Scotland. Before the letter is sent out, I will bring it to the committee for members' comments. The questionnaire will allow us to draw up our agenda on matters relating to the voluntary sector. The SCVO made a number of suggestions about how we should take forward the agenda, but to do it properly, we need to consult the entire voluntary sector.

The Convener: Thank you. Does anyone have any points to raise?

Mr Raffan: I do not wish to prolong discussion of the matter, but how will the system of reporters work? How structured will the system be? I know that other committees have set up formal sub-working groups, chaired by reporters. That is the way in which reporters are keeping in touch with committee members. How will we operate? Do we have any clear guidelines?

The Convener: No, we do not. I do not know

whether the Parliament has clear guidelines. The guidelines are evolving through the work of the committees. I prefer that, so that the role of reporters fits our needs, rather than vice versa.

It was agreed previously that at the end of each committee meeting I would summarise the work that we were doing. I was going to make one or two points about our expectations of what reporters will do. That does not prevent us from addressing the issue at various times, for example, if we do not feel that the work is appropriate, or if we wish to change the role of the person, but our discussions now are simply to get us started. A process of regular reports and consultation with all members of the committee seems to be the working method towards which we are feeling our way. My view is not to take firm decisions until we are more confident about what we expect of reporters. We will return to the issue when I summarise our plans and when we are more sure of our work.

Alex Neil: An outstanding action item from a previous meeting was to find out when the report on charity reform by the University of Abertay, Dundee would be available. It is a central issue for all voluntary organisations, so Karen Whitefield and the clerks should try to find out when the report will be available.

The Convener: Part of the remit of the reporters will be to ensure that decisions that are made by the committee are addressed and that appropriate recommendations emerge. I ask reporters to trawl through the records to ensure that business is completed. The work programme will be updated for the next meeting. We will return to that issue.

It was decided that I would liaise with Roseanna Cunningham, the convener of the Justice and Home Affairs Committee, on the Abolition of Poidings and Warrant Sales Bill. I will talk about the issue in greater depth later, because it is important for our work. Roseanna and I have failed to make contact on a number of occasions.

Alex Neil: Apparently the Local Government Committee wants some input as well.

The Convener: I learned of that yesterday.

Mr Raffan: Roseanna attended the Parliamentary Bureau yesterday to discuss the backlog of bills in the Justice and Home Affairs Committee. It was made clear that the Local Government Committee wants an input. It is all getting quite complex.

The Convener: I was told only two hours before the meeting of the Parliamentary Bureau that the matter would be raised. I have registered that we need to have more warning in future. It is likely that we will negotiate with the convener of the Justice and Home Affairs Committee and will

share evidence equally with that committee. Many organisations want to be heard, and this committee is sympathetic to that.

Bill Aitken (Glasgow) (Con): We might hear evidence, then the other committee might hear the same evidence. We must not allow that to happen, particularly as the clock starts ticking as soon as the bill has been introduced. Something must happen within three months, otherwise the whole thing falls.

It would be unfortunate if a bill should be lost because we are unable to organise the committee's timetable to accommodate the time scale involved.

The Convener: From what Ken Hughes told me yesterday evening, I understand that the bill will not necessarily have to keep to that three-month deadline. I will recommend that we pursue it immediately as there is a substantial amount of evidence to be heard, but the bill is not as hide-bound as other bills are because of the financial resolution.

Bill Aitken: Essentially, it is the Executive's bills that must be progressed within the three-month period. As I understand it, that is because they require a financial memorandum. Contrary to the advice that the sponsors of the bill were given, private bills, which, by definition, have no financial implications for the public purse, do not require a financial memorandum.

The Convener: There is obviously some debate about that. I informed the committee of the most recent advice that I received.

Bill Aitken: The goalposts are portable.

Alex Neil: Absolutely.

The Convener: I will attend the next meeting of the Parliamentary Bureau to make sure that we are clear about the timetable.

Robert Brown (Glasgow) (LD): There is potential for different aspects of the bill to be dealt with by different committees—I assume that the Local Government Committee is concerned about the effects on the recovery of council tax. We must keep a balanced view when questioning witnesses and ensure that only the aspects connected with our committee are reflected in the questions that we put. We must also ensure that the committees do not speak to the same witnesses.

Mr Raffan: Roseanna Cunningham said that she and the clerk of the Justice and Home Affairs Committee had drawn up a list of people from whom evidence would be taken. It is important that the committees take evidence from those who are for and those who are against the bill.

The Convener: I have had discussions about that. I have a list of people, and we can talk about

it later. We should take a balanced approach and share the responsibility with the Justice and Home Affairs Committee. The social inclusion sub-group will recommend that we tackle the bill in the context of debt and credit, as we would consider those issues anyway.

I recommend that we read through the list of agencies that want to submit evidence. I will liaise with the ad hoc social inclusion group, the Justice and Home Affairs Committee and the Local Government Committee. I think that it will be possible for us to come to a working agreement among the committees. The Parliamentary Bureau will tell us when we should report to the Justice and Home Affairs Committee.

Robert Brown: We should seek out organisations that we might want to hear from but which have not contacted us.

The Convener: We have the right to do that. The Justice and Home Affairs Committee has advertised for organisations to give evidence, and the social inclusion group will probably do the same.

I will return to the issue of meeting in private.

Do we all receive copies of press releases relevant to the work of the committee?

Bill Aitken: There has been a plethora in the past few days.

The Convener: We will be hoist by our own petard on that.

Fiona Hyslop (Lothians) (SNP): On that point, have we had any response to the previous letters that we sent to the Executive?

The Convener: Yes.

Fiona Hyslop: I understand that four of the social inclusion network reports are due for press release next week. It is essential that the committee receives them.

10:15

The Convener: I received a letter at my constituency office and forwarded it to Martin Verity to circulate to the committee. Do you have the letter, Martin?

Martin Verity (Committee Clerk): I have a copy of the letter here, and I can circulate it to the committee.

Robert Brown: Have we had anything on the domestic violence announcement that was made earlier this week?

Martin Verity: I do not think so.

The Convener: That might go to the Equal Opportunities Committee. We need to seek

clarification on that.

Can we move on?

Mr Raffan: You whizzed quickly through bullet point 2 on the Scottish Criminal Record Office checks. The review committee is being set up, but it would be useful if we had a session on that soon.

The Convener: I rushed through it because I expect that Karen will tell us when we can have the session. The reporters need to think that through. I ask Karen to remind us about that.

Alex Neil: An outstanding item from a previous meeting is that we were to receive—from the Scottish Parliament information centre, I think—some sort of mapping exercise of all the social inclusion work that is going on among the public sector agencies in Scotland. We asked for it about three or four months ago and there does not seem to have been any progress.

The Convener: May I check that and get back to you?

Alex Neil: Yes.

The Convener: Thank you.

Social Inclusion

The Convener: The item on social inclusion concerns a report from a recent meeting. We have had a couple of meetings, which have been fairly wide-ranging. May I move to our recommendations? If members wish to raise other issues, they are free to do so.

We have received a great deal of material, which I believe has been circulated to all MSPs. I would like officially to thank the staff of the Scottish Parliament information centre for the high quality of the work that they have produced for us. We are continuing with our work; members of the committee often need material on conferences and debates. It is an important part of our work to keep an eye on that brief and to look at the experience of other countries.

Social inclusion is an important element of the work of the committee. Our view is that it is long term; there is no need to rush at it immediately, given the pressure with regard to any future legislation on housing policy. We also need to have the drugs inquiry. However, we want to embed social inclusion into the long-term work of the committee. That does not mean that we will not pay attention to it—big issues will come to our notice, which will need to be dealt with.

One of those issues is the publication of the social action team reports next week. We need to check the publicity surrounding that. Because of that, we will recommend that at next week's

meeting we hear some of the reports of the action teams, to ensure that we are still keeping an eye on the brief and that it does not get lost.

There are several other issues, such as the publication of "New Life for Urban Scotland". I had the pleasure of listening to Malcolm Rifkind's lecture the other day.

Bill Aitken: I am sure that you learned a lot.

The Convener: Indeed—it was most entertaining.

We must pay attention to the evaluation of social action; we might need to reflect critically on it, although we do not need to do that immediately. The general feeling of the social action team—given our liaison with some key organisations in the field—was that the issue would be an on-going item on our agenda. We must ensure that we keep our eye on it. The ad hoc group should keep meeting regularly and—as appropriate—bring recommendations back to the full committee.

Do the other members of that group wish to add to that?

Fiona Hyslop: I have two points. First, I appreciate that this is a long-term project. I think that we all acknowledged that when we included it as a main priority. As we said previously, we are trying to consider it in the context of a national anti-poverty strategy. I would be a bit concerned if that were to be left out. It would be reassuring if we could get some recommendations from you, convener, on a timetable for developing the strategy.

My second point is on the action team reports. I read with some concern from the SCVO publications about how the Executive is viewing the social inclusion indicators, and about the Executive not being able to set its own indicators and terms of reference. I would argue strongly that we as a committee must examine that. Looking at the evaluation task force report, I think that we have an opportunity to address that important issue next week. If we are to have a Scottish anti-poverty strategy, the evaluation role of the task force is key, and we should hear from it.

The Convener: Thank you. I read *The Herald* on Monday, so I knew that such points would be raised. If we are asking the ministers to bring issues to the committee and not issue press releases, we feel that members should do the same. I do not think that it is necessarily right for us always to discover our business through the newspapers.

I come to Fiona's two specific points. I thought that I had made this clear, and I will do so again. The anti-poverty strategy is part of the social inclusion strategy. We are clear about that and will return to it. We will take a substantial range of

evidence on anti-poverty work and will pursue that, but it is in the context of social inclusion. If I say "social inclusion", believe me, it does not mean that the anti-poverty strategy is lost—absolutely not. It is part of it.

Some of the Social Inclusion, Housing and Voluntary Sector Committee agenda will be set for us by what the Executive is doing. We need to keep abreast of that, but we must have a strategic commitment to pursue anti-poverty work and bring that work back, independently, to the committee, so that the committee can take an independent view on what should be done. The commitment is clear and the small, ad hoc group is clear about that.

On the Executive's papers for next week and the indicators, and the papers from the Scottish social inclusion network, I am not sure of the views of the SCVO. I have had no submission on its views, and I think that if it is commenting and wishes the committee to deal with that, it must proceed formally. It should not be left to a party political debate. If key organisations in the field wish to make submissions, they must do it appropriately. I am sure that, if the SCVO has points to make about the debate on indicators, it will do so. Undoubtedly, the political points that have been raised will come up in the debate on the action team reports.

We have not decided on the people to bring back next week—for general administrative reasons. A general invitation has been issued. I do not have a difficulty with bringing the evaluation team back.

Fiona Hyslop: I want to make it clear that concerns were raised in an SCVO publication. I have not spoken to its members about their views, but the evaluation part of the strategy is key. If we are examining the task force, the evaluation part must be put under scrutiny. I do not think that we can put words in other organisations' mouths.

The Convener: I agree that it is very important that we do not do that.

Fiona Hyslop: That is clear. We should be alert to the materials and publications that we get through. Obviously, people produce them to bring issues to our attention, and we should pay attention to them.

The Convener: I hope that organisations will bring issues to our attention in that way. Are there any other views on that?

Mr Raffan: I am getting very confused about a timetabling point. You say that we are taking evidence from the action teams next week. We already have an evidence session with the drugs inquiry and possibly another with Volunteer Development Scotland.

The Convener: I will clarify that when we come to timetabling on the agenda. That is how the timetable is framed, but I will have to come to the difference between italicised and non-italicised items in it later.

Mr Raffan: It would help. The idea of having three evidence sessions in one morning is highly unsatisfactory.

The Convener: I will clarify that with you later, but that is the recommendation of our group.

I think that it is our view that the evaluation group be included. Is that agreed?

Members: Yes.

The Convener: Are there any other points?

We will now move to hearing evidence from representatives of Scottish Homes. We are five minutes ahead of time, so we shall take a short break and get our guests settled.

10:24

Meeting suspended.

10:25

On resuming—

Scottish Homes

The Convener: We are pleased to welcome Scottish Homes, in the persons of John Ward, Peter McKinlay and Hugh Hall. Thank you for accepting our invitation to come before the committee. You are very welcome. I am sure that you will have seen from the committee's minutes the strong interest that we have in housing issues and in Scottish Homes. Thank you for the paperwork that you submitted to us. People found it interesting, substantial and instructive.

Many members have questions to ask, but first I hand over to you, John, to give us an introduction.

John Ward (Scottish Homes): Thank you, Margaret, for the opportunity to join you today. I want to say a few words about the strategy to which we are working. It is behind the paper that we circulated—the short paper summary that you should have received in the last week. It is an attempt to try, briefly, to summarise our strategy. I am sure that you must get piles and piles of bumf and we did not want to overload the system.

Going back to 1996-97, our strategy was to look at housing as one of the fundamental building blocks of life, rather than numbers of units. It started when we looked at the challenges that Scotland faces—the Parliament will have to deal with all these issues. We had to recognise that we have a range of problems.

The economic problem has seen the nation slip from one of the leadership countries of the world to what is now substantially a branch economy. Having had one of the highest skill achievements in the world, today Scotland is ranked in the middle twenties by most international comparisons. Lifestyle is perhaps more worrying. During the past few days there have been reports that our female cardiac problem is the worst in the world—the same unenviable position that Scottish men have been claiming for many years. There is a bronchial health problem associated with that, too. We read in the papers that there is a worrying escalation in our drug problem. Another league that we top is that of teenage pregnancies; 13 of the top 20 constituencies for single parents are in Scotland and of the top six, five are in Glasgow.

We do not want to be top of those league tables. It seemed that if housing is a fundamental building block of life, housing in its wider form must be one of the contributors to our social situation. When we looked at these problems, we found that they were largely geographic and that many could be defined in terms of areas where there was mono-tenure housing, low skill, unemployment and unstable communities with a downward spiral of achievement.

We researched in Scotland and studied areas where communities had taken charge of their own lives, such as Calvey in Easterhouse and Queens Cross in Maryhill, where there was a community-led organisation with mixed tenure and a much wider agenda focus than housing. We found that an upward spiral was created. The strategy, therefore, was based on the assumption that we should look at housing as a fundamental building block that can start an upward spiral in life, improve lifestyle and help communities take charge of their own lives.

The strategy that was put together and which was briefly summarised in the paper that we sent to the committee was based on the five principles of quality, leverage, partnership, empowerment and inclusion.

10:30

Quality means the quality of housing—worryingly, 93 per cent of houses in Scotland fail to meet the Government's standards on heat insulation. It is also about the quality of management of housing. Scottish Homes has a regulation and monitoring system that ensures quality management of housing.

Leverage is about bringing in other sources of funding. We bring in roughly £1 of private money for every £1 of public money. Whatever the taxpayer contributes is doubled by investment. Leverage and quality are handled at a national

level.

Many people must be drawn into partnerships and local authorities are—as they should be—at the centre of that. Health authorities, police authorities, the private sector and a range of voluntary organisations can contribute. They do not contribute only at local authority level—they also contribute at a regional level. In many areas we find that it is impossible to look at a single local authority. That is why North Lanarkshire Council and South Lanarkshire Council combined to form the Changing Gear partnership. There are other partnerships of that sort around Scotland.

Where people live and where they work is not dependent on the political boundaries of local authorities. We must examine partnerships regionally and in terms of local authorities. At a community level, we are looking at empowerment and inclusion. We have found that if we can empower communities, we can bring them back into the mainstream of life. That is what we want.

To make all that happen, we have put in place a chief executive's performance agreement, which Peter McKinlay gets once a year. A copy of that is included in the package that we sent to the committee. It is an attempt to create a succinct and clear set of principles to which the whole organisation is committed. Those management principles have resulted in our being awarded a charter mark for the second time. We have achieved Investors in People status and we have received the Quality Scotland excellence award, which is based on the European quality model. We are, I believe, one of the first public sector organisations to win that award at the first attempt. We have also won an award for having the best human resource management system in public service. These are major accolades for the internal management of the organisation.

Regulation and monitoring ensure that the 250 housing associations in Scotland are properly managed and motivated. We have transferred 40,000 houses to housing associations in seven years. That is done after an exhaustive balloting process. Only after all tenants ballot in favour does the board allow a transfer to take place. Subsequently, of course, the board manages the communities. We have never had a failure or a bankruptcy in the housing association movement and more than 80 per cent of them are ranked good to very good in terms of their management.

The organisation is well established and it can grow hugely. We hope that—as the whole idea of sustainable communities and social inclusion develops and takes root—the organisation can expand to manage a great deal more housing. At the end of the day, community capability and community capacity are the defining factors in how much housing can be absorbed.

I will conclude by saying that this is a vital strategy and that it has a strong management system behind it. Our structure, which operates at a Scottish level, at regional level, at local level and at community level, is unique in Scotland and we have a proven ability to deliver through a tried and tested regulation and monitoring process. I hope that the text we have sent to the committee conveys that, but I thought that it would be useful to reinforce those points.

The Convener: Thank you very much. Do other witnesses wish to make any comments?

Peter McKinlay (Scottish Homes): I would welcome a discussion with members of the committee. I do not have that long left. [*Laughter.*] Sorry—I retire on 3 December, so this may be my first and last appearance before the committee.

The Convener: This can be your valedictory appearance.

We will move straight on. We hope to make questioning as informal as possible, to allow free-flowing discussion. It is hard to say that in this atmosphere, but we will go for it. Do members want to comment?

Bill Aitken: I was interested in a number of points that John Ward made, particularly with regard to the success of such organisations as Calway Co-operative Ltd and Queens Cross in Glasgow. You said that there were 350 housing associations under your aegis. What is their average size? What do you feel is the optimum size for an association to have the necessary critical mass to be effective, particularly with regard to housing partnerships, which may be imposed at some stage?

John Ward: The exact number of associations is 262. I will ask Hugh Hall to respond to your question in more detail, but I should make clear that there are two different types of housing association: community-based associations, which tend to be small and are anchored in the communities they serve; and larger associations, which operate nationally and may be specialised. Abbeyfield, for example, caters for older people, while others serve care-in-the-community groups. Hugh may be able to give you the numbers.

Hugh Hall (Scottish Homes): Sixty per cent of associations have fewer than 250 houses. That is an astonishing statistic. Some of the larger associations have between 3,000 and 4,000 houses, but no more than that. In the past year or so, some of the larger English-based housing associations have moved in, and they are increasing their involvement in Scotland. They have as many as 25,000 to 30,000 houses under their management.

Several months ago, the board of Scottish

Homes considered size in relation to the new registration arrangements that are being introduced. The discussions showed that, to a large extent, size is a non-issue, because of the types of structure that can be put in place. For example, Home Housing Association, which is based in the north-east of England, has introduced group structures, which make it possible to have the economies of scale of a larger organisation at the centre, dealing with matters such as private finance, but to continue to operate subsidiaries that are much smaller and are managed at community level. There is currently a wide range of sizes, which is likely to continue. The sector will diversify even further as housing associations become more involved in non-core housing activities.

Peter McKinlay: There is a serious issue of balance. I would submit that, if we want an association to be genuinely community based, size is a factor, as is the geographical spread of the housing stock.

In England, the voluntary housing movement has gone down a radically different route from us in Scotland. As Hugh mentioned, there are associations all over England with 25,000, 30,000 or 40,000 houses. With the exception of the nationals that John mentioned—such as Bield Housing Association and Cairn Housing Association—our associations are, for the most part, smaller and community based. If we are serious about social inclusion and increasing community capacity and people's self-esteem, we should tend towards a smaller, more obviously integrated, community structure.

One serious issue that relates to size is long-term viability. One has to be concerned about associations that have 300 houses and little prospect of getting any bigger over the next 10 years; in the long-term, they are too small. The other issue is choice. If we are not careful, one could end up replacing one kind of monopoly of social rented housing in a given geographical area with another. The only difference would be that the housing was no longer public, but voluntary. That is something that must be considered pretty carefully.

The Convener: I am sure that we will return to that.

Mr John McAllion (Dundee East) (Lab): I am tempted to carry on down that road because it is absorbing. If you think that Home is big with 20,000 to 25,000 houses, what would you think of a single stock transfer involving 75,000 houses in Glasgow?

Peter McKinlay: We have been involved in the discussions that have led up to this. As I understand the present position, the council and

the Executive have concluded that the best way of handling the issue of transferring Glasgow's houses is to do it as a two-stage exercise. First, there would be a ballot of the 95,000 or so households on entering a community housing trust that would have a board on which around 30 community representatives would sit with council representatives. Then there would be a process of balloting individual areas in the city that might constitute community-controlled housing organisations within the context of the housing trust. Given what I have just said in answer to Bill Aitken's question, I would be rather concerned if a community were to be seen as 70,000 or 90,000 people.

Mr McAllion: I am worried about the size of those things too. Some of the big English-based housing associations are moving into Dundee. There is a so-called community-based housing association—Sanctuary Housing Association—in Ardler. However, the real power over finance and investment remains with the main board down in England. As in Glasgow, the real decisions about investment and about the extent of repairs and modernisation will remain with the trust board, which is looking after between 70,000 and 90,000 houses. That cannot be what is meant by community-based housing associations.

Peter McKinlay: To be fair, Home, Sanctuary and others have built up a constitutional arrangement that gives a significant amount of decision-making power to organisations running groups of their houses. For example, Home bought some Ministry of Defence houses in Rosyth. The first we knew about it was when Home told us that it had bought them, but it invested a substantial amount of money in those houses. John and I paid a visit there and the tenants were very content with the way in which the houses were being managed. There are structures that can be put in place.

However, the thing that characterises most individuals and organisations with power is, in my view, a profound disinclination to give it up. I have no doubt that, in making the concept of a community-empowered anything—a housing association or anything else—work, the key issue is the degree of power it has to determine how money is spent.

John Ward: The issue of managing houses well is important. The issue of including people is different. Peter and I have had many discussions with the chairman and chief executive of Home to ensure that the community involvement is real. It is easy to go through a bit of shadow boxing where there appears to be involvement. That is where Hugh's regulation and monitoring system comes into play.

I spent yesterday with groups of housing

associations in Glasgow talking about tenant involvement and community involvement. It is a hard job that involves people close to the community who are trusted to draw in that involvement. You are right to say that it will not happen from far away. The two structures are not necessarily contradictory, but we have to work hard to make them mesh.

Mr McAllion: So they are not contradictory, but they have to be meaningful?

John Ward: They have to be meaningful.

Mr McAllion: The question that I originally meant to ask before I was set off course chasing another hare was about leverage and about your claim that, over the past 10 years, Scottish Homes has levered in about £1 of private money for every pound of public money spent.

Huge claims have been made for the new housing partnerships—that £278 million will generate £2 billion of private investment. I want to explore those claims a bit further. In the bigger paper you sent us, you claim that, over 10 years, you levered in £1 billion of private finance. In the smaller paper you say that the ratio of public to private finance is about pound for pound. However, the paper that you gave the select committee in the House of Commons a couple of years ago said that you had spent £3 billion of public resources to lever in £1 billion of private investment. There seems to be a contradiction between what you told the House of Commons and what you are telling the Scottish Parliament. Will you expand on that?

10:45

John Ward: The pound for pound ratio is what is happening as of this year. We had a hell of a job building up the private finance. When it started, the banks did not feel that social housing was something into which they wanted to put money, and pension funds and so on were very reluctant. Now they are competing to get the business.

The figure of £1 billion is from a couple of years ago. The current total is £1.3 billion. As Hugh is the expert on private finance, he may wish to comment more specifically on the numbers.

Peter McKinlay: I will write to John McAllion about the paper that we gave to his select committee. I do not want to get the numbers wrong again.

The background is that until 1989 the voluntary housing movement's developments were 100 per cent—sometimes more than 100 per cent, if the contract was overshot—funded from the public sector. The movement raised no private money at all. A big difference after 1989 was that it was expected to raise a proportion of development

costs from the private sector—that was entirely novel. As John Ward said, when we started, £7 of public money levered in £1 of private money. For a variety of reasons, we have improved the ratio since then so that it is now almost pound for pound. Maybe Hugh can give you more detail.

Hugh Hall: I do not have much to add to that. The ratio has moved from 7:1 to 1:1. There is scope for the ratio to improve. We have been working with banks, insurance companies and so on to consider other methods of financing. Given the strength of the balance sheets of some housing associations, one could imagine private finance coming in on the back of the assets of housing associations, in which case no public money would have to be levered in. As the strength of the sector grows in coming years and the confidence of lenders increases, which is due largely to the registration and supervision arrangements, the leverage should improve.

Mr McAllion: The pound for pound ratio is current, not historical. In 1989 the ratio was nothing like pound for pound.

Hugh Hall: It was more like £7:£1.

Mr McAllion: The claim has been made to this committee that the new housing partnership money, £278 million, will lever in £2 billion of private investment—no period is given. Is that optimistic or realistic?

Peter McKinlay: We saw those numbers, but they did not come from us. I will find out where they came from and send a note to the committee.

Mr McAllion: That would be helpful.

Peter McKinlay: We will do that.

Two important points need to be registered. Whether the leverage rate is seven public to one private, or one to one, or whatever, the key principle is that private money is coming in that did not use to come in. Given what our 1996 national house condition survey said was the investment needed in all Scottish housing—including owner-occupied housing—and given that the block grant is £16 billion, there is no way all that investment will come from the public purse. Rather than continue our debate about defining public expenditure—

Mr McAllion: I was just about to come to that.

Peter McKinlay: Mr McAllion knows my view: it is what it is, and attempts to change it are an academic exercise. For the foreseeable future, we will have to find acceptable ways of increasing the amount of private sector investment in housing in Scotland at a reasonable cost—there is no alternative.

The amount that will be levered in will be forecast. I can consult my colleagues in the

Scottish Executive, with whom we have a very effective working partnership, and jointly submit a note to the committee giving the rationale for our forecast.

Mr McAllion: At the moment, the preferred avenue to get private sector investment into housing is to transfer stock to alternative landlords. On page 15 of the memorandum you gave the committee, you mention other innovative approaches to raise investment, such as

"securitisation; formation of syndicate purchase; and special purpose vehicles."

I do not know much about those and I suspect that most other members of the committee will not, either.

The Convener: I am glad you admitted that, John. I wondered whether it was just me. Will Mr Hall explain them to us?

Hugh Hall: We may not have time to go into this in detail. We have been working with organisations in the financial sector to consider securitisation. Rather than the lending organisation taking security on the bricks and mortar asset, they take security from the income streams—from the rent that is coming through. There is still discussion about whether it is necessary to transfer the assets to enable that securitisation to take place. The jury is still out on that. There has been a similar argument about the private finance initiative as to what is on-balance-sheet and what is off-balance-sheet. A fair amount of work is still to be done on that. The lending organisations and those who are promoting securitisation have a bit of convincing to do. At Scottish Homes, we are making it our business to explore those approaches, as we have to examine other ways to get private finance into housing.

Peter McKinlay: We could submit a note on those issues. That is what I meant when I mentioned getting private money in as cheaply as possible. We are trying to find a way, other than debt funding, that gets money into the social rented housing business and locks in lenders for a longer period at lower returns. That is the sort of avenue that we will explore.

Hugh Hall: I compare the current position in private finance with what it was like seven or eight years ago when colleagues had great difficulty persuading the banks to get involved at all, simply for debt finance and normal mortgage finance. Now, the banks and building societies are comfortable with that method of financing. The result of that is that we have long queues of lenders who want to lend at very good margins. It is time for a step change. Now that the funders are comfortable with debt financing, perhaps we need to stretch it a bit more and consider those innovative approaches.

John Ward: The same applies in the mortgage world as well. Mortgages can be offered much more quickly because it is on an income stream rather than on the assets. It is a whole switch in the industry.

The Convener: You will clarify those three innovative approaches mentioned on page 15 in a written submission to the committee?

Hugh Hall: Yes, I am happy to do that.

Mr McAllion: I have one other line of inquiry. You mentioned existing lines of accountability for Scottish Homes, which are essentially through the minister. There is the potential for more extensive scrutiny now that there is a Scottish Parliament. Could you develop on that point? I was thinking, for example, that at the moment the minister conducts a formal review of Scottish Homes every five years. Could that role be taken over by this committee, or the Parliament?

John Ward: We are interested in understanding how this committee will function in relation to Scottish Homes. It should be a hugely useful avenue. For many reasons, housing has slipped down the political agenda. The budget allocated out of the public purse to housing has halved over the past 10 to 15 years. We believe that we will solve many of the problems that I listed at the beginning—health problems and many other social problems—not by throwing more money at bad health and bad attitudes but by dealing with the fundamentals. It is important to raise social inclusion and housing up the political agenda. The focus that a committee such as this can bring to bear is important.

We have regular reviews of our performance with the minister. You are right: a fundamental review takes place every five years. We have a stringent performance agreement, which you will find at the back of the paper we distributed to members, that is unique in a public sector organisation. We are happy to make that public and available. We are interested to know how dialogue will be conducted and in our relationship with this committee, as that is one way in which the sort of issues that we are debating can be raised in public, in the mind's eye and the political view.

Peter McKinlay: At the risk of being described as a sook, I thought that Mr McAllion's article in *The Herald* on Monday was spot on. When this committee puts on its social inclusion hat, and when, early in the new year, it has the Executive's social inclusion plan to think about, it would be entirely appropriate—as I understand it, this is the underlying intention of the parliamentary committee process—for it to be involved with all the agencies that deliver social inclusion in communities, local authorities and regionally and

nationally. Those agencies should come before this committee to debate how and when they think that that should be done. I regret that I will not be here to enjoy that.

The Convener: You can come to listen to us in the public gallery.

Mr McAllion: In the paper that you have distributed to committee members, you refer to the Scottish housing advisory panel that is proposed in the green paper. You obviously want to be involved with that. What strikes me about the Executive's proposal is that it is similar to how things were under the old Westminster system for the control of Scottish Homes: deliberations will take place behind ministerial doors. Is there an argument for saying that the Scottish housing advisory panel should advise the Parliament rather than the Executive, or that it should advise both at the same time? Should it report to this committee, rather than to the Executive alone, so that the whole debate on housing policy in Scotland will be out in the open and not behind ministerial doors?

John Ward: We would welcome the widest debate, but we are not sure how the advisory panel will work.

Mr McAllion: I am suggesting that, although the minister could nominate the chairperson of the committee, this committee should endorse that nomination and the Parliament should approve it. The panel would have to report to this committee as well as to the minister.

John Ward: Those are decisions that the Executive will make in due course.

Mr McAllion: Should not the Parliament make those decisions?

John Ward: I am old enough to remember Barry Cullingworth and the Scottish Housing Advisory Committee of the 1960s and 1970s. That committee had a similar function to the one that is being proposed for the new Scottish housing advisory panel. In that sense, the wheel is turning full circle, as it often does. The arrangements under which the panel will function will be a matter for the Executive to determine.

The Convener: I am sure that we will return to that debate. Fiona Hyslop is keen to ask a question.

Fiona Hyslop: Two areas in which we are interested are finance and social inclusion. We agree that private finance has great potential in the public sector but—I understand that we will receive papers on this, but I ask for clarification—it does not necessarily have to be securitised by a transfer of assets. Are there opportunities and innovative ideas other than stock transfer whereby private finance could be accessed?

Hugh Hall: The case is not proven. I was suggesting that there could be other ways. We still have to consider the technical accounting aspects in discussing whether those assets are off or on the balance sheet, and what contingent liabilities that might entail for the public purse further down the road. Now that we can leverage in large amounts of private finance on the back of the existing stock transfer methodology, it would be wrong for us to rule out other ways of accessing private finance. Indeed, other possibilities are being pursued.

Fiona Hyslop: A quarter of Scotland's housing stock could be transferred in a matter of years. My concern is whether there is enough time for other avenues of financing to be explored before the ballot for that scale of transfer takes place.

Hugh Hall: Yes. I have been encouraging local authorities to take one step back before they consider the new housing partnership proposals which could involve transfers—they should consider them in a wider context and determine whether there are other methods of financing. I know that some local authorities are actively doing that. The time scale is such that we should be able to get a clearer view of the private finance potential before the proposals are put to tenants in a ballot.

Fiona Hyslop: Thank you. That is very helpful.

Peter McKinlay: As evidence that Scottish Homes is an open and honest organisation, I am about to ask my colleague a question, although I am not about to fall out with him. Are you saying that investment could, in effect, be secured without going through the process of removing control and ownership of the assets from the public sector?

11:00

Hugh Hall: Not currently, but we are considering other ways in which to bring that about. Currently, if one wants to access private finance, one has to do it via a stock transfer. There is no other way. It is not possible to consider the potential of the private finance initiative, as PFI has not been embraced by local authorities in Scotland. That brings with it a host of other issues.

The other question, even in the case of a securitisation that does not require the transfer of the asset from the public sector balance sheet, is whether there is still a requirement to go through the process of a tenant ballot, as we would still be dealing with the properties that are used by the tenants. All that is being examined, but the jury is out on whether it is doable.

John Ward: I know that you would separate these points, Fiona, but access to private finance is only one reason for stock transfers. Another and

perhaps more important reason is to create a different structure for social inclusion.

Fiona Hyslop: I have a couple of questions on that. Peter mentioned size and geographical spread. John, what is your view on, for example, the proposed transfer in Dumfries and Galloway? How will it promote social inclusion? Your introduction and your paper stress the social inclusion agenda. Do you see Scottish Homes developing as a social inclusion agency for Scotland?

John Ward: That is very possible. Social inclusion—building the capacity or confidence of people to take charge of their lives—is a long and slow process. We have created 260 management structures, which has taken many years, so we fully recognise that this is not an easy or quick thing to do and that, if we are not careful, it could become a shambles.

Your question follows on from the point that Bill Aitken was trying to make; what can the existing structure absorb? There are a range of housing associations with 200 or 300 houses. Will they be able to grow to have 1,000 or 2,000 houses, with the existing management structure growing and developing with them? Such capacity is hugely important. Under current regulation and monitoring processes, Scottish Homes is probably the only organisation that could reasonably claim to have, and to be able fairly quickly to develop, capacity to make all that happen.

I would argue that social inclusion is a more important argument for stock transfer than private finance is. Let us face it—we have been putting up houses for many years and knocking them down really quite quickly, because we did not get it right. That is one reason why the taxpayer has lost interest in putting money into housing and why housing is not a big issue in elections.

Another argument is how to bring communities, whether rural or peripheral, back into the system. You quite properly raise the case of Dumfries and Galloway. We are not at all sure how, in remote areas where the population is spread out, to create structures that relate to the locality.

Peter McKinlay: I want to mention Albyn Housing Society, based in Invergordon. Through transfers, development and so on, it now has more than 2,000 houses, scattered all over the Highland Council area. The society works satisfactorily. By that, I mean that the tenants are, by and large, satisfied with the service that they receive and with the rents that are charged. The situation is not the same in Dumfries and Galloway, however, where the tenants will decide in a ballot whether they want to go for this option.

Until 1974, there were 232 statutory housing authorities in Scotland. Given the Stewartry, and

the 13,000 houses in Castle Douglas, Dalbeattie, Kirkcudbright, Stranraer or wherever, I feel that, with different constitutional arrangements, the wheel may again come full circle. I entirely agree that our strategy is not about houses; it is about people living in communities. Regardless of the tenure, or whether people are owner-occupiers or tenants of one landlord or another, the strategy is about communities. Giving communities more control—I am talking not about merely involving them, having them participate or consulting them, but about giving them control—does two things: it lets the people living in those communities take the decisions that they want and it gives them the money to make things happen. The people then have responsibility. If anything goes wrong—whether there is a neighbour from hell, a repair is not done or the rent is too high—the means of changing that are in the people's hands. That is a huge benefit.

We all talk about community capacity, improvement, self-esteem and so on, but people are given self-esteem through having some power. Many individuals, households and communities feel powerless. The only really effective measure to give people power is—next to giving them a job—to give them control of their homes, their living environment and their communities.

Nearly 3,000 volunteers—unpaid individuals—throughout Scotland are managing about 17 per cent of the country's housing stock. By all our measures of checking whether they are doing that well or badly, they are doing exceedingly well, so I would like the system to be extended.

Fiona Hyslop: Do you see your role as one of managing the funding of that community-type development at a regional level? I notice in your paper that you are concerned about that being done at a council level.

Peter McKinlay: As we said in our response to the green paper, the system is not broke, so why mend it? We are very good at that kind of management. We are one of the few organisations that practises empowerment. There are people in our organisation who can commit Scottish Homes to £1 million or £2 million of investment, in conjunction with the local authority, a builder, a housing association, the local enterprise company or whoever; they make those decisions at their level, without coming to me and certainly without coming near our board, who are the so-called “democratic deficit, personification of”. Our people on the ground make those decisions in a context. They are confident about their decisions, they know that they are not going to get shot down and they do not make mistakes—touch wood. We are audited every year by the National Audit Office. We have the people to do the job; we have the capacity to do it and the structures to do it.

I am not attacking local government—I keep being misrepresented on that. I have lived in the public sector; I am not dogmatic about the public sector, but I believe in it. As has been said, councils are at the heart of the matter. Below the level of this Parliament, councils contain the only people with democratic legitimacy. They also have a unique range of statutory powers and duties.

The important question is this: as money is being invested at a community level to deliver whatever the Government of the day says are the social strategies and priorities, will that money be better spent through an agency such as ours or through being given to 32 councils? I think that my case rests.

Robert Brown: John Ward referred to the ability of the housing association movement to grow. Like John McAllion, I am looking at that not least in the context of the Glasgow stock transfers. You posed the question without really giving the answer.

I have two questions. First, how long does it take a typical housing association to go from the original idea to being fully operative in getting to grips with the issues? Secondly, by how much do you think that the housing associations can grow over a reasonably short period? Can they double the number of houses that they handle? Is there a measure of their ability to take on, for example, the stock transfer in Glasgow?

John Ward: Taking responsibility for the management of a discrete group of houses in an area can happen quickly. We should define the wider role—the social inclusion role. We can do so with reference to Queens Cross in Maryhill, which has been mentioned. That housing association does more than simply provide housing. It looks after owner-occupied housing and runs apprenticeships; it has 500 work spaces, an effective care in the community programme and a strong ethnic programme. It has drawn in credit unions and has created a complete community with the full involvement of local councillors.

That has taken 20 years. It might be that, because of the knowledge that we now have, something similar could be achieved elsewhere in less time, but it could not be done in 12 months. Peter has more experience of this, but I would have thought that a housing association with perhaps 250 properties could reasonably quickly grow to having 1,000. It would take longer to grow to having 4,000, as that would require a more substantial structure. We would, however, expect such associations to be up and running immediately. They would be monitored and supervised and we can put people who have knowledge and experience on housing association committees.

Peter McKinlay: Councils have to want the 60

per cent of the 262 housing associations that have fewer than 250 houses to grow if that is to happen. There are just over 600,000 council houses in Scotland. My arithmetic is not good, but I think that 600,000 divided by 250 is 2,400. In crude terms, many of the associations that have fewer than 250 properties could be brought up to a significant size of 2,000 or 3,000 units. A 3,000 unit association would probably have an annual rental income of between £3.5 million and £4 million and would employ between 45 and 60 people. In Scotland, not many small businesses that employ only 50 folk turn over that much money a year. A significant economic force could be developed.

As John Ward said, we transferred 40,000 properties to housing associations in Dumbarton. When we did so, we also transferred our staff, as we wanted to look after them—anyone who bid for our houses had to employ our staff and sign up to the existing terms and conditions. The key thing is to take as long as the tenants want to take before they are prepared to vote on the proposition. The backcloth to this is public accountability: we must ensure that the taxpayers' interests are being protected.

Robert Brown: In broad terms, there is potential over time to grow the housing associations by a substantial amount, in some instances.

Peter McKinlay: If the owners of the houses wanted to do that and went through a process that ensured that the tenants felt safe in voting for it, it could be done. If it is not done, what will be done? I do not believe that the small associations will be able to increase their size through development funding and it is inconceivable that they would be allowed to build new properties. The greatest number of new house approvals that we ever produced in one year was 9,000. That is a drop in the ocean compared with the proposition that we are making today. It is not easy to come up with an alternative to empowering communities.

John Ward: If the associations are happy with the move—they are democratic organisations and have to vote on things—there is potential for growth.

11:15

Robert Brown: The corollary is that it takes an awful lot longer to develop a new body from scratch.

John Ward: Absolutely. There are two aspects to this issue. The first centres on the management capability, which is the basis on which I answered your question. The second is—as I said to John McAllion—to grow the community capacity. The continuing challenge is to form committees and to find people for those committees.

Robert Brown: I have one or two other points. I was fascinated by the discussion on the funding of stock transfers and the potential for other methods of development. However, I am not sure that I fully understood those very technical points. Like others, I think that the Government could change the public sector borrowing requirement limits, but that is a broader issue, which is not within our power. Are you suggesting that there might be ways around PSBR limits for allowing stock to remain in the public sector through slightly different devices, such as income flow and securities? Are we still stuck with the need to get round the PSBR limits and to remove housing stock from the public sector?

Hugh Hall: Although we currently have the PSBR boundaries, we are exploring other methods of development. As John made clear, private finance is only one aspect of the desire to transfer housing stock; there are other reasons for wanting to do it.

Robert Brown: I appreciate that, but I am trying to focus on the technical aspects.

John Ward: We have produced a debt paper, which we have not distributed to the committee, although some members might have it. Through Hugh Hall and the Convention of Scottish Local Authorities, we have tried to examine financing, as many authorities spend half all rents in servicing their crippling debts. Hugh has been investigating a range of issues, such as how we manage the debt and whether there are other means of discounting back the future values of income streams and land. We should continue to do that.

However, the committee should not think that a magic solution to PSBR is just around the corner. For the moment, it is right to say that the only way in which we can access the funds is through some form of stock transfer, which we hope will be community based. The issue is desperately complex.

Peter McKinlay: To remove any doubt, I should reiterate that the prerequisite for any transfer is that the tenants have to vote for it. If someone does not remove the debt from councils that are in debt, no one will lend those councils money. Those are the key conditions for transfers, if the owners of the houses—be it Scottish Homes or the council—want the transfers to happen. However, the overwhelming argument for the transfers is not the need for investment in housing, which is beyond debate, but the potential to give communities real power and responsibility over a crucial aspect of their lives.

Robert Brown: I want to finish with two other questions. When Scottish Homes first came into existence, it was the subject of major political criticism because of its objectives. We have

discussed the arm's-length way in which the organisation operates. As for leveraging private finance into your other objectives, are there any advantages in being at arm's length from Government as opposed to being, in effect, the housing strategy arm of the Scottish Executive?

John Ward: Our power comes from regulation and monitoring. We have been told by housing associations that have begun to attract resources from the European social fund and the European regional development fund that it would help enormously if we were to regulate and monitor their other activities, which would give them great credibility with banks and others. There is no doubt that housing associations that achieve a B or A rating are much more successful at putting together finance packages than others are.

Although we are trying to attract other investors, many of the finance possibilities come from abroad. I believe that a feeling of professionalism within an organisation is important—I make that an argument for Scottish Homes, for example, which is a professional organisation. However, housing associations have to be professional organisations in which people have faith.

The leverage rate can be greatly affected by the size of a development. If a housing project includes roads and other developments, the planning gain is larger. Where we are able to tackle those larger schemes, such as the foreshore in Edinburgh, it is possible to have much lower leverage rates. Perhaps that is a partial answer to the question that John McAllion posed earlier, although I have no idea how those leverage rates were calculated. However, the more such projects are undertaken, the more credibility is needed, as people are putting up a lot more of their personal money and will want greater assurance.

Peter McKinlay: I wish to offer an observation on the political controversy that arose when Scottish Homes was founded and from which we continue to suffer. At the time, I was accused publicly of being a lackey of a Thatcherite Government—[*Laughter.*]

Bill Aitken: What is wrong with that?

The Convener: Bill is jealous.

Peter McKinlay: People said that I was intent on privatising public sector housing by the back door. That was what was said, although I denied the accusation, of course.

We were seen as an instrument of a Government that saw privatisation as an end in itself; I am not saying that that is what the Government believed, but that was the perception. If one believed that public sector activity would be better if it was carried out by the private sector, but

one could not privatise it, the business would be contracted out. If that could not be done, one would make it a quango; if that could not be done, one would make it an agency; and if one could not do that, one would be left with, by definition, a boring, inefficient, awful, old Government department. While I could not possibly comment on that perception, it was one from which we suffered.

However, in Scottish Homes, both then and now, we held the view that privatisation was not an end in itself—it was the key means to achieving the ends of social inclusion and community empowerment that we have been discussing.

Politically, we still have an enormous problem—we are seen as predatory and as a competitor. Perhaps that is to overstate the case; at grass-roots level, my colleagues have an extremely good working relationship with the vast majority of the people with whom they deal. However, that huge political issue remains, which someone needs to unpick.

The Convener: We might be the very people to unpick it.

All our discussions are wrapped in the notion of community and community involvement. We have talked about control, empowerment and social exclusion, but it is difficult to achieve community empowerment in areas of social exclusion, for reasons with which we are familiar. People who have had hard lives and who are struggling to survive find it difficult to become involved.

John Ward said that community involvement and community control was a continuing challenge. In my experience and, I am sure, in the experience of other members, some management committees—including some in my area—work well and do a fantastic job in local communities whereas others struggle, with the staff running the organisation. How do we actually deliver community control, rather than just spraying on the word “community” to make ourselves feel comfortable?

John Ward: I do not think, Margaret, that one will ever reach nirvana to find that it is all happening. There will always be shades of grey—good, quite good and so on—and some organisations that do not perform well.

It is that awful term “community capacity”. Largely, the good associations are those where we are successful in getting sufficient numbers of local people to participate. The opposite of exclusion is when people join—that is inclusion. As I have said several times, that is a struggle and we have to work at it all the time. If we were to see a housing association that is not quite making it, without any hesitation we would use powers under section 17 of the Housing Act 1985 to bring in people from better housing associations to help it

to improve.

I have done a lot of work in Easterhouse, and it is easy to go in in your blue suit and tell people what to do. If a group of people can build confidence in themselves, what they need is support, not lecturing. Once the structure is there, you have the capacity—that awful term—to support people. Our job is to provide that support, with section 17 or with money or any other help that is needed. We try to come in behind associations and help the inclusion of people, rather than talking to them about what inclusion is.

Peter McKinlay: Without being impertinent, I would like to make a suggestion. Instead of us being here—and I am glad that we have the opportunity—you should invite some association members. There are associations that have been around for 20 or 25 years. Some of the more recent ones have been created by transfers from councils. Although that was done differently and we had to give a housing association grant to effect it, about 16,000 council houses have been transferred into voluntary ownership in Scotland—in Glasgow, Motherwell, Dundee and elsewhere. Get some of those people along who are now managing stock that we owned, and ask them what they think.

As far as I am concerned, the ability of—to risk being pejorative—ordinary folk to take responsibility and decisions and to behave well is grossly underrated by most people in positions of power. Folk are far more able than they believe they are. By giving people support, training and education—and, critically, giving them power when they feel comfortable with it—community-based associations will take off.

Mr Raffan: The discussion so far has concentrated largely on community-based housing associations. In your opening remarks you drew the distinction between community-based and specialised, mentioning Abbeyfield as one good example. How do you see the potential for growth in that area of specialised housing associations? There are a number that work specifically with the elderly or the disabled and so on.

That is probably an area where more can be done by specialised housing associations to involve those currently excluded from society. A particular interest of mine is the problem of drugs misuse. Once addicts have been through treatment and rehab and are in recovery, the last thing that they need is to go back to the places where perhaps they dealt and where certainly they used. The best thing would be for them to go into halfway houses. There is potential for the housing association movement to get involved in the provision of halfway houses, which are key for social inclusion. I wonder what your views are on the development of that sector.

John Ward: You mentioned Abbeyfield, and there are other specialised associations. They all perform particular roles and they are very useful. What we want, however, when we talk about inclusion, is to draw as many people as possible into the mainstream. Many housing associations have programmes that try to include people who are being rehabilitated, or coming out of care in the community. The problem—and Peter has referred to it many times—is the reaction of other tenants. The process is not so much that you need to create a capability to include, it is that you need an acceptance from people round about that they want to and that they will integrate.

11:30

I have been at events where I have been asked not to mention that there are some care in the community houses, because people want us to help house values and so on. The capability of a community is important when it takes charge and decides that it is going to make such integration happen. It will only happen when the people who live there make the decision; we cannot impose it. Inclusion is about getting things started and then supporting them. If we impose inclusion, housing associations will end up as enclaves.

We should avoid enclaves or ghettos wherever we can. We should try to draw in as many people as possible. It comes back to the community and its confidence to do such things. Having said that, we will always have specialist housing associations, because some people will always need special care.

Peter McKinlay: The other dimension is that national organisations such as Hanover, Ark, Bield and Cairn are specialists in providing such accommodation. We are always interested in people who can do the best job—provide the best quality for the least cost. It does not make much sense to have a community-based, small association take on the building, running and social work of a specialised facility. When I was involved in prisons, one of the things to which we objected was people being described as “excluded from society”, when they were put in jail. They were not excluded: they were in jail, but they were still part of society. When we tried to find housing for them when they came out of jail, we experienced the NIMBY problem.

I believe that community-based housing associations can decide that someone belongs to the community and that, although a person has a problem, the community wants to help them. They do it with minimal fuss and they do it very well. That is because the people involved recognise themselves as part of the community. They are prepared to take on some of the responsibility that goes with that; it is a two-way thing. The potential

is there to build the attitude of community-based associations so that they agree to take people back in, with certain conditions.

Mr Raffan: Do specialised housing associations have more difficulty in bringing in private money?

Peter McKinlay: No. Most such associations are a lot bigger. The biggest such association in Scotland is Bield, which has about 4,000 houses. I cannot remember its turnover, but it is much bigger than the vast majority of community-based associations. All the specialist associations are financially solvent.

Mr Raffan: I want to move on to my second point, which relates to housing associations that operate in rural areas and the particular difficulties that they face. Do they have more trouble leveraging in public money? They have specific issues, which you have already touched on, in terms of the dispersal of their stock and management and so on. Does that mean that they are more difficult to operate and that they grow at a slower rate?

John Ward: Yes, that it is probably fair. They vary hugely, from the association that operates across the Western Isles, which has a few houses on every island, to rural communities where the houses are a lot less far apart. In the farther-flung places, it is more expensive to construct houses, because of the cost of running services to the house. Such houses are also much more expensive to maintain.

It is probably more difficult to operate such associations. Peter referred to that earlier. Getting community spirit in more remote communities is a real struggle, but it is possible. In Dumfries and Galloway, which Fiona Hyslop mentioned, houses are scattered. However, in places such as Newton Stewart or Castle Douglas, the houses may not be all adjacent, but it is still possible for there to be some feeling of community. It varies widely and it is difficult to give an overall average.

Mr Raffan: In large parts of my constituency region, mid-Scotland and Fife, it is a worry that, despite the growth of the housing association movement, large areas lose out. Such areas do not have the same kind of involvement. Problems in rural areas are often overlooked because of the major problems in the towns and cities.

John Ward: It is true that major cities tend to grab the headlines, because of the huge problems there. However, I would be disappointed if, through our regulation and monitoring, we were not ensuring a tenant involvement in our housing associations, particularly in Fife. I could understand that in Barra, but not in Fife.

Hugh Hall: In regulating housing associations, we have a common set of standards. Earlier, John mentioned that we had not had a failure of any of

our housing associations. We have early warning mechanisms, which allow us to appoint members to management committees and so on. We have examined some of the research that has been done over the past few years, and there is no correlation between size or location and the effectiveness of management or the propensity to fail financially. All types of association are equally affected. There is no hard-and-fast evidence to suggest that a smaller association that is operating in a rural context is any worse off than a larger organisation that is working in an urban set-up.

Mr Raffan: I was thinking of north Tayside rather than Fife.

You have not touched on my final point, which concerns your relationship with local authorities. There has been a sea change in my lifetime—I am now 50—away from local authorities being the main providers of housing. How do you relate to the local authorities?

John Ward: In the performance agreement, our regional managing directors have as a primary objective a working and strategic agreement with every local authority. Peter and I visit them all to ensure that those agreements are working, functioning and in place. It is vital that in every local authority area there is a clear strategic view. One of the tragedies in parts of Scotland is that, after we have invested in housing and tried to create shops and facilities of that sort, a huge shopping centre is built a few miles away. Scotland is littered with examples of that. Joined-up thinking is an awful phrase, but it is desperately important. Local authorities have a clear view. Their job is to pull in everything—houses, roads, health and so on—and view the situation from the citizen's standpoint. Where that structure is in place, we find that the strategic agreements are very productive.

Mr Raffan: You said, "where that structure is in place". That varies, does it not? There is a huge number of local authorities; there must be some that you are worried about.

John Ward: In some cases, local authorities join together. I mentioned the Changing Gear programme in North and South Lanarkshire, which has been very effective. Wonderful political leadership has made that happen. It has given us a clear direction: whether we invest in houses or in roads, we know that everything will come together. If we are trying to restore an area on a peripheral estate, it is important that things such as primary schools and health care run in tandem. Linking those together is important. To some extent, we can try to do that by having a strategic agreement not just with the local authority, but with the health board and the education authority. However, when the local authority has a clear view of its enabling role, the strategy works much more effectively.

Peter McKinlay: I want to add a couple of points. Thirty-two community plans are to be with the Scottish Executive by the end of this calendar year. I suggest that those will be the delivery vehicle for the Government's social inclusion plan. Community plans will belong to the council, but they will not be the council's prescription for what it intends to do. It cannot tap its baton and tell the health authorities, the police, Scottish Homes and everyone else what they must do. According to the guidelines, community plans will be put together by having a dialogue within the local authority, so that education knows what planning is doing, planning knows what housing is doing, and housing knows what social work is doing.

That is a good start. However, as John said, the authority then has to link everyone else in and have a dialogue about who is going to do what, where, when and why. From that dialogue will come the joined-up plan, which will ensure that schools are not closed while there are plans to build several thousand family houses in the area. Community plans will be the vehicle by which people will start delivering, which is easy to say, but difficult to do.

Scottish Homes has done two things that are beginning to work, although they have a long way to go. Strathclyde Regional Council, Glasgow District Council, Glasgow Development Agency and Scottish Homes set up the Glasgow Regeneration Alliance out of which has come the Glasgow Alliance. Similarly, the Highland Well-being Alliance is up and beginning to run. Glasgow City Council and the Highland Council will put the published strategies of those alliances at the core of their community plans and will elaborate on them. We all have to work around councils' community plans.

The Convener: Thank you. We will have to move on.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): Can I just come in on this?

The Convener: I am sorry, but I have to stick to the stated order of speakers, as I am concerned about the time. I will take you later.

Alex Neil: Can I bring the discussion back to finance and investment and link that to regeneration? One of John Ward's more significant points was that, in real terms, the overall level of public investment in housing in Scotland has halved in recent years. If public investment in housing had maintained its real level, not only would there be about double the amount spent on public housing, but there would be about 20,000 additional jobs in Scotland.

If public investment in real terms were at the level it was at a few years ago, and if it achieved the investment leverage figures that you achieve,

we could create about 40,000 new jobs. That would go much further towards community regeneration and getting people out of social exclusion than all those structural arrangements. That issue has to be addressed.

A specific short-term issue in investment is the emphasis on leverage. Clearly, there is pressure to lever funds on all organisations—Scottish Enterprise, Scottish Homes, and others. Has Scottish Homes done an analysis of the cost of traditional public sector funding compared to the cost of private sector funding over the lifetime of the funding? If so, what is the cost differential?

Hugh Hall: I am not aware that there has been any research. It is probably correct that the cost of raising finance through public sources is less than the cost of raising private finance, but the difference in cost is diminishing as lenders become more comfortable with lending to the housing sector in particular. It is more expensive to borrow privately than it is for the Treasury to raise funds. That is in terms of direct cost, but one should also consider the opportunity cost—that money spent in one area is not available for other areas. We do not have such an assessment.

Alex Neil: Certainly, with the £12 billion surplus it is not such a big issue.

It would be useful if Scottish Homes were prepared to undertake such an analysis and furnish the committee with the results. This is not just about leverage; it is about the long-term impact of borrowing dearer money. Banks and other financial institutions lend money on the basis that they will get a reasonable return, that they will make a profit. If they do that and there remains a significant differential in the cost of funding over 20, 30, 40, or 50 years, there are only two ways in which the additional cost can be recouped: higher rental income or increased public subsidy. Increased rental income might make more people socially excluded. If increased public subsidy will be necessary, should we not opt for it in the first place so that we can get a more substantial return for the public sector in the long term? Would it be possible for Scottish Homes to provide us with that comparative analysis?

11:45

Peter McKinlay: Can I undertake to try to do that and come back to you? If we can, we will. It seems to me—I am no economist, and you are, Alex, so I am not taking you on—that there is no such thing as pure public money. The Treasury goes through the market to get money.

Alex Neil: Precisely.

Peter McKinlay: Well, okay, but it happens to come through the public works loan board, so if

we start with that, what Hugh said is right. Ultimately, over 25, 30 or 40 years, the cost to the taxpayer or to the tenant paying rent will fall, but the money will have to be paid sometime. My understanding is that, for the foreseeable future, this whole fiscal area has been delivered to us in Scotland as a given. We do not have powers to adjust fiscal arrangements; therefore, our tendency is to say, "That's it, get on with it". We try to make the best of it, diminish the downside and maximise the upside of the situation. We can undertake to examine the points that you have raised with our colleagues in the Scottish Executive, and see whether we can produce a helpful paper for the committee.

Alex Neil: It would be very helpful, Peter, because if it still shows a significant difference in the cost, either to the public purse or to the tenant, of the leverage money over the lifetime of a housing programme or whatever, as I suspect it will, even with reduced rates compared with previous private sector rates, that would give us the ammunition to return to ministers and argue that alternative funds need to be found, without keeping you in a straitjacket in terms of the amount of money that you can raise. Such information would be extremely useful for the committee.

The Convener: If you can give us that, we would be very grateful.

John Ward: In response to that and Fiona's points, financing is important, and we can clearly examine it. The end point that we are trying to get to, however, is not to try to solve the odd quarter-point or half-point difference in interest rates; it is to arrive at a social inclusion arrangement that will save the vast amounts of money that we are pouring down the drain today on failure.

Alex Neil: The two are not mutually exclusive, John, are they?

John Ward: The two are not mutually exclusive; however, they can be handled separately. Our ultimate objective and strategy is aimed at sustainable communities. As it happens, there are financial arrangements. Our objective is not leverage; it is to achieve sustainable communities.

The Convener: I have to hurry people now.

Alex Neil: Some other people had a lot of time.

One of the criticisms of the private finance initiative—this is not a question of PFI, and I am not making a direct comparison with it—is that, even on the best funded and most efficiently funded projects, the additional cost of the private finance over the period of the project is anything from 50 per cent to 100 per cent greater than what it would be under the traditional method. Clearly, that has a knock-on effect on the public sector in

later years. It is robbing Peter to pay Paul. We are not talking about PFI, but we have not seen a comparative analysis of the funding provided through Scottish Homes, which I think would be extremely useful.

Two thirds of all expenditure on housing in Scotland is through housing benefit, which is not a direct responsibility of Scottish Homes. However, the reform of housing benefit, which is currently on the agenda, will potentially have a major impact on the achievement of your corporate objectives, be it in relation to quality or, in particular, in relation to social inclusion and exclusion. Do you have or intend to submit any evidence or make any representations to the Government—primarily the UK Government in this case—on what you would consider the priorities for housing benefit reform?

Peter McKinlay: That is one of the areas where we have made some progress in the past eight years. When I joined Scottish Homes eight years ago, we had sponsored some research by the University of Glasgow into housing benefit. The Administration at the time told us to stop it, because not only was it none of our business, but it was no business of the Secretary of State for Scotland. Housing benefit was a matter for the Secretary of State for Social Security.

We have come a considerable distance since then. Now, we are engaged with colleagues in the Scottish Executive, who in turn are engaged with people in the Department for Social Security. There are on-going discussions about the implications of changing housing benefit. A policy exchange has begun, to which we can contribute.

John Ward: Housing benefit is a huge issue. In Midlothian, rents are about £23 or £24 a week. However, one street away they are £44. That is fine as long as housing benefit is paid. There is a different means of providing support. That is a huge issue that the Scottish Parliament must face. We are waiting to see what will happen.

Alex Neil: Do you agree that Scottish Homes and the Scottish Executive should submit representations on the matter?

Peter McKinlay: As I said, we are engaged in initial discussions with the Scottish Executive and DSS officials. The big practical issue is that, as you said, something like two thirds of all tenants in public sector houses—owned by Scottish Homes and the local authorities—are on housing benefit. When we tried to persuade the banks and building societies to invest in stock transfer, they saw some of the areas involved and said that they would not touch them with a bargepole. We said to them that they were not investing in bricks and mortar—even if the houses were pretty crap it would be reflected in the valuation—but in the cash flow. Being good bankers, their next question was “What if the

Government cuts housing benefit?” My answer was that the Government could not afford to cut housing benefit significantly, because if it did, it would make every social landlord bankrupt overnight. If there was a significant cut in housing benefit, people could not afford to run the business.

The Government must stop the fraud—nobody would disagree with that; it must reduce the fraud if it can—and refocus housing benefit, so that it has a purpose. At the moment, all housing benefit does is to enable people, whether in the public or the private sector, to pay rent. It does not even let them get their hands on the money. People cannot exercise any choice and must take what they are given. Mr Darling's department, along with the Treasury, the Department of the Environment, Transport and the Regions and our colleagues in the Scottish Executive, is examining how to refocus that huge amount of money, so that it has some kind of purposeful end.

The Convener: We will return to housing benefit. This is not personal, Karen, but could you ask all your questions at once? One speaker only should respond, as we must try to finish. We have other business to get through.

Karen Whitefield: I welcome your comments about the size and geographical spread of housing associations and about putting the emphasis on community empowerment and control. That context is important to my question. In particular, I want to pick up on the claim that no housing association has ever failed.

I want to raise the example of GAP Housing Association, a locally based housing association that has grown rapidly and has a wide geographical spread throughout the west of Scotland. I know that it is a good landlord to some of its tenants, but it has failed and continues to fail many people in my constituency and in other parts of Lanarkshire, Dunbartonshire and Ayrshire.

At the moment, the association is beginning a process of transfer of engagements. I do not believe that the transfer would have been undertaken if the association had not encountered problems. How much influence will Scottish Homes have in the transfer of engagements process during the next 12 months? Can Scottish Homes ensure that the new housing association that is formed by the merger will take account of geographical spread, size and, most important, community empowerment and control?

You mentioned section 17 appointees. There have been numerous section 17 appointees on the board of GAP—some of them very good. There is a real determination to make things work. However, I would like to know whether Scottish Homes believes that intervening at an early stage

is sufficient to ensure that housing associations will not, in future, experience the difficulties that GAP has experienced. I would like to hear your comments on that. They might be quite detailed, so you might want to get back to me on some of the specifics.

The Convener: I ask for a response to that.

John Ward: You are absolutely right. GAP extended too far, geographically. That is where all the management problems came from. Two steps will be taken. Step 1 will be the transfer to another landlord; step 2 will be to regroup the housing associations more logically, geographically. The first of those steps is in train at the moment.

Karen Whitefield: Are you saying that you will regroup the associations geographically and that, within that larger housing association, small community groups will take account of individual areas, such as Lanarkshire, and their specific problems, rather than consider problems in other areas—such as, in that instance, Dunbartonshire and Ayrshire?

John Ward: Yes, but there will be two steps. The first will be to put in place stronger management. That is the immediate aim. When that has happened, the next step will be to recreate. As the situation in Glasgow improves—and it is similar in Bridgeton and Dalmarnock—we would like it to be part of an overall Glasgow plan, as quite a lot of what GAP has is in Glasgow. We would like it to be part of that thought process.

Mr Lloyd Quinan (West of Scotland) (SNP): I ask specifically about the future role of Scottish Homes, in light of the remark that you made earlier about its possible mutation into a social inclusion agency. Would that mean that Scottish Homes would become effectively a housing investment broker for the transferred stock to the new housing partnerships? Would your organisation distribute new housing partnership grants? More important, what plans do you have for the residual stock that Scottish Homes has? You must do something with that by 2001. Is there any indication of when Scottish Homes will appoint a new chief executive?

John Ward: There are three questions there. Peter, would you like to address the issue of residual stock?

Peter McKinlay: We have announced that, on 1 April 2001, Scottish Homes will cease to be a landlord. If we have any houses left—and we hope that all our tenants will have transferred to an alternative landlord of their choice—around September next year, the board will have to initiate a process for factoring whatever residual stock we might have to alternative landlords and consulting the tenants. By 2001, we will not be managing any houses, but we might own some until somebody

takes them away from us. That is the plan for the residual stock.

John Ward: The other two questions are linked. The board took the view that we cannot put out a specification for a new chief executive without being able to write that specification accurately. The original assumption was that we would start the hiring process last May. Clearly, that was under a previous regime. Currently, the consultation process on social inclusion, Scottish Homes, housing and everything else is with ministers. It is difficult for us to comment on that consultation, as it is taking place in a political sphere.

We are told that the interim role that I would perform would last for two or three months. I think that that is tenable. The board took the view that we could live with that and that we should not go down the route of advertising because it would be difficult to have a discussion with applicants.

12:00

We commented earlier on social inclusion. The capability that exists gives us a huge opportunity to build a social inclusion plan on the housing association structure that is already there. As the exact structure, complement and structure of Scottish Homes are under political consideration, it is rather difficult for me to comment on them. However, I would like to comment on its functions. The financial function, which we have discussed today in some detail, is an essential role that has to be performed at a Scottish level. Alex Neil's questions and questions about debt and other matters are all important. Regulation and monitoring are equally fundamental. If we are to draw in private finance, from whatever source, the process for doing so must be robust.

We have five regional managing directors. The regional structure is such that we cannot separate Aberdeen and Aberdeenshire, Clackmannanshire and Stirling, or north and south Lanarkshire, and it would not make sense to do so. There must be an overall view to join those areas together.

At community level, there have been successes. I take Karen Whitefield's point about GAP Housing Association's financial failure. That is not one of our brighter stories, but there is a capability that is immensely powerful. If members of the committee would like to meet people from some of those organisations, who have achieved more in life than they ever thought they could, I repeat Peter's invitation because I think that that is important.

Whatever is decided, some of the elements that we have discussed will be important to the future of Scotland. Those functions are such that they must be continued. They have played and will play an important role in the future of our country.

Mr Quinan: So are you saying that—

The Convener: I am sorry, Lloyd, but we are running out of time, so I must cut you short. We have other serious decisions to take this morning.

On behalf of the committee, I thank the representatives from Scottish Homes for giving evidence to us today. We look forward to other submissions on the subject. We will go on to discuss how our work on housing will continue, and I think that members will want to make recommendations based on what you have said today. Thank you very much.

John Ward: Thank you, Margaret, for your time. Thank you to you all. If you want to visit any of the associations, we would be delighted to organise it.

The Convener: Thank you. We must push on because we are running out of time. I let that discussion run on because members had a strong interest in what was being said. I apologise to those who did not manage to ask all their questions, and I thank Cathie Craigie for withdrawing her questions at the last minute.

Housing

The Convener: We now move, appropriately enough, to the housing paper prepared by John McAllion, as reporter. I ask John to take us through it. If members have suggestions arising from the recent discussion with the representatives from Scottish Homes, they should mention them once John has spoken.

Mr McAllion: As the paper states, two discussions have already been held—one was held on Monday in Glasgow to discuss housing finance and the other has just taken place with Scottish Homes. I propose that there should be a further eight discussion sessions in the coming period.

The main topic, as has become clear this morning, is stock transfers. That is the housing issue of the moment. I therefore suggest that we spend a minimum of four sessions discussing that. I would like to spend longer than that, but the pressure on the committee is such that we must be realistic about the amount of time available to us.

As far as the structure of those four sessions is concerned, Fiona Hyslop and I thought that we could spend two sessions focusing on urban stock transfer and two focusing on rural stock transfer. I discussed that suggestion with Shelter and with the Scottish Federation of Housing Associations, and they suggested that we should have a separate session with landlords. That is a loose term that includes the Convention of Scottish Local Authorities, the SFHA and the Chartered Institute for Housing, all of which are deeply

involved in the stock transfer programme and have a lot to tell the committee about it. Representatives from those bodies are on the advisory panel that is advising the Executive on stock transfers.

It was also suggested that there should be a separate session with tenants. It would be up to us to decide which tenants to invite. If we do that, there are two groups of tenants whom we would have to invite to the committee. The first group would represent tenants who are opposed to stock transfers—such as representatives from the Glasgow campaign against stock transfers—and the second group would represent those who are in favour of stock transfers, such as the West of Scotland Forum of Housing Associations, which represents a group of tenants who have been through the stock transfer process and who support it.

We could have sessions with those two groups, or we could have sessions with representatives of urban and rural interests. We could not, however, meet all four groups. It is important that we have a meeting with Shelter because serious implications for homeless people arise from stock transfer. Shelter and the Scottish Council for Single Homeless should have a session with us. Wendy Alexander will also have to come to meet us.

Those sessions would have to happen consecutively, but they could be spread out. The minister would not have to come before us until towards the end of the process, when we have taken written submissions and so on.

I have mentioned the other sessions that will—as we have agreed—need to be fitted in at some point. Those are briefings on the responses to consultation on the green paper and on the housing benefit reform proposals of Westminster. There will also be a session with the homelessness task force. Ethnic minority housing is an issue that has not been focused on a great deal in the past, but it deserves to be examined.

That programme would take us a couple of months to complete, but we need to sort out the role of the reporter so that we get regular reports. We should also, perhaps, start to allocate sessions for housing, sessions for social inclusion and sessions for the voluntary sector, because I am working in a vacuum—I do not know how many sessions we will have on housing and I need to know that.

The Convener: I appreciate the difficulties. Thank you very much.

We should discuss the general principles and deal later with the specifics.

Fiona Hyslop: John has done a great deal of work, which has helped us to move the housing agenda forward—that must continue.

We must examine stock transfer. We might be able to move that forward if we take on board some of the briefings on those issues that we have had from the Scottish Parliament information centre. Some of the issues, such as the stock transfer process, are contemporary. We must not, however, talk only to the national agencies—we must talk to the councils and to the tenants.

I spoke to the Scottish Council for Single Homeless yesterday—it suggested that we should wait until the spring of next year to examine homelessness. Scottish Homes has just commissioned it to examine the consequences of the new housing partnerships on homelessness. As a committee, we will have to examine that when we consider the housing bill.

As we will have to examine that issue anyway, some of the pressure might be relieved if we have a session with council landlords, a session with tenants—in which we must include rural tenants—and a session with the Convention of Scottish Local Authorities and the Chartered Institute for Housing in Scotland, but leave having a session on homelessness and stock transfer until later in the spring. At that point, there will be a report from the Scottish Council for Single Homeless and Scottish Homes. There will also be a session with Shelter at that time.

Mr McAllion: I have no problem with that, but Shelter suggested that we have a session with it, and I would like to clear that with it. It might feel differently about that, and it is the main organisation tackling the problem of homelessness.

The Convener: We must assure Shelter that we are taking the issue seriously.

Mr McAllion: I caution the committee that many councils have not made decisions on stock transfer, and if we invite them to the committee early, they might not be able to tell us much. They might be able to say only that option appraisals are taking place, on which they cannot comment. No council has taken a decision to transfer stock—councils are still going through their own processes.

Cathie Craigie: I agree with John that it would be difficult to invite individual councils. COSLA will give us the views of local government, and the councils will feed into that. We must watch our position—we must not step on the democratic toes of the local authorities. The councils are democratically elected by the people, including their tenants, and they will make decisions for their own areas. It would be better for us to deal with this through COSLA.

Fiona Hyslop: I appreciate the points that Cathie is making, but our role is to examine the process. If we are examining that, we can

reasonably ask councils what their process has been to ensure tenant involvement and what role they are taking in examining the different financial arrangements that Hugh Hall mentioned. We will not necessarily examine their decisions, but we can examine the process that they are going through, because that is contemporary and what we can usefully comment on as a committee.

Cathie Craigie: We could take that through COSLA rather than individual councils.

Fiona Hyslop: Would COSLA know the processes that individual councils have in place? We should do a case study.

Robert Brown: This is a major issue. Like it or not, the Glasgow stock transfers are central to it. I do not think that we can examine those matters in general terms, without a focus on what is happening in Glasgow, which is the biggest city in Scotland and has the biggest stock transfer. Aspects of the situation are unique to Glasgow. I take Fiona's point that we will not find out about that through COSLA—we must take a direct approach.

The Convener: I ask John to liaise with Fiona and Robert, to ensure that you achieve your aims. We all appreciate that there might be difficulties, as local authorities will feel that they must report to us. That might be difficult for them. If we are reasonably sensitive, we should be able to find out about some of the issues that Fiona wants to explore. Glasgow is obviously a key area.

Mr McAllion: From our previous discussions, I assume that members are thinking about Glasgow City Council and Dumfries and Galloway Council. We could contact both and ask them whether they are prepared to come to a meeting of this committee. If Shelter and the Scottish Council for Single Homeless are happy to postpone their attendance until next year, that creates a space for those councils to come in.

The Convener: Yes, we could liaise with them.

Mr McAllion: It might be useful for the councils to come in after the tenants, so we will have heard the tenants' views.

The Convener: Are we generally in favour of this approach?

Members: Yes.

The Convener: We will move on to discuss the details now. We can look back at a decision we made earlier and try to keep to it this time. We decided that we would try to run turnabout sessions. Given that we have the warrant sales programme to deal with, I will suggest a model of parallel strategies. We have more or less agreed this already. We would have the drugs inquiry work on the Mondays and Fridays model and

examine housing and warrant sales on alternate Wednesdays. That would help John to programme events.

Mr Raffan: Do we intend to take evidence on Mondays and Fridays?

The Convener: I thought that our feeling was that as the evidence that we will hear in the drugs inquiry will not be like this—it will be much more conversational and informal—we should do that outwith the formal committee. Given the other difficulties that we have with time—as the Parliament meets on Wednesday—I thought that the feeling of the committee was that we could do the drugs inquiry on Mondays and Fridays. That would free up the three Wednesdays of the month for other business.

Alex Neil: Is that the Monday and Friday of the last week of the month or every Monday and Friday?

The Convener: I propose that there is flexibility, but it depends on members' views.

Mr Raffan: I think that we may run into problems with this. I am happy to do it provided we are given notice. I had a problem on Monday: I wanted to come to the briefing in Glasgow but had a long-arranged familiarisation visit with St Andrews university for the regional MSPs in my region, which had been postponed once already because it clashed with committee meetings.

As Bill Aitken knows, this issue has been raised in the Parliamentary Bureau. We do not work only a three-day week and everybody knows that. The consultative steering group report proposed meetings of the Parliament and committee meetings should take place during three days. We are now moving into Mondays and Fridays. That is fine as far as I am concerned, but the problem arises when members have long-standing constituency engagements. Members get a reaction if they cancel constituency engagements once and a pretty nasty one if they do it twice. We must sort this out, so that we know what we are doing. Otherwise, I will certainly run into trouble. As I have a particular interest in the drugs inquiry, I want to attend those sessions.

I agree that the visits are crucial—I have done a few during the two-week recess and they are valuable. We must organise visits so that as many members as possible can attend. That is where we run into problems if we meet on Mondays and Fridays.

The Convener: I have tried to get my head round this issue. As John McAllion's recent article in *The Herald* showed, we will have real difficulty getting through the work load. It is especially difficult for members who sit on two committees. I do not think that there is a watertight solution to

this. We must, perhaps, accept that there will be some problems.

Bill Aitken: I want to make a suggestion, as this is a problem that will increase, rather than diminish, with time. Sometimes visits could be carried out by an ad hoc group of two, three or four members—perhaps with a special interest in the matter in question—who could report back to the rest of us. We are already experiencing problems and, inevitably, people will have to miss meetings. Nobody likes doing that, if it can be avoided.

The Convener: I was going to suggest something along those lines in relation to the drugs inquiry programme that SPICe is preparing.

Robert Brown: Timetabling is also very important. With an advance timetable, people can plan more effectively.

The Convener: If we agree today, we can begin to produce one. I could simply present members a timetable for the next three months, but I do not want to do that. We may want to pursue John's idea of alternate meetings on housing and warrant sales, and we may have to put a bit more effort into the drugs inquiry, but if members would like me to organise a timetable I will do so.

12:15

Alex Neil: We seem to go over this at every meeting, but the key thing is to establish a pattern.

Mr Raffan: Absolutely.

Alex Neil: I am quite happy for us to meet every other Wednesday to deal with housing and warrant sales. The problem concerns our visits. At the moment they are focused on the drugs issue, but in a year's time they may relate to something else.

We had already established that in the last week of each month we would set aside either a Monday or a Friday for a visit. We should stick to that, allowing for the possibility of an additional visit—perhaps by an ad hoc group—halfway through the month. The important thing is to establish a pattern. At the moment, that has been done only for the Wednesday meeting. We need to do the same for the visits, so that we know whether they will take place on Mondays and Fridays or on Tuesdays, and whether they will happen every two or three weeks or only in the last week of the month. It does not matter much to me either way, as long as I can plan my diary. We are now starting to plan our diaries for January and February.

Mr Raffan: We might not need all of Monday or Friday for visits, but the crucial thing is to block them out as soon as possible. Alex is absolutely

right—if we do not do that, we will be in difficulties.

The Convener: So we are agreed that we want to go through the warrant sales evidence and to hear the housing evidence, as proposed by John McAllion. We will do that on alternate Wednesdays and will set aside the last Monday and Friday of the month for the drugs inquiry.

Mr Raffan: Convener, setting aside two days of a week is not acceptable.

The Convener: The proposal is to set aside either Monday or Friday.

Mr Raffan: Can we decide as soon as possible which day will be set aside? We need to know.

The Convener: We can, although this has to be negotiated with the people whom we intend to visit. We have to be reasonable.

Mr McAllion: The Scottish Federation of Housing Associations, the Chartered Institute of Housing in Scotland and the Convention of Scottish Local Authorities would all be able to come to the meeting on 10 November. We could pencil that in.

The Convener: Yes, we could.

I want to return to the drugs inquiry, as there is something that I must bring to the committee's attention. Unfortunately, at our previous meeting, a number of members left before the end of the briefing that SPICe was giving us. We agreed to arrange two seminar days. SPICe has liaised with a number of key organisations and has organised a programme of work for us. The dates that it suggests for the seminars are 15 and 22 November. If we agree today that we want to set aside the Monday or the Friday of the last week of the month for the drugs inquiry, we can ask the staff to come up with a forward programme for December and January.

I will sum up. For the next two months, we will spend alternate Wednesdays discussing housing and warrant sales. During the preliminary phase of the drugs inquiry, we will have seminar briefings from SPICe on Monday 15 November and Monday 22 November.

Alex Neil: Do we know whether those will be in the morning or in the afternoon?

The Convener: I think that they will be all day. I have a paper here and can go through the details of that with you.

At our next meeting, on 3 November, we will bring forward a paper detailing recommendations for the hearing of evidence in the drugs inquiry. That will probably take December, January and February to complete. We can take into account Bill's recommendation.

I appreciate people's commitments and the pressures on their diaries, but we are all in the same position and we really have to make an attempt to manage as best we can.

Mr Raffan: Convener, you and I keep on missing each other to discuss the details of the drugs inquiry and our visits. I would like to put into the machine, so to speak, a number of potential visits that I feel we should undertake. I have already been on one or two, and I feel that it would be valuable for other members of the committee to go on them. They cover different aspects of the problem, dealing not only with urban areas but with more dispersed deprived communities and some of the old mining villages of Fife. That gives a balance.

The Convener: I will circulate the paper from SPICe that mentions the people it recommends we invite. I honestly do not think that there will be any objections to it. Keith and I will meet and, at the beginning of next week, recommend who to invite to the official evidence phase of the inquiry.

Alex Neil: Will you be able to tell us on which Mondays and Fridays we will be meeting over the next couple of months?

The Convener: I hope so.

Fiona Hyslop: Can I just have clarification that, next week, we will do two things—work on the social inclusion action teams and hear evidence to prepare us for the Abolition of Poindings and Warrant Sales Bill?

The Convener: Yes—and I will come back to the issue of having private or public meetings. I have not forgotten about that.

I appreciate our difficulties, but let us not be too downhearted. The committee has managed to get through its brief, which is very wide-ranging. It has been difficult to come to this new. We all have different agendas and different interests that we want to pursue—but there is a sense that things are beginning to take shape. By Christmas we will have covered a lot of ground. We are getting there, so let us not panic too much. I am sure that we can get a grip on our work.

Mr Raffan: I think that we have to be careful not to do too much at one time, because we will end up doing it thinly. That would not be to the credit of either the committee or the Parliament.

The Convener: I am confident in the work that I have seen coming forward and in the recommendations of how to get through some of the issues on our agenda. I thought that today's discussion was good. It is not concluded, but we got into some of the meat. Remember, we have a long time. I do not think that anyone is pretending that the work that we do between now and Christmas will be the last word. We will return to

many of the profound issues. However, we are beginning to move in the right direction, and we should acknowledge that.

Meetings

The Convener: Point 5 on the agenda is private/public meetings. We all have a paper from the clerk. To reiterate, we were concerned that our efforts to deal, for example, with housekeeping, with tidying up our business, and with setting dates in our diaries, should not take up valuable time during the formal part of the committee. Those housekeeping issues were the reason—the only reason—for meeting in private. We asked for clarification on that from the clerks. Have you all had the chance to look through the paper? Are there any comments or possible amendments?

Mr Raffan: It is terribly important that the work of this and other committees of the Parliament is not dictated by one newspaper and its gimmicky action against the Parliament—trying to boost its flagging circulation by attacking the Standards Committee for meeting in private. Paragraph 9 of the paper summarises clearly the times when it would be appropriate for us to meet in private. We should not shy away from that. This Parliament is sovereign and we should not be dictated to by the media and journalists. I say that as an ex-journalist.

The discussion of draft committee reports in particular—in which I have been involved in select committees in another place—is much freer if the meeting is held in private rather than in public. If other people are present during the discussion of the draft report, the final report may be qualified by them because of something that they heard and have perhaps taken out of context. It makes a lot of sense for that kind of meeting to be held in private.

It is absurd, with four parties represented on our committee, to think that some kind of conspiracy is going on. It would be unique in political history, and even more unlikely, if we managed to conspire together and then keep it quiet.

Alex Neil: It is usually just three parties.

Mr McAllion: In the coalition? [*Laughter.*]

The Convener: Now, now.

Mr Raffan: Now, now.

I think that the four points in paragraph 9, including

“discussion of the questions to be put to witnesses”

and

“discussion of draft committee reports”

are probably the most appropriate.

The Convener: When it is appropriate, to cover that kind of ground, we will go into private session.

Robert Brown: One of the problems is that a lot of these issues—for example, the questions to be asked—are likely to come up at the beginning of meetings. That will lead to a timetabling problem. We do not want people to be waiting about because they did not know in advance that there was to be a private session. We will have either to plan ahead, or allocate a particular time for meeting in private.

The Convener: Members should think about that matter when we have our forward plan, which will take us through November, December and possibly some of January. As long as we make it clear in advance why we are having private meetings and what we will cover in them we will reassure people that we are not saying politics is only for politicians. I acknowledge Keith's point about a certain newspaper, but we need to reassure communities and organisations that we want them to hear our open debate.

We will agree to this paper, and it will determine how we operate. When we need to meet in private we will provide advance notification. Committee members should tell me or the clerk if they feel that we need to discuss in private how we question key witnesses.

Martin Verity: The point is that if the committee is to go into private session, a specific decision should be made to do so: there should not be a general, blanket arrangement.

The Convener: And the decision must relate to a specific piece of work.

Bill Aitken: The decision must be recorded in the *Official Report*.

The Convener: Yes. We would need also to include an agenda item on the need to take a decision.

Timetable

The Convener: Are we agreed that we will take on board the recommendations that were made earlier, and that they will be written into the report, which Martin will circulate?

Members indicated agreement.

Correspondence

The Convener: We regularly receive letters. I suggest that they be referred to committee members who have taken on responsibilities that are relevant to the correspondence. We are running out of time now, but we need to have a discussion on the role of reporters. I wanted to make one or two recommendations. For example, reporters should pick up correspondence and make recommendations to the committee.

It is important that reporters liaise with representatives of all the political parties prior to committee meetings, because the role of the reporter is not to be the only person working on a topic. In my view, the reporter's role is to be a co-ordinator, which is the role that seems to be taking shape in this committee. If members are taking on the roles of reporter or of convener of the ad hoc groups, I expect them to liaise with representatives of the political parties so that people are involved in decision making. If there is a disagreement, it should come to this committee so that we can deal with it: the matter should not be dealt with by a smaller group. Therefore, if we were going to pass on an item of correspondence which asked us to visit somewhere, or make a decision, or if it raised an urgent issue, the reporter would consider it, liaise on the matter and, when appropriate, bring it to the attention of the committee. That would ensure that we do not get bogged down.

Alex Neil: It might be useful, particularly as we are running out of time, if Martin Verity could produce a written remit for reporters on one side of an A4 sheet of paper, and we can discuss that.

The Convener: Yes. At our next meeting we will have the Scottish social inclusion network action reports, we will report on the progress and contents of the Abolition of Poindings and Warrant Sales Bill concerning warrant sales and we will deal with items of business that have emerged from our discussions. Karen Whitefield will report on the Scottish Criminal Record Office checks and the report from the University of Abertay, Dundee, and next week we will hear from the social inclusion action teams. Scottish Homes will send us more papers. John McAllion will ensure that they are given to the committee. We will return to the issue of the timetable and at the next meeting we will have a paper on reporters.

It is one minute to half-past 12. What a life. Thank you.

Meeting closed at 12:29.

Members who would like a printed copy of the Official Report to be forwarded to them should give notice at the Document Supply Centre.

Members who would like a copy of the bound volume should also give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the bound volume should mark them clearly in the daily edition, and send it to the Official Report, Parliamentary Headquarters, George IV Bridge, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

Monday 8 November 1999

Members who want reprints of their speeches (within one month of the date of publication) may obtain request forms and further details from the Central Distribution Office, the Document Supply Centre or the Official Report.

PRICES AND SUBSCRIPTION RATES

DAILY EDITIONS

Single copies: £5

Annual subscriptions: £640

BOUND VOLUMES OF DEBATES are issued periodically during the session.

Single copies: £70

Standing orders will be accepted at the Document Supply Centre.

WHAT'S HAPPENING IN THE SCOTTISH PARLIAMENT, compiled by the Scottish Parliament Information Centre, contains details of past and forthcoming business and of the work of committees and gives general information on legislation and other parliamentary activity.

Single copies: £2.50

Special issue price: £5

Annual subscriptions: £82.50

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £2.50

Annual subscriptions: £80

Published in Edinburgh by The Stationery Office Limited and available from:

The Stationery Office Bookshop
71 Lothian Road
Edinburgh EH3 9AZ
0131 228 4181 Fax 0131 622 7017

The Stationery Office Bookshops at:
123 Kingsway, London WC2B 6PQ
Tel 0171 242 6393 Fax 0171 242 6394
68-69 Bull Street, Birmingham B4 6AD
Tel 0121 236 9696 Fax 0121 236 9699
33 Wine Street, Bristol BS1 2BQ
Tel 01179 264306 Fax 01179 294515
9-21 Princess Street, Manchester M60 8AS
Tel 0161 834 7201 Fax 0161 833 0634
16 Arthur Street, Belfast BT1 4GD
Tel 01232 238451 Fax 01232 235401
The Stationery Office Oriol Bookshop,
18-19 High Street, Cardiff CF1 2BZ
Tel 01222 395548 Fax 01222 384347

The Stationery Office Scottish Parliament Documentation
Helpline may be able to assist with additional information
on publications of or about the Scottish Parliament,
their availability and cost:

Telephone orders and inquiries
0870 606 5566

Fax orders
0870 606 5588

The Scottish Parliament Shop
George IV Bridge
EH99 1SP
Telephone orders 0131 348 5412

sp.info@scottish.parliament.uk

www.scottish.parliament.uk

Accredited Agents
(see Yellow Pages)

and through good booksellers