

SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE

Wednesday 10 November 1999
(Morning)

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SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE **8th 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:

Alan Ferguson (Chartered Institute of Housing in Scotland)

Councillor Michael McGlynn (Convention of Scottish Local Authorities)

David Orr (Scottish Federation of Housing Associations)

COMMITTEE CLERK:

Martin Verity

ASSISTANT CLERK:

Rodger Evans

Scottish Parliament

Social Inclusion, Housing and Voluntary Sector Committee

Wednesday 10 November 1999

(Morning)

[THE CONVENER opened the meeting at 10:04]

The Convener (Ms Margaret Curran): As is traditional, I welcome members and visitors to the meeting. Yet again, we have a full agenda—that seems to be our war cry these days—and a timetable has been added to the committee papers so that we have some indication of how this morning's substantial business will be managed. I have noted what members have said about the need for thorough questioning of witnesses and I shall try to ensure that that can happen.

Action Points

The Convener: I intend to stick rigidly to the timetable this morning, so we will move straight to the action points from our previous meeting. Most of the points are self-explanatory, but do any members have questions about them?

Alex Neil (Central Scotland) (SNP): I want to mention the mapping exercise. The Scottish Parliament information centre has, quite fairly, pointed out that it could do only a limited amount of the mapping exercise that we asked for. Having discussed the matter with Martin Verity, I suggest that the committee formally write to Wendy Alexander to ask whether the Executive is undertaking, or has undertaken, a mapping exercise. If it has, there is no point in duplicating its efforts in our research. If it has not, the item should be on the agenda when we discuss our research needs at a later meeting.

The Convener: At some point, the committee will need to decide what its research needs are. We can pursue your point about existing information being made available to us, and we will include a debate on research needs in a forthcoming agenda. Martin Verity informs me that SPICe is keen to know what our research needs are, so members should begin to think about that and we will return to the point. I will draft a letter to Wendy Alexander, as Alex suggests, on behalf of the committee.

Keith Raffan and I have met to discuss a range of drugs issues. Everyone in the committee should be involved in that, and I will refer the matter to our seminar on Monday. There is a raft of issues to be

considered and I shall raise them there to avoid taking up time today.

Mr Keith Raffan (Mid Scotland and Fife) (LD): That is a good idea.

The Convener: I take it that most of the other points are clear.

Fiona Hyslop (Lothians) (SNP): Have all the other points been actioned?

The Convener: They are being processed.

Fiona Hyslop: I want to ask a question about the *Official Report*. I realise that the official report has a heavy work load, but now that we meet weekly, can we expect reports to be published prior to the next meeting?

The Convener: That is one of the big structural issues that we now face. Because we have taken on such a heavy work load, there is a knock-on effect on the poor clerks and the official report. I was asking about that informally before the meeting began. The *Official Report* of last week's meeting was published only yesterday, was it not, Martin?

Martin Verity (Committee Clerk): The official report produces a schedule of when it expects reports to be produced. I can circulate that to members on a weekly basis if they want me to. Committee reports will usually be published within a week, but priority must be given to the business of the full chamber.

Bill Aitken (Glasgow) (Con): I did not leave the building until 7 o'clock last night and I did not see the *Official Report* until this morning. Had there been an issue that I wanted to raise today, I would not have been able to do it, even with rapid reading and the best will in the world. Nobody could be expected to go through the report thoroughly in just half an hour. It would be better if the report were available on Tuesday early doors.

Martin Verity: Members usually get copies of the minutes. They are much more truncated than the *Official Report*, but they are available on the web earlier. I can also circulate copies of the minutes to members if they want me to.

Bill Aitken: I can look at them on the web.

Mike Watson (Glasgow Cathcart) (Lab): When you talk about the availability of the *Official Report*, are you talking about its availability in printed form or on the web? Is it published in both formats simultaneously?

Martin Verity: It goes on the web first, before we get the printed copies.

Mike Watson: So if we know it is there, we can download it ourselves.

Cathie Craigie (Cumbernauld and Kilsyth)

(Lab): There are difficulties with the weekly meeting timetable. As I have said previously, committee members have difficulties—unless they are on only one committee—because parliamentary staff are unable to cope with the number of reports they have been asked to prepare, so we receive papers the night before meetings. That means that we are less than prepared. When we get through the heavy agenda that we have programmed, we should review how the weekly cycle of meetings has operated in our attempts to study issues in depth.

The Convener: We will put your points on the agenda and deal with them once we have dealt with the current programme.

Martin Verity: Shall I write to members telling them what the schedule is?

The Convener: Yes.

Housing Stock Transfers

The Convener: We will now move on to housing stock transfers, which is a big issue on our agenda. Anyone who reads the *Official Report* of our meetings will know that we have referred to the subject on many occasions.

I welcome David Orr, David Henderson and Alan Ferguson. We will ask you to present a brief introduction. That is so that we can maximise our interaction with you, not minimise your contributions to this committee. We are keen to hear your perspectives and you will have plenty of opportunities to offer them. We have set aside a substantial amount of time for this item, so I hope that we will be able to get through some of the issues.

Please introduce yourselves.

Councillor Michael McGlynn (Convention of Scottish Local Authorities): I am grateful for the opportunity to put forward COSLA's perspective, which was laid out in our short briefing notes. One of the points that we wish to raise is that local government and our tenants are the groups that are most directly affected by stock transfer developments.

The first point that we wish to raise is that housing is a key element in the drive to deliver social inclusion. It is an integral part of community development, alongside education, healthy living, crime prevention, social care and sport—all the other things that MSPs are interested in as well. Government policies of the 1980s and 1990s penalised councils. The right to buy removed the best housing, discounted sale values left councils with an ever increasing housing debt burden, and the Government cut the amounts local government was allowed to borrow.

Subsequently, several councils joined forces with other landlord organisations to help achieve housing plan objectives, to increase investment in housing stock and to provide more affordable housing for tenants in their areas. Seven councils are currently exploring wholesale stock transfers to try to meet some of their housing plan objectives.

As part of COSLA's contribution, we have to ensure that certain items and guarantees are included in stock transfer proposals. Local government has to be at the heart of those transfers because it is democratically elected. There must be a single housing plan to ensure that new housing associations and new housing providers meet the objectives of national Government and local areas. Local government must ensure that there is a single, independent regulator and we have to ensure that a single housing tenancy, which is dear to COSLA and some of the organisations round this table, occurs.

COSLA has serious reservations about the right to buy and any extensions to it. In our contribution to the housing green paper we made it clear that in the first instance we wanted the abolition of the right to buy, but if that were not achievable we wanted the Government to consider a list of amendments and exemptions that we provided. We have serious reservations regarding the right to buy policy, and we would like to address that policy later.

The Convener: Thank you. We will hear the introductions and then begin asking our questions.

David Orr (Scottish Federation of Housing Associations): I am the director of the Scottish Federation of Housing Associations and I am grateful to you all for giving us the opportunity to speak to you today.

SFHA is committed to exploring means to deliver high-quality affordable housing for rent. That sounds as if I am stating the obvious, but I am a great believer in doing that because, in debates about structures, ownership, policies and so on, the obvious sometimes gets lost. Being clear about what we are trying to deliver is extremely important.

We need a housing market that strikes a balance between opportunities for home ownership and renting. We are anxious about the fact that opportunities for home ownership take precedence in our current market. There is a growing sense that rented housing is a last resort. That notion contributes to social exclusion.

10:15

We think that it is very important to consider ways in which new investment can be found for

our disgracefully poor-quality housing stock. Committee members are familiar with the statistics and I will not repeat them. Our housing stock is unacceptably poor. We are always happy to consider mechanisms to bring in new investment. We are particularly pleased that Government policy, the green paper and the work of this committee is exploring community empowerment and ownership. We believe that those mechanisms deliver not only good-quality affordable housing for rent, but are major factors in combating social exclusion.

The Convener: Thank you. We will explore those issues with you.

Alan Ferguson (Chartered Institute of Housing in Scotland): I am the director of the Chartered Institute of Housing in Scotland and like my colleagues I am very pleased to give evidence to the committee this morning.

The institute is a professional body of people working in housing, across all tenures. Our key aims are to ensure the provision of decent affordable housing and high-quality service. Our activities involve everything from conferences and training to publications and policy statements. Part of our work is about exploring ways of getting new money into housing.

As colleagues have said, it is clear that there has been a reduction in housing resources. Along with other organisations, the institute has been trying to promote and investigate other ways to get money into housing, from considering Treasury rules on public expenditure to using private finance initiatives and stock transfer.

At the moment, under the current public expenditure rules, there are few options apart from stock transfer. However, we might consider stock transfer as a way of getting more money into housing. That is not just for the sake of it, but to improve the quality of housing. Currently, the quality is fairly poor—many tenants live with dampness and condensation in energy-inefficient housing. We need investment to address that.

The institute is also about improving tenants rights. That is why we support the introduction of a single tenancy that builds on the existing rights of tenants and includes a right to participation for all tenants in the social sector. It is also about improving the service. There is no point investing in bricks and mortar if we do not improve the service as well. That is a key element and needs to be tied into ensuing regulation across the social rented sector. By that I mean the regulation of housing associations, new social landlords and local authorities, and ensuring consistent standards and provision of a decent quality service across the board.

The Convener: Thank you, Alan. I kept opening

comments brief so that we can maximise the time for members' questions. I am sure that we will have an interesting discussion.

In taking questions, I will try to balance party interests. With a bit of luck, most members' questions will be heard.

Fiona Hyslop: I have several questions. What are your concerns about the new housing partnership policy? That question is for all three of you. Alan talked about the CIHS's role in investigating other ways of getting investment. The submission from Scottish Homes also discussed other forms of resourcing, apart from stock transfer. What are your views on that, Alan?

You mentioned participation. I would like to have your views about participation under the new housing partnership. One of the main issues must be the quality of housing. Do you think that the problems that we have seen in the past 30 years could continue if we do not raise the quality of housing by investing heavily in housing in a short period of time?

As far as COSLA is concerned, I am interested in the timetable of the housing agenda. The right to buy is obviously a key issue. I would be interested in what COSLA has to say about the problems that are caused by the fact that a housing bill will not appear until the middle of 2000. What difficulties might that cause tenants who are voting prior to an agreement about a single tenancy or a right to buy?

Alan Ferguson: All of us had concerns about the new housing partnership. As you know, however, COSLA, the SFHA and the CIHS are all on the new housing partnership steering group. The concerns relate to the competitive bidding process, the short time scales and other such matters.

In an ideal world, a competitive bidding process would be unnecessary: councils would set out plans that they would be funded for and their performance would be measured. We are some way away from having such a process. We have enabled Government to focus resources on particular priority areas through the new housing partnership programme. Progress has been quick.

Fiona Hyslop mentioned the fear that the problems of the past 30 years could continue if we do not raise the quality of housing in a short period of time. I think that we have moved more quickly than we would have done if we had dealt with the matter in the usual way.

All the groups present today recognise people's concerns, but they have encouraged authorities to consider ways to improve housing. Fiona is right: the quality of housing is a major concern. Sometimes in this debate, we forget that we are

trying to provide decent homes for people who live in council housing. The debate can get bogged down in arguments about ownership and the level of tenant control. Those things are important and we support empowerment and tenant control, but we must not lose sight of our aim, which is to improve housing.

Fiona Hyslop: Would you say something on finance?

Alan Ferguson: The institute has dealt with the subject of the public sector borrowing requirement. That is a UK institution; it is not used by other European countries and it is not in the Maastricht conversion criteria. Why do we have a public sector borrowing requirement? We have argued with Conservative and Labour Governments about the need to change the rules and to move towards a more European definition of public expenditure. That does not mean that councils would not transfer their stock, but it would mean that councils would still own the houses, through an arm's-length company called a local housing corporation. That new organisation would be able to borrow money to invest in housing, but the council would still own the houses.

We have been supportive of and pushed that model. We have not got anywhere with Westminster because the Government has not been prepared to consider changing those rules. In its evidence, Scottish Homes mentioned the securitisation of rental income. Our understanding is that that would require a change in the rules for defining public expenditure. Although it is all right to put forward those ideas, we must also be pragmatic: the rules exist. How can we improve housing? One way is through stock transfer.

Fiona Hyslop: The issue of finance is critical, and it is an aspect in which we are particularly interested. Because of Glasgow's existing income stream, it could be argued that the City of Glasgow Council could achieve the same investment by its own means if the debt was written off without the stock transfer. I would like to hear your views on that.

You have told us about community ownership, but the key is improving the stock. The argument that is being put to us for stock transfer is that that is the only way in which finance can be raised. If the debt was transferred and the stock remained with the City of Glasgow Council, the same level of investment could be afforded over the same period. The key is the transfer of debt, not the transfer of the stock. I invite your comments on that.

David Orr: I have several points to make about that. For years, we have all been saying that we need to find new ways of acquiring investment in housing. A strategy is being developed that is

specifically designed to acquire such investment, and the transfer of ownership is a part of that strategy. We should not consider that either good or bad as a matter of political philosophy, but either good or bad in respect of the quality of service that is delivered.

Because the assumed valuation of the stock in the Glasgow transfer is relatively small—minuscule, really—it could be argued that if the debt disappeared, Glasgow could invest. The question must then be asked: would the City of Glasgow Council, as a single organisation, make a better or a poorer job of investing in 90,000 houses than smaller, locally controlled organisations? I believe that it would make a poorer job of it than if that investment were transferred to smaller, locally controlled organisations, and there is evidence to support that view.

This issue concerns not only Glasgow, but the whole of Scotland. The outstanding debt is £4 billion. If that is paid entirely out of the public purse, that is fine. I would not argue against that. However, if the stock was transferred and the equity that is there was released through the process of transfer, there would be a cost to the public purse of only £2 billion. That seems to be a significant issue. How else can the equity be tapped into—and there is equity in the 600,000 council houses in Scotland—as a means of delivering some of the investment that is required?

I am also anxious that the debate is focused wholly on stock transfer. This committee is examining stock transfer. For the record, I want to say that improving the quality of existing council housing stock is a significant part of improving our housing overall. However, we need new build. In some areas there is a shortage of rented housing. We need to consider strategies for developing more balanced housing markets, both locally and nationally.

We must consider all the issues that relate to stock transfer. Like Alan Ferguson, we have considered general Government funding deficit and other ways in which the rules could be changed. I am reluctant to call a halt to a process that could deliver a lot of new investment while the Treasury will not change the rules. There is potential for major delay.

10:30

The Convener: Fiona, I have not lost sight of the point that you raised about COSLA. I will let Cathie in on that specific point, but we will come back to the COSLA point.

Cathie Craigie: Listening to David, I remember crossing swords with him years ago at a conference. I totally disagreed with his viewpoint

then.

How do we finance the work that badly needs to be done on the stock to bring it up to date and, as you say, meet the demand for new build? If we consider one of the areas with poorer-quality housing stock—for example, in Glasgow—do you think that lenders will lend to any organisation, whether it is one or half a dozen, when the stock is of such poor quality? Will you comment on that?

On the options other than stock transfers to invest money, Alan Ferguson mentioned the arm's-length companies and the way that they operate in Europe. Could you give us an insight into that?

David Orr: I will answer the question about lenders and Alan will talk about corporations.

Lenders will be anxious to lend money on some of the poorest-quality housing, provided that the income stream is sustainable. The issue is not the quality of stock that they are lending against, as their security is not in the bricks and mortar. Even in the case of good-quality stock, lenders will be concerned if they do not get the income stream. They do not want to become the owners of that housing and have to manage large estates anywhere in Scotland. The income stream is the critical part.

In terms of getting a balance of investment so that the poorest housing gets the most investment, we must be creative in how we put together packages that make sense financially. To get the degree of borrowing that will be necessary on some of the poorest stock, there must be balanced packages that include better-quality stock or some kind of dowry; otherwise, the whole package will not work. It is possible, however, and the lenders have plenty of stomach for it.

The two matters that will give lenders cause for concern are nothing to do with the quality of the housing stock: they are whether there are going to be significant changes to housing benefit that will impact on the income stream and whether there is any extension to the right to buy, which constitutes additional risk. That is more important than the quality of the bricks and mortar.

Alan Ferguson: On the lenders, the rental income is one of the key issues, but it is also about the strength of the business plan and regulation. Part of the issue is that we must move from contractual regulation of housing associations to statutory regulation because that would give comfort to the lenders in any transfer, including the transfer of poor-quality housing.

On arm's-length companies, one of the key areas of work of the Chartered Institute of Housing in Scotland over the past eight years or so has been about considering the changing of the

Treasury rules. We have examined the rules in Europe and what we have here. Local authorities being able to borrow is called public expenditure; housing association borrowing is not called public expenditure. It seems easy to say that we should change the system and let local authorities borrow, but it is not as easy as that. Even if we were to move towards a more European definition of public expenditure, that would not enable councils to go out and borrow the money. Even if they could, could they, as Fiona mentioned, service that debt anyway without write-offs?

We have argued that we should move towards a European definition of public expenditure, but under those rules that would still involve the transfer of the stock to an arm's-length company. However, the difference would be that the council would still own the houses, whereas, in the current stock transfers, ownership transfers from the council to another body: the housing association, housing trust or housing co-operative. The difficulty is that Westminster and the Treasury do not want to consider changing those rules. Even if they did, it would not enable the Western Isles Council, Glasgow City Council or the City of Edinburgh Council to borrow what they wanted. It would still involve a transfer. There would still be a ballot and issues about tenants' rights.

Bill Aitken: There is unanimity among committee members that Scottish housing is in acute crisis, although there may be arguments about how we arrived at that situation and possibly about how it should be remedied. The basic fact is that we are confronted with an unacceptable situation.

First, bearing in mind the fact that in Glasgow something like 90 per cent of tenants are on housing benefit and 83 per cent of rents are paid by housing benefit, do you believe that, if the stock transfer proceeds, the Government may in time come under pressure effectively to increase rents? At the end of the day, nobody would be particularly hurt by that—the subsidy that at one time went to council housing would come from another department's budget, through housing benefit—but the small minority of people who do not enjoy housing benefit would suffer.

Secondly, I believe that the right-to-buy legislation is one of the success stories of Scottish housing in recent times. My colleagues on the committee will say that I would say that. I am concerned that that legislation might be diluted if stock transfers proceed. I would like your comments.

Thirdly, it is clear that the secure tenancy agreements that tenants enjoy at present will need to be reconsidered if the stock transfer proceeds. Will tenants transfer to assured tenancies?

Councillor McGlynn: The right to buy gave many Scottish people the aspiration to be home owners, but it disadvantaged many of the most vulnerable client groups in society. Councils lost a lot of their best stock and there are now massive waiting lists. Right to buy was positive in some aspects, but it was negative in that it caused other pressures. Some people do not have housing opportunities as a result. There is a downside to every policy.

COSLA has made it clear in its documentation and in its response to the green paper that it has significant worries about the right to buy and the single social tenancy. We believe that to achieve the Government's complementary objectives—social inclusion and ensuring that people live in warm, safe conditions—we must ensure that houses are available for rent in Scotland. If the right to buy is kept in its present form or is extended, houses will not be available to the most vulnerable people, whether from new providers, housing associations or councils. People will be punished by the drive to create home ownership. The push was to create home owners rather than sustainable home ownership.

In some of the council estates in my area, for example, South Lanarkshire Council is making major improvements, but the home owners cannot afford to participate. The drive created home owners, but nothing else. People do not have the finance or the equity to participate, despite the fact that the council is offering them standard securities on their property and grants under specific schemes, because they are at the margins. People who have temporary jobs or irregular working patterns cannot afford to participate.

The situation in Scotland is unacceptable. Housing is of poor quality. However, if we want to create a national policy for stock transfers, it must have the acceptance of tenants. Neither of the two gentlemen mentioned that. For them, it is all about professionals making decisions. However, tenants need to make the point that they want to work with councils and providers to get their homes into a satisfactory condition.

There is no doubt that the new housing partnerships policy is a good one. For every £1 spent by my council, we achieved £2.40 of private sector money. Not one of the Scottish Homes schemes has ever achieved that. So councils can do things well. The danger that Alan Ferguson indicated is that new housing partnerships are challenge funded. Accessing funds needs people who can write articulate documents. The more articulate the document, the greater its chance of success. You cannot create a national policy that will rid us of poor housing, of dampness, of condensation, by challenge funding. There has to

be a national strategy, with local strategies to back it up.

The Convener: I would like to explore the right-to-buy issue. I will then come on to the other points about stock transfer.

Fiona Hyslop: Unless right to buy is amended, is there a danger, under new housing partnership, that we will just project the problems that we have had into the future, especially for housing associations? Councils will have absolutely no quality stock. David's points are well made: housing is not just about the individual who is in that home at that one time; there is a greater social service for the wider community, because we never know where we might be in 10 or 20 years' time. From the perspective of the housing associations, is there a danger that we will just project the right-to-buy problem into the future with the new housing partnership; and from the council perspective, can you go to a ballot without a change to right to buy?

David Orr: To be explicit and clear, our view is that, from a given date, right to buy should be abolished for all new tenancies. No tenant who currently has the right to buy should have that right taken away. We do not believe in taking things away. However, this has nothing to do with stock transfer. If the task is to put in place a housing strategy that creates balanced, successful and sustainable communities, we believe that right to buy does not assist in achieving that task. From a given date, it should be abolished for all new tenancies in housing associations and local authorities, because it does not meet the primary objective.

In some areas, as part of a local strategy, you may want to increase the level of owner occupation, and there may be a contract or a voluntary arrangement that would allow tenants to buy houses. There may be other mechanisms for encouraging home ownership in monotenure rented estates. Personally, I think that we need to have some mechanisms for encouraging renting in monotenure owner-occupation estates, because we do not have balanced housing communities at present. I strongly believe that, if we are successful in meeting the most optimistic projections of investing £3 billion in our housing stock, it would be fundamentally problematic, in the long term, if that led to 250,000 of the 750,000 houses in the rented sector being bought as a result of right to buy. That would create an even more unbalanced housing market than we have at the moment, and it would lead to much greater volatility in house prices.

At the moment we are seeing interest rate rises because of the imbalance in the housing market in London and the south-east of England. We can take steps to ensure that that does not happen

here. After 20 years of right to buy, which has been hugely successful for some individuals, but which has been quite damaging as a strategic policy instrument, we cannot say that we can carry on with it.

Mike Watson: I am surprised at the vehemence with which David has expressed that view. I used to have reservations about the right to buy. Certainly under the previous Government, the aim of the strategic policy was simply to increase home ownership. I am not opposed to home ownership, but I am concerned about how stock transfer could affect tenants' rights.

10:45

As you will know, one of the issues most often raised in discussions with housing associations when it comes to the transfer of stock from local authorities is that of assured versus secure tenancies. I am currently dealing with a difficult case that centres on just that point. As I understand it, it is proposed that the right to buy would not apply to people who come into the new housing partnerships after the cut-off point when the new system starts. I am concerned that that will lead to a two-tier system in which people will be living under ostensibly the same conditions, but with one family enjoying a right that the family next door does not have. It is rather like transferring jobs from the public sector to the private sector, when employment rights are sustained for those who are already there at the time of the change but do not apply to those who start after that point. I am as unhappy about double standards in housing as I am about double standards in employment.

I have a personal view on such matters that may not be widely shared, but I believe that if the right to buy applies in the public sector, it should also apply in the private sector. Private landlords should be obliged to sell their properties to tenants who want to buy them. The whole right-to-buy issue is a matter of key concern. I am not quite sure what Fiona meant about local authorities being able to ballot without the right to buy being affected, but I think that it will be difficult to satisfy the expectations of tenants if they feel that they are buying into a two-tier structure. I am, therefore, surprised by the suggestion that there should be attempts to stop the right to buy with effect from the moment when the new system comes into being. Why do you think that that would be beneficial?

David Orr: I am not suggesting that we should try to stop the right to buy from the moment when the new system comes into being, nor am I suggesting that it should be linked to stock transfer. I am suggesting that, regardless of whether we transfer houses from councils to

housing associations, the housing economy in Scotland now needs to retain balance. The right to buy should, therefore, be discontinued for all new tenancies, but not for anyone who has it at the moment.

Mike Watson: Even if housing stock transfer did not take place?

David Orr: Even if housing stock transfer did not take place.

Under the current rules, people who transfer on an assured tenancy have a contractually preserved right to buy, which lasts only as long as they are the tenants. That right does not pass to subsequent tenants of that property. When people talk about the difference between assured and secure tenancies and its being a problem in transfers, the absence of a long-term right to buy is not the issue that they are worried about. They are most worried about the fact that the tenancy agreement is not entirely underwritten by statute, and that there are mandatory grounds in the assured tenancy arrangement for evictions. We would like tenancy agreements that do not have those mandatory grounds.

It is important to make that distinction. I believe that the right to buy was a policy instrument introduced by a Government that strongly believed in the rights of the individual taking precedence. That is difficult to square with a Government whose key policy instrument is the development of successful communities. The right to buy is not a negotiation; it is something that can be exercised by only one person, regardless of the needs of the neighbourhood. It is time that we fundamentally re-examined that situation.

The Convener: I will take one more question from Cathie Craigie about the right to buy. Then I shall open up the questioning to cover wider issues.

Cathie Craigie: My question is about the fallout from the right to buy. As Michael McGlynn said in his presentation, some people bought their homes without knowing just what was in store for them and what responsibilities they would have to take on as owner-occupiers. As a result, some properties have fallen into a state of disrepair that is worse, in many cases, than the state of council houses or housing association properties round about. That is a problem that we must consider in our discussion about stock transfers.

If a new landlord organisation wants to modernise poor-quality housing stock, there will be difficulties if there are no owner-occupiers coming on board. That is a problem that I am aware exists with former development corporation houses in my constituency, Cumbernauld and Kilsyth. Cumbernauld development corporation was regarded as a success story and held in high

regard, having the highest corporation house sales in Scotland. The Conservative Government trumpeted and championed that, but did not trumpet the fact that we had the highest rate of homelessness in Scotland. We had the highest number of people applying to be rehoused after they had bought houses but could not afford the mortgage payments. Have the implications of housing stock transfers for owner-occupiers caused difficulties?

Alan Ferguson: The issue of owners where councils transfer stock is causing difficulties right across the board. Cumbernauld is the most extreme example as 70 per cent of homes in some tower blocks are owner-occupied. In the second round of the new housing partnership, resources were provided to authorities to deal with that problem.

In the latest round of new housing partnerships the Government made it clear that new housing partnership money could not be used to provide grants to owners. We know that, for different reasons, including changes of priorities in local authorities, there have been cuts to the provision of improvement grants by councils. The problem is not just of what happens under stock transfer to tenants who have exercised the right to buy. There is also a significant problem with owners across the board.

The house condition survey has shown a huge problem of disrepair, which requires a great amount of money to be spent on owner-occupied stock. As Cathie rightly points out, we are immediately faced with stock transfer. The problem is how to regenerate communities that have a large number of owners—in terraces or in blocks with four properties, or whatever—whose housing needs substantial work, but who do not have the resources to contribute to that work.

That could hold up improvements to housing for council tenants, depending on the balance between council tenants and owners. It could also mean that there are many people on estates whose housing continues to decline because they are owners. That is a huge problem, which has been flagged up by councils and which Government is aware of, but for which no solutions have yet been proposed.

Cathie Craigie: Can I ask a supplementary question?

The Convener: We must move on, as a lot of people have not spoken. I hope that we will have a wee bit of time at the end to come back to important points.

Robert Brown (Glasgow) (LD): On the single social tenancy, the question of whether the right to buy or security of tenancy concerned tenants was raised. Do people know how highly lenders rank

such matters? One can readily understand that they are important to tenants, but I cannot quite see why they should make much difference for funding. Perhaps David Orr of the Scottish Federation of Housing Associations will want to answer that.

Alan Ferguson dealt with strategy. From everything that has been said, it is clear that there needs to be a local strategy to address housing, employment, and matters such as empty land and the need for new building. Should housing associations have a broader remit in such matters? I have been told that limitations on employing welfare rights workers and so on inhibit the role of housing associations in regeneration.

Are stock transfer proposals in places such as Glasgow, where the whole housing stock is being transferred, compatible with present community controls? Alan Ferguson talked about the conflict caused by Scottish Homes being both the funder and the regulator. What are people's views on that? Is there unanimity across the housing bodies on whether there should be a division between regulation and funding?

The Convener: I am sorry for laughing, Robert, but those are substantial questions. We should give them a chance to answer. They are all writing furiously.

Alan Ferguson: We undertook a major piece of work on the single social tenancy, part of which explored the views of lenders as well as tenants and landlords. Lenders were broadly supportive of moves towards a single tenancy. However, David has raised a concern held by all the groups here about extending the right to buy to housing association tenants and whether, as a result, lenders will be less keen to lend money for stock transfer.

As for the Glasgow stock transfer, we believe that the issue is not about size, but about the affordability of rents, a decent quality of housing and service and ensuring the empowerment of tenants. Regardless of size, structures can be developed that involve tenants and give them control.

We believe that there should be a single regulator to ensure that the same standards apply across the board. Why should similar tenants from similar backgrounds being housed by local authorities or housing associations have different rights? Why are there different rules and regulations? There should be one tenancy and one regulator to ensure standards, which will mean a split between regulation and funding. The local authority as strategic body has the resources to assess need and then to direct resources to meet that need. However, we have to build in safeguards to ensure that local authorities do that

properly, which is where regulation becomes important.

David Orr: Lenders have four main concerns, the first and most important of which is the certainty of the income stream. Secondly, they are concerned about the quality of the management and of the people who will run the organisation. People are exhaustively interviewed before money is handed over. Thirdly, there are concerns that the work should be underwritten by statutory regulation, including the possibility for housing associations of a compulsory transfer of assets and engagements, which would provide a last resort if there are major problems. However, there have been no major problems with housing association borrowing.

Finally, lenders are concerned about certainty. They find that the right to buy creates a level of uncertainty about future income-stream patterns and whether any stock that will generate income streams will disappear. Although any one of those factors, if adverse, will not be enough to send lenders away, any one will add to the cost of borrowing. Lenders price for risk. If they detect a greater degree of risk, they will charge more for money, which will have a direct impact either on the rents that tenants have to pay or on the amount of money that is available for investing in stock. As a result, we want to make the process as free of risk as possible.

11:00

SFHA's view is that if a transfer to a single company is a prerequisite in an agreed strategy for onward transfer to community ownership—a mechanism for bringing money in, investing and transferring on—it is a realistic mechanism.

We are hesitant about a transfer that just transfers 80,000 houses to a single body and stops there. We have severe reservations about whether that will deliver the required wider benefits. The difficulty in Glasgow is that the status quo is so unacceptable that almost anything looks better. However, we should not be trying for better, but for the best that we can achieve.

Mr Lloyd Quinan (West of Scotland) (SNP): My first two questions are for COSLA. What will happen if the tenants say no in the ballot? What is likely to happen to the council direct labour organisations—the repair, care and maintenance groups—when the new housing partnerships and companies are created?

My third question is for David Orr. Do you have any fears that the legislation that is required for the creation of the new housing companies—whatever form they take—will affect current legislation on housing associations? Will you be forced into a situation where housing association stock will also

become available for right to buy?

Councillor McGlynn: Local authority tenants are directly affected by everything that we are discussing; I made that point in my presentation. Their views on stock transfer should be reflected throughout the process, but it is evident that policy is being created—at Scottish Parliament, council and housing association levels—without those views first being considered.

Tenants want to remain with local councils, but councils are so short of money that they are considering enabling others in order to obtain finance to improve tenants' homes. That is my honest, genuine opinion and a presentation of the facts. I was chairman of housing in Hamilton from 1992 to 1996; in the last year we had approximately £16 million to spend on a stock of 16,000. I am now chairman of housing on South Lanarkshire Council. This year we have a capital programme of £12 million for 37,500 houses. Councils face the difficulty that—however wisely they spend—the money cannot cover every council priority or meet the needs of all the tenants.

We must be honest with our tenants. We tell them that we must consider other ways—such as the new housing partnerships, stock appraisal or Scottish Executive finance—of getting new money, because we cannot make all the improvements that we would like to their homes. We took the bold step of telling our tenants that we could not do the improvements that we would like to do.

We can propose to provide the tenants with information, empowerment and independent advice, but the tenants make the final decision. If the tenants say no in the ballot, that would not give the councils a problem; it would make a clear statement to the Scottish Parliament that the tenants want to remain with the council. In those circumstances, it would be incumbent on the Scottish Parliament to make more money available to councils to spend on improving tenants' lives.

I am not talking about housing for housing's sake. We do not spend money on buildings for no reason. We do so because the complementary strategies of the Scottish Parliament are to provide people with a decent education, health service and social care. There is no point in spending millions of pounds on education—providing pre-nursery and nursery education and a great start in school—if the kids are going home to damp houses. We must have complementary policies. At present, councils are left with the worst housing stock and, if tenants reject the ballot, that will be a problem for everyone, not just for councils.

Little has been done on the direct labour organisations and contracts for housing

maintenance. Seven councils have been involved in wholesale transfers and I understand that in most of those transfers, little regard was paid to the DLOs and the workers who work in the DLO system. As someone who has been involved in local government for some years, I find that disappointing. Councils must address that and I hope that they will do so quickly.

In terms of the right to buy, COSLA's position was articulated in the response to the green paper. We met the Minister for Communities, Wendy Alexander, on 13 September. She asked us to review our position, which holds for the time being, and we are doing that—we have set up an officer-member working party that will report back soon. However, at the moment, I would not support extending the right to buy to housing association properties.

Alan Ferguson: The Minister for Communities has told the steering group that there is no contingency plan if there is a "no" ballot result.

Last week, I was in the western isles to speak to a Unison branch. The council's housing stock has been valued and, although it is in good condition, it has a low value—the issue is not about improvement but about new housing. The council will have to persuade tenants that they want to transfer, but not because they will get improvements, as the stock is seen as being in good condition. There might be service and rent guarantees, but future generations must be taken into account. Councillors and staff of the Western Isles Council are clearly concerned that tenants might say no in the ballot. How do we then get more money to the western isles to build the new houses that are needed? Michael McGlynn is right—we need to look at other ways of bringing in resources.

There are two options for DLOs. The DLO could transfer with the stock and the housing staff, which has happened down south. Alternatively, the DLO could consider setting up a separate company and transferring work out, which is seen by some as a positive step, as the DLO could take on the private sector in other jobs and win contracts. A number of councils seem to be exploring those issues.

David Orr: Lloyd Quinan asked me whether SFHA was anxious that a housing bill would extend the right to buy to housing associations. The answer is that we are extremely anxious about that and will be extremely resistant to it, for the reasons that I gave earlier.

I know that we have not talked about the financial context, but I think that it is relevant to some of the issues that Michael McGlynn raised. Successive Governments have cut investment in housing. We are reaping the harvest of those decisions. For the 3-year period that ends on 31

March 2001, the Parliament will invest £640 million a year in Scottish housing, through local authorities and housing associations. That is an increase from about £480 million but, five years ago, we were investing £1 billion a year.

This year, housing associations, through Scottish Homes, have £160 million available to them, which is the second lowest annual capital sum that they have had in the 10-year existence of Scottish Homes. Last year, they had £150 million, but four years ago they had £278 million. We are not talking about slices being shaved off—both this Administration and the previous one have taken the view that housing investment is not a political priority. That is why we face these difficulties—we are not spending enough money on our housing stock.

It is important that we consider all the options—new housing partnerships and anything else that that we can come up with. We argued—and the Government agreed—that new housing partnership money should be available for new build and regeneration, as well as for transfer. We think that that is important. However, the bottom line is that we still need enhanced public sector investment in our housing stock.

I am sorry if that is not a directly relevant political point, but the context is important in what we are trying to do, which is to generate good-quality investment in very poor-quality housing stock, in a financial environment that has become increasingly difficult.

Karen Whitefield (Airdrie and Shotts) (Lab): I have some general questions about stock transfers. The three issues that are most commonly raised by constituents and tenants are the cost of rents, the geographical spread and the need for community regeneration.

Some local authorities charge particularly low rents. My own local authority, in north Lanarkshire, is one of them. However, I recently met the chairperson of the Castlemilk East Housing Co-operative, who told me that his housing association charged lower rents than the local authority on similar properties, even though the association's properties were generally of a much higher standard. Is there evidence to suggest that there might be a levelling-out of rents throughout the country? How do rents for housing association properties compare with those for local authority properties?

The SFHA has said that there is no optimum size for a transfer organisation. Some criteria should be employed for transfers. Is there evidence of good housing associations that are large and geographically diverse? Are there inherent problems with larger housing associations that do not take into consideration the geography

and the communities of the areas in which they operate? I address those questions to Alan Ferguson and David Orr.

I address the following questions to Michael McGlynn. Stock has been transferred in four local authorities. Do local authorities encounter problems with the housing associations? Do they take a partnership approach? Are local authorities beginning to encounter problems in meeting their statutory obligations on homelessness, or are they encountering co-operation and assistance from housing associations in meeting those obligations?

Alan Ferguson: Rents are inconsistent across the board. Edinburgh has the highest rents, but is next door to Midlothian, where the rents are low—£47 to £28. There is no consistency. A lot of it is owing to historical accident—when housing was built and what kind of housing was built. In Glasgow, unimproved council housing can be more expensive than improved housing association housing. That is an important issue that several organisations, including the Chartered Institute of Housing in Scotland, have raised. We are carrying out a major piece of work on that. We are considering the options and trying to ensure consistency. The issue of rents is a major problem that needs to be dealt with.

The green paper mentions local authorities in which rent levels have increased significantly above inflation and suggests that stock transfer can provide rent guarantees, which are usually inflation plus 1 per cent. The SFHA and the Chartered Institute of Housing in Scotland, in particular, have raised the issue of whether that is appropriate across the board. For example, is inflation plus 1 per cent appropriate for Glasgow and Edinburgh, where rents are already high? Perhaps that is not the issue; perhaps, to create consistency, the figure should be 2 per cent above inflation in other areas, if the tenants agree to that, which they might not.

Optimum size is an inherent problem of housing associations. The Chartered Institute of Housing has members across all sectors; it is a UK body—I am the director for Scotland. Its members range from some associations in Scotland with only a couple of hundred houses, right through to Home Housing Association—based in England but with a presence in Scotland—which owns 40,000 houses.

The point is to provide housing and a decent service. That can be done by both small and large organisations. Some organisations are not good, but others are; some larger organisations do not provide a good service, but others do. That has nothing to do with their size, but depends on how they are geared up: their staffing levels, what their service is like, how they involve tenants and how

they are structured. There are many factors, apart from size, that determine performance and whether there are problems.

11:15

David Orr: I agree with what Alan has said about rents. It would be helpful to have more clarity—not a rigidly imposed rent policy, but an agreed definition of affordability, so that we were all working to the same general objective. SFHA has a definition, which I can share with the committee at any time, if it would like.

Increasingly, I find that housing associations believe that their optimum size is 50 per cent bigger than they are at the moment, as they have their sights on what they could do with a little extra income. There are some very impressive larger organisations, and some less impressive ones; the same applies to smaller associations. Margaret Blackwood Housing Association works in every local authority area in Scotland. It can do that because it represents a community of interest, providing housing for people with physical disabilities, among others. Fife Special Housing Association is a tenant-controlled transfer association with nearly 3,000 houses across Fife.

The difficulty with defining an optimum size is that that suggests that any association of that size is the perfect housing association, when there is no such thing. I strongly believe—SFHA has tried to argue this—that community ownership is not about transfer of assets and decision making, but about a state of mind. It is about people saying, “I feel a sense of ownership of the street in which I live; I believe that I belong here.” People can get their minds around making decisions at that level—or for their town or estate. It is much more difficult to do that for an entire city. This is not about defining an optimum size, but about people’s feelings.

Community ownership is about a transfer of power to engage people in making decisions about the areas in which they live and the places in which they feel at home. Large-scale transfers are not in themselves likely to do that, although they may provide better-quality housing.

The Convener: I will let Keith intervene in a moment, but I wanted to ask—

Karen Whitefield: Excuse me, convener, Michael McGlynn did not answer my question.

The Convener: Can I come back to you? That is the advantage of being in the chair.

Alex Neil: It is the only one.

The Convener: I can assure you of that.

The transfer of power is a laudable aim, and we would all support it. However, tenants have

suggested to me that we are not transferring power to tenants and people in the community but—as was alluded to earlier—to professional staff employed by the housing authorities. How do we guarantee real community empowerment, rather than just a transfer of power to staff?

David Orr: There are very few guarantees of that. However, 100 housing associations and co-ops are run by committees of tenants. Those committees and the senior staff who work with them are quite clear about where decision making is taking place. Housing associations get into considerable difficulty if the regulators believe that the committee is not in control. That is one of the fundamental elements of the performance audit framework. Of course, housing professionals have considerable influence, and I believe that they should advise their committees. In most cases, because a relationship of trust has built up between the employed staff and the committee, the recommendations of staff will be accepted. However, that is by no means always the case.

That is not the key difficulty. The tenants who are involved in the committees are in control. The wider issue is how much the tenants who are not on the committees engage in the process of electing people to those committees and participate in the day-to-day running of the committees. Some organisations do that well and some do it less well. More work needs to be done. The issue of how to ensure that tenants have the opportunity to participate at whatever level they wish will arise whether housing is provided by councils or by housing associations. However, I can assure you that those committees are in control.

Karen Whitefield: Could Michael McGlynn answer the question about the partnership aspects?

Councillor McGlynn: On stock that transfers to housing associations, the partnership aspect depends on the individual local authorities and housing associations. David Orr and the SFHA will have a list of unreasonable councils that do not work well in partnership with housing associations. Councils probably have a similar list of housing associations that they find to be unreasonable.

The relationships between organisations depend on the relationships between individuals, such as that between housing association directors and the people with whom they deal in the council. Clearly, some councils have great relationships with the housing associations within their boundaries, regardless of whether the associations are community based, the Margaret Blackwood or Loreto housing associations or whatever. In some areas, the relationships are not good—that is because of individuals who have created their own empires over the years and do

not want to share anything.

COSLA and the councils have a problem with housing associations in relation to homelessness. Given the amount of housing stock that they have, housing associations take a minuscule number of homeless people—in effect, they do not take homeless people. COSLA has made it clear that under the new housing partnership transfers we would support Shelter's call for statutory letting orders, because there must be protection for some of the community care groups and homeless people. We have made it clear to housing associations in the past that they must take their share of the burden of people coming through our doors. In some areas the assistance is good and in some it is bad.

The Convener: Thank you. People are champing at the bit to participate.

Cathie Craigie: Can I come in?

The Convener: I am sorry Cathie, but people have been waiting and they have been very patient. I know that this situation is pressured and that this happens every week.

Cathie Craigie: But I stayed quiet last week.

Mr Raffan: I will try to be brief. I have three points. Your answer on community ownership and involvement is directly at odds with the right to buy and I think that there is now a change in culture. I have been concerned about the right to buy for a long time, although I was a member of the party that introduced it. However, I have seen the light. I hope that Bill Aitken will follow shortly.

Bill Aitken: I can assure you that that is most unlikely.

Mr Raffan: I agree.

You take a radical position on the right to buy and its extension. I am concerned by the economic impact. We are not paying for labour mobility. It is ironic that the Conservative party, which is a great admirer of the United States of America, whose economy rests on labour mobility, introduced a right-to-buy policy in this country that reduced labour mobility. The measure increased rigidity in the labour market. That is an important issue and the debate on it should continue. I would like you to comment on that.

My second point relates to Alan Ferguson's extraordinarily bold and brave fight for the European definition of public expenditure to be used as opposed to the public sector borrowing requirement. Long may he continue the battle, because many of us would like to see the European definition used. As I am my party's finance spokesman, I would like him to tell us more about that fight and about the work that his organisation has been doing. The PSBR dogs us

completely. We get policies such as the private finance initiative, which, with its inadequacies, try to circumvent the PSBR. I do not want to get into that subject, but it has a direct impact on resources for local authorities.

We have touched on my third point already. My experience as an MP has led me to be worried by the dramatic cuts and sudden increases in housing expenditure. I saw such fluctuations in the private sector with housing improvement grants. Because there was such a sudden increase in the amount of money that was available to the private sector for improvements, a lot of cowboys came on to the scene and there were improvements that were not worthy of the name.

What concerns me at the moment about all parts of the public sector, including our housing stock and school buildings stock, is the complete collapse of maintenance. That has implications for the future, when huge increases in expenditure will be essential because elementary maintenance has not been carried out when it should have been, so that, instead of repainting a window, one has to replace the whole damn thing. That example brings the situation down to its essentials, but the costs are huge.

The Convener: Thank you. I will allow witnesses to answer the question, but please do not repeat points that have already been made, because time is against us.

David Orr: I will let Alan Ferguson talk about the general Government funding deficit.

On rigidity and labour mobility, we would like new housing partnerships and all the other social policy instruments that relate to housing to be part of a proper strategy, rather than being concerned solely with housing. The issue is not just about bricks and mortar. Local authority proposals for new housing partnerships should address the way in which they would fit in with economic development strategies, with employment generation strategies and with education strategies, as Michael McGlynn said. They should say how they will contribute to mobility and how they will make it easier for people to engage in their communities. Housing never exists in isolation; it always relates to other aspects of social policy. If new housing partnerships are tactical, there is a danger of them being dangerous. If they are strategic and properly thought through, they can be extremely successful.

On quality and investment, I believe that investing in maintenance is important. Because of annual accounting, and because there was no prospect of resource accounting, previous Administrations have insisted that we spend as little as possible at the outset because that capital

expenditure is never accounted over the long term, but always from revenue. Things that we could have done to invest in quality up front, and which would have led to longer-term life for buildings, have not been done, so there are now maintenance problems that must be resolved. Again, I hope that the new housing partnerships will have a part to play in dealing with that. The forward thinking must include not just the amount that is being invested in stock, but the long-term maintenance programme for the stock for the remainder of its useful life.

Alan Ferguson: Keith's party's Dahrendorf committee recognised early on that a change of rules was required to get more investment into housing. We have produced a number of reports over the years and have had a number of discussions with Gordon Brown and with Treasury officials about the whole idea of changing the rules. However, at the moment we are getting nowhere. Although we will still argue for it, we know that we must also consider other routes. We have considered the private finance initiative and the issue of stock transfer, to see how we can get money into housing to improve the properties that are available.

Putting more money into housing will not just improve bricks and mortar or people's quality of life; it will create jobs. That is important, but we must consider whether, when huge increases in resources become available, there is enough labour to do the work. We are all aware that there is a danger that the quality might reduce, and we must ensure that that does not happen.

That ties in with Robert Brown's earlier point about the broader remit of housing associations. A number of housing associations, such as Albyn, Care and Perthshire, have considered the possibility of creating apprenticeships and jobs as part of their development programmes. We are concerned not just about housing, but about the wider regeneration of communities. That includes the creation of jobs and the improvement of housing and of people's quality of life.

Alex Neil: Following on from what Alan said, one of the points that members will all accept is that the cuts in the housing budget have contributed to unemployment in Scotland. I suspect that between 15,000 and 20,000 jobs have been lost directly and indirectly through the cuts in construction.

I will go back to first principles on funding. We are all agreed that there is a housing crisis in Scotland.

The Convener: Are we all agreed?

11:30

Alex Neil: I hope that we are agreed on that. We are all agreed that money is not, of itself, the solution, but without the money and the investment we will not be able to solve the housing crisis. The question is where will the money come from.

I am not opposed in principle to transfer of stock from one kind of social ownership to another. What concerns me is the role of private finance in the current proposals on stock transfer.

I will ask two or three questions about that. Scottish Homes gave evidence last week; I was astonished that nobody had done the calculation on the leverage and on the additional cost over 20, 30 or 40 years of getting funding from the private sector. Clearly, the private sector is investing to get a return.

I return to the points made by David Orr. One of the problems with the right to buy is that those who exercised it were primarily people living in council houses who had an income stream that would allow them to buy. It was an incentive for them to build up capital. By the same token, private investors will invest only in areas where they think that the income stream is sufficiently secure. Will we repeat the mistakes of right to buy and end up with ghettos where the private lender will not go? From the point of view of social inclusion, will not that make matters worse rather than better?

Secondly, will we not pay through the nose for the pleasure of engaging in such an arrangement? By definition, the traditional Public Works Loan Board route was far cheaper than going to the market. Are we not dodging the issue of the need to increase substantially public investment in housing, which David Orr touched on?

The other basic principle is that we should allocate investment—however it is financed—according to housing need, yet challenge funding and private sector lending will channel resources to areas where there is an opportunity for a return on private investment rather than to the areas of need. That concerns me, because we should be targeting resources at the areas of need.

My final point is on the housing benefit changes, which have been mentioned. We should not kid ourselves: this Parliament has limited powers in relation to those matters. There are three key areas in which we have limited powers; we should not kid ourselves otherwise.

First, two thirds of the public spend on housing in Scotland is through housing benefit, which is controlled from Westminster. The Minister for Communities told us at our first meeting with her that she had no policy on housing benefit reform.

Secondly, if changes in the public sector borrowing requirement were ever to come about, under the present arrangements, we have no power over that.

Thirdly, if we were to reallocate another £300 million or £400 million to housing, that would be impossible to do under the block grant, unless the amount came from the war chest.

Let us not be under any delusion that we can solve the housing crisis in Scotland, given the minimal powers of this Parliament. Within those constraints, will you answer my points?

The Convener: We should not rehearse the referendum arguments at every committee meeting.

Alex Neil: It is a fair point, however. We should set our expectations correctly.

The Convener: Yes, but the remit of the committee is within the powers of the Scottish Parliament. I understand the point that you are making about housing benefit, because you make it at every committee meeting.

I must ask those giving evidence to stay within the powers of the Scottish Parliament. You can make comments about housing benefit because it is directly relevant, but we are not reopening a debate about whether we should have independence or a Scottish Parliament.

David Orr: On allocation according to need, we agree that the fundamental decision should be about where the need is greatest. There is a danger that challenge funding will—as Michael McGlynn said earlier—be given to the people who write the best proposals. Those of us who have been on the new housing partnership steering group have been aware of that and have tried to ensure that we were considering need as well as the quality of the submissions that were made.

The Scottish Federation of Housing Associations has said separately to the Executive that it is important that we have proper long-term funding programmes that people can use to plan with certainty rather than challenge funding. There might be a place for challenge funding, but it should not be the predominant means of determining resource allocation in housing.

Alex Neil referred to income stream and to whether we might have ghettos where private lenders refuse to lend. The stark reality is that the main income stream is from housing benefit. While housing benefit is available, lenders will be prepared to lend almost anywhere, because they believe that their income stream is secure. If major changes were made to housing benefit, which meant that lenders did not have that confidence in the income stream, they might walk away from certain areas.

Alex Neil: Would the proposals have a major effect?

David Orr: I believe that they would.

Alan Ferguson: David is right about funding, but it is disappointing that authorities could not put strategic bids together. They should be able to do that and to put monitoring arrangements in place. Many of the bids that came in demonstrated that authorities could not do that, which is worrying, given that local authorities are seen as the strategic bodies at local level.

There are problems with competitive bidding, and sometimes resources do not go to areas that need them, but it is disappointing that in the first two rounds of bidding, the councils could not put together strategic bids.

Alex Neil: I want to ask about private lenders. We asked Scottish Homes to come up with a comparison, because we want to examine the impact on the public purse before we decide to go down that road. Scottish Homes does not appear to have done that. Has any of the organisations here today done any analysis?

David Orr: We have not done a systematic analysis. We are relatively small organisations that are engaged in the business of providing housing.

Alex Neil: Scottish Homes was going to do it.

David Orr: That would be helpful. It is a difficult analysis.

It will cost more to borrow from banks and building societies than to borrow from the Public Works Loan Board. The extent of the additional cost depends on the perceived risk to the lenders. If the lenders think that the risk in the transaction is minimal—because the income stream is secure and the regulatory framework is in place—the cost above what a loan from the PWLB would cost will be relatively small. If the lenders think that the income stream is not secure, the difference will be greater.

I have pointed out that people think that an extra quarter of 1 per cent sounds like a tiny sum, but if it is quarter of 1 per cent on top of 6 per cent spread over 30 years, it becomes a huge sum. It is important that we make the situation as robust and as risk-free as possible.

The question whether it is better to borrow from the PWLB can be answered only by politicians.

Mike Watson: I will be brief. Alan Ferguson touched on a number of questions related to borrowing and so on, which are crucial to the debate and which must be examined soon, in greater detail. Those issues underpin whether a meaningful strategy can be developed on the funding of new houses and the repair of existing houses.

I would like to move away from the wider debate and ask questions of the witnesses. There is a question of size related to housing stock transfer. Seven local authorities—from very large to fairly small—are examining the possibilities. David Orr mentioned 80,000 homes—I took that to refer to Glasgow as a whole. It is not yet clear whether the benefits would accrue to a greater extent if housing were transferred as a block or in smaller units—it was suggested that there could be 30 housing organisations in Glasgow. Do the witnesses believe that it would be more appropriate for an authority such as Glasgow to transfer as a block or in smaller units? What would be the differences in the effects?

I would also like to ask all three witnesses what they think the future holds for local authorities as landlords—if there is a future in that respect—if the housing stock transfer goes through.

I have seen in the evidence some comments about local authorities receiving a so-called golden share. Would that bring any potential borrowing back within the public sector borrowing requirement? I do not see why that should necessarily be the case. Could a mechanism be devised within the suggested tripartite system whereby local authorities could punch above their weight?

When I have spoken to tenants about their needs, most say that they want to stay in local authority housing. They do not believe that, because they are participating, they will be masters of their own destinies. They see that as a myth because the housing professionals make the decisions. What is the likely future of local authorities as landlords?

Councillor McGlynn: It is immaterial whether that stock goes to one large organisation or to a number of smaller ones. The benefit of the transfer depends on the quality of the organisations more than the size: the quality of the management, the tenant input and the repairs to houses. Those are the reasons for transferring stock. Tenants cannot get repairs done so they agree to transfer landlords in order that their homes can be improved with new windows, doors, roofs or whatever. It is not important to people whether the housing association has 200 members or 80,000 members. They are not interested in attending endless meetings. They would probably rather watch “Coronation Street” or the football. They are interested in getting their homes repaired and ensuring that they live in a house that is fit for the next millennium.

COSLA’s position has always been that each local authority should look at its own housing stock and at the best way to suit local people through local initiatives. That is our position and that is why we make no criticism of or comment on particular

local authorities and how they conduct the business of stock transfers. We have argued over a number of years for a single housing plan. Government would have a national strategy, and there would be a local strategy, a single housing plan for an area, which could be devised by housing associations, other housing providers, private landlords and local authorities sitting around the table to work out how they can improve things for the people who live in their geographical area. That is what COSLA has been saying for the last number of years.

There will be local authorities that have low debt and whose housing stock is in good condition. They may not wish to transfer their stock; their tenants may not wish them to transfer their stock. That is part of the strategy. There has to be a diversity of tenure and landlords to make the competition between organisations much more fruitful.

11:45

David Orr: It is horses for courses. I do not think that the professionals can determine all that in advance. Local authorities, working with their tenants and partner organisations, need to sort out for themselves what is best. The proposed transfer in the Borders is now focusing on a merger between Scottish Borders housing department and an existing housing association, to create a new organisation. In Orkney, it may well be sensible to have a single transfer, although I, personally, would like to have some form of islands committees and I have discussed that with the director of Orkney Housing Association. That is where local identity is important.

We should not decide strategy centrally. Local authorities must be in control of strategic decisions, working in partnership with their tenants and partner organisations. There is unanimous agreement that local authorities should be the strategic bodies that determine the housing plan. Those plans need to be improved; they should be the fundamental document that determines housing investment and strategy in the area.

We need to identify the objectives, be clear about the strategy and then discuss who is best able to deliver. That may be housing associations or it may be the local authority. Mike Watson is perfectly correct to say that there are some areas of Scotland where there will be no incentives for tenants to transfer, and why should they? It is not about taking the landlord role away from local authorities: it is about who will provide the best service. I keep hearing the argument that tenants do not want to be involved in the management of their housing. I reject that argument.

Mike Watson: I did not say that they did not

want to be involved. I said that they did not believe that they would have a meaningful role.

David Orr: The evidence of the large-scale voluntary transfer analysis commissioned by Scottish Homes is that LSVT delivers better participation and control for tenants. I urge members to read "An Evaluation of Scottish Homes Large Scale Voluntary Transfers", which demonstrates that such participation has been improved.

We are talking about giving people opportunities. People have the opportunity to vote for Michael McGlynn in South Lanarkshire. Some people will take that opportunity, others will not. Everyone has the opportunity to stand as a councillor. Only a few people will take that opportunity, but it is there for everyone. It is legitimate for housing organisations to say that they want their tenants to have the opportunity to be in control. If they want to spend their time behind the door, enjoying their tenancy, that is fine as well. The evidence shows that tenants are in control of the organisations, which enhances the possibilities for engaging with the local community.

Alan Ferguson: David Orr is right to say that strategies should be determined at a local level. My concern is that, as he said, we are currently making decisions centrally. If the Government's objective is value for money and to get the best possible receipt from any transfer, that may determine what happens at a local level. That is why some councils are considering wholesale transfer—partly because they have to consider the receipt that is generated. If that is not an objective, there is the possibility of many more smaller-scale transfers. The concern is that matters that will influence the local level are being decided centrally.

Where councils transfer their stock, the local authority has no future as a landlord, although it has a future as a key strategic body. Local authorities can assess needs and how to meet them at a local level. They will still determine homelessness claims and make decisions on housing benefit. The green paper contains the argument about whether or not that strategic role should be enhanced to provide the development funding that would allow the council to move beyond identifying needs and start providing resources. All that is key, but the council has no role as a landlord if it transfers its stock.

Mike Watson raised the issue of the amount of influence that the local authority can have on the new body. The institute has examined the idea of local housing companies and has promoted the idea that, if councils transferred stock, they should have influence on the new organisation. In Scotland, it would be possible for as much as 49 per cent of the committee—it would have to be a

minority—to be made up of councillors or representatives from the council. The issue about the golden share is whether the local authority has a veto on some matters. If that is the case, that brings us back to the issue of the public sector borrowing requirement.

The Convener: I would like to step back from the detail, although the detail has been helpful for the discussions that we will have. I come from Glasgow, as all of you know, and I am very concerned about the future of the city. If we consider housing in its social and economic context, we see that housing is critical to economic regeneration, as you have said, Alan.

People have told me that the recent housing developments that the Executive has announced have unleashed a new dynamism and have enabled us to have a debate about getting investment into housing. The days of massive public investment in housing are gone and there is no point in going back to them. Scotland and Glasgow need a partnership in housing. If areas of Glasgow are to be regenerated, we will need to introduce mixed tenure of housing, bring back jobs and introduce a dynamism at a community level and at the level of economic infrastructure.

David Orr: Broadly, I agree with that. The fact of creating the debate about housing investment leads to an examination of the impact of the debate. One of the major problems that we have is that money disappears in our peripheral estates: it arrives, it gets spent six times and it disappears. In the rest of the economy the same pound will change hands something like 23 times. Organisations such as credit unions make an impact in that environment, as do housing associations and local authorities that provide cheap contents insurance for their tenants.

We have to think through those things. If there is to be an investment in housing stock in Easterhouse, is that where unemployed people will be best placed to gain access to the new jobs that are being created at the Eurocentral site? We have to engage in a process of joined-up thinking. There is considerable evidence that once people are engaged as committee members in housing associations, they take the skills that they have learned to other community organisations.

Alan Ferguson: The history of regeneration in Scotland to date has been about regenerating housing, not about the other elements, in particular economic development. The research on the four partnership areas in Scotland has shown that housing has improved, but that other elements—jobs, education and skills—have fallen behind or have been forgotten. There is a move in the right direction with partnerships, holistic working and joined-up thinking, all of which try to ensure that we regenerate properly.

The whole issue of developing communities is crucial. To some extent we have lost the pace on issues such as maximising income and ensuring that people maintain income through, for example, credit unions and food co-operatives. We need to get back on track, so that when we think about improving housing, we consider other things as well. Housing is not just for the sake of it. We want to ensure sustainable communities that have jobs, skills, good education, a good environment and good housing.

The Convener: Social inclusion, in other words.

Alan Ferguson: Absolutely.

Fiona Hyslop: It seems to me that we are talking not about community ownership, but about community involvement, which can be achieved whether a person owns their own home or whether it is owned by the council or somebody else. We need to explode the myth.

The NHP bids have been predicated on transfers. Some councils, however, do not need to transfer their stock to access finance. What place is there for them? Do tenants really have a choice? If the money follows the policy and the policy is that councils will only get NHP money if they transfer stock, that is blackmail, not a real choice. David Orr talked about opportunities, but there cannot be opportunities if councils are straitjacketed into transferring their stock.

We talked about the strategic role of councils. We want councils to approach regeneration in its wider context. My concern is what control and influence we will have over the new bodies if they are not controlled by statute. The Minister for Communities has given no guarantee so far that they will be. I would like all of you to comment on those points.

Michael, I have a specific question for you. Do you believe that the Executive's policy, if it is pursued, will effectively mean the end of council housing in Scotland?

Councillor McGlynn: I do not believe that it will mean the end of council housing. The point that I made earlier—COSLA is firm on this—is that we need horses for courses. We need a flexible approach. It is for local authorities, in conjunction with the people who live within their boundaries, to determine the best course of action. Even if councils start the transfer process, at the end of the day there will be a ballot and the tenants will decide. They have the final say. It is not the end of council housing by any means.

We spoke about housing need being the indicator of where investment should go. I do not believe that that is absolutely true. Housing need is an indicator, but we cannot penalise councils that have spent money wisely over the years

because of the problems that cities have. In today's debate, a number of people have concentrated on Glasgow. What about rural Scotland, north Lanarkshire, Fife, West Lothian and Midlothian? We cannot create national policies based on what happens in cities. There must be a national strategy and a single plan for the area, which councils create in conjunction with the Chartered Institute of Housing, the Scottish Federation of Housing Associations, all the housing associations within their boundaries, other agencies, the voluntary sector and the private sector. National policy cannot be based on what is happening in Glasgow or any other city.

Fiona asked whether tenants have a choice. They do. The choice is yes or no, which may not be a comforting choice. We also spoke about public expenditure, not about public expenditure going to councils. Money comes in the form of grants. New partnerships between the councils and the housing associations within their boundaries can determine that expenditure. There are houses in south Lanarkshire to which it would make no difference if Whitsun Fairhurst or Blackburn spent £30,000 on them, because they have to come down. The houses are dilapidated. They are no good, and there is no point in the tenants staying there.

We are talking about a flexible financial approach, with grant money going to councils, as well as to the people living within the local authority boundaries, to professional bodies such as the housing associations and the Chartered Institute of Housing which help councils spend their money in the best way. It is not just about getting vast sums of money; it is about making sure that, when it comes, it is spent in a wise and appropriate manner. The new housing partnership has created that. There is a board—which Alan Ferguson, David Orr and Kenny Simpson from COSLA are on—which sits with the Scottish Executive and scrutinises every bid that comes forward. There is therefore an output to what they do.

Alan raised the point about what happened in the four partnership areas before. The levels of employment, skills, employment and education were no different, despite massive public expenditure. Everyone realises that that cannot go on much longer. We have to ensure that money is spent wisely. That is why we are saying that the fact that there is more public spending does not mean that local authorities will receive that finance. They may wish to pass it on to the housing association by parent funding, or by whatever means, so that they can do valuable work in the community.

Alan also raised the point that there is no contingency plan for tenants who say no. That is

very disappointing from our point of view. It creates a major problem for the council, and for the people in this committee and in the Scottish Parliament.

12:00

Alan Ferguson: I want to pick up on Michael McGlynn's point about this not meaning the end of council housing. There is bankruptcy in council housing because of debt, low value, poor maintenance, lack of improvements and lack of resources. The question is how we deal with all that and improve existing housing or provide new housing. The biggest concern, particularly for rural areas, is how to provide new housing to house homeless people, to ensure that future generations are housed and to ensure that the wider community is maintained.

The councils concerned do not need to transfer stock to improve housing; it is a matter of considering transfer as a way to bring more money in to build much needed housing. As Michael said, other options are not being presented, but we need to consider the options and to try to tap the resources that exist.

I agree that it is a question of moving towards statutory regulation as soon as possible. All the organisations concerned agree with that. We need to move away from contractual regulation, which does not give as much comfort about the service—to lenders or to tenants.

Cathie Craigie: I am one of the people around this table, Michael, who has tried hard to convince the committee that we have to address these housing issues. Today we are just talking about stock transfers in Glasgow, but the issue is much wider. You are speaking to the converted.

I want to take up an issue that Michael McGlynn raised and, I hope, get comments from Alan Ferguson and David Orr. It is on homelessness. Michael said that relationships between housing associations and local authorities seem to break down. That has not been my experience. My experience in my area and that of my local council is that the housing associations and local authority have a good working relationship, in which nomination rights are negotiated. I want to hear from David on that.

On the suggestion that councils do not have a future, do you agree that councils, as housing authorities, now have to meet the demands that exist? There might not always be the demand to allocate the houses and manage them, but councils will have to meet the demands of the people we were discussing earlier: the people who exercise their right to buy; who are getting older and want to have a house that meets their needs for retirement; or who want to move on, for

whatever reason.

I put this point to David Orr in particular—you might recognise it, as it comes from your document. You said that opposition to the new housing partnership initiative has often been misplaced and ill-informed. You go on to say that accusations of privatisation do not stand up to scrutiny and that a new housing partnership landlord cannot make a profit out of his activity. You go on and on. [*Laughter.*] Sorry, I did not mean it that way.

We have received many briefings from the organisations; I thank you for that and hope that they keep coming. We have received a briefing from the Glasgow campaign against the housing stock transfer and we have been asked to commend the sound factual analysis that is in this research paper. The third paragraph says:

“Our opposition to the planned stock transfer is based on the view that the planned transfer involves incalculable risks to Glasgow tenants.”

Do you agree with that? How could I balance up the two pieces of research that I have received?

David Orr: No, I do not agree with that. I do not think that there are incalculable risks. There are risks for everyone involved, including tenants, whichever decision they make. However, the potential benefit of new housing partnerships—if we can get the local strategies right—is that they will create greater certainty about rent and service levels and what someone can expect to achieve from their landlord. I have read that research report and I do not agree that it is intellectually rigorous or properly thought through. I think that it is wrong. Rubbish is a good word for it.

To respond to the question on homelessness, housing associations and local authorities have waiting lists. We both house people who are in housing need. There are not enough good-quality, affordable houses for rent for people who need them. There is a real problem of lack of supply. It is true that housing associations do not house a high proportion of people who are regarded as statutorily homeless, but they do house a high proportion of people who are not statutorily homeless, some of whom do not even get on to local authority waiting lists. That is not to be critical of local government. The way in which the housing legislation is worded leads us into arcane arguments about whether someone is statutorily homeless or non-statutorily homeless when in fact they do not have a decent house to live in. Forty per cent of housing association lets go to people who are homeless, but not statutorily homeless.

We are engaged in a detailed piece of work with the Convention of Scottish Local Authorities on developing model contracts that define a series of different relationships between local authorities as

strategic planners and housing associations as service delivery bodies. The first of those—which should be completed by July next year—will be on allocations and homelessness. The Scottish Federation of Housing Associations is keen that we should have robust mechanisms in place to ensure that landlord bodies properly assist local authorities to meet their statutory obligations.

The Convener: Thank you. I will move to a close, if that is okay. On behalf of the committee, thank you very much. If there is any further information that you wish to submit to us, please feel free to do so. I know that you submit information to individual members of the committee, but if you wish to submit written evidence to us, we would be more than willing to receive it.

This is the first in a series of hearings on stock transfer and housing generally. I am sure that you appreciate that housing will be a big part of our agenda. We are trying to get through our agenda, but we will return to the issues that you have raised today and deal with them thoroughly. Thank you very much for the way in which you responded—it was most informative.

You are free to go. [*Laughter.*] I wish I was. [*Laughter.*] We normally take a few minutes at the end of the evidence-taking part of the meeting to try to wrap it up so that it informs our agenda. One or two points came up. There are themes to which we will return again and again: issues to do with borrowing, private finance and community empowerment, for example. We will return to those when we consider who to hear evidence from in a few weeks' time.

Is there anything members feel we might miss out, which they want to flag up now—or write to us about—to ensure that it stays on the agenda?

Fiona Hyslop: As I am working on housing with John McAllion, who is absent today, I suggest that I talk through the *Official Report* of this meeting with him to highlight some of the issues on which we will want to keep a watching brief. The meeting was quite wide-ranging, but we touched on some of the absolutely key areas.

The Convener: I will come on to the role of reporters shortly. I will need a steer from reporters on how we pursue issues.

In the meantime, it is the committee's view that we will continue to hear evidence before we take a decision on how we take things forward. Fiona Hyslop will communicate with John McAllion, who will keep us informed.

Alex Neil: Among the tenants groups that have been invited to give evidence, have we included the authors of the Glasgow campaign against the housing stock transfer report?

The Convener: I refer that to John McAllion, as I do not want to disrupt our timetable again. We had a paper on housing, which, I think, covered tenants' views, although I cannot remember the details. Let us refer the matter back to ensure that tenants' views are represented.

Anybody who has been at these meetings will know why I get so exasperated. We might not get out before 4 o'clock if I do not take a firm line.

I thank the witnesses.

Reporters (Remit)

The Convener: When we conclude taking evidence, it might be helpful to ask John McAllion formally to report to the committee, with Fiona's assistance, on how we pursue our work on housing. It might be useful to hear the evidence first. We asked John to produce a programme of work, which we are now working through. We need to revisit the issue once we have done some of the work. Members should consider how we pursue the issue, as it will obviously remain on the agenda.

I will move on to the social inclusion part of the paper. It is obvious that a substantial agenda is outlined there. We have been trying to get the social inclusion ad hoc group together, but without much success.

Martin Verity: We tried to arrange a meeting for Friday morning, but that has not proved possible. I appreciate that Bill Aitken has had to leave the meeting, but it will be helpful if the other members of that group could stay behind so that we can arrange a meeting.

The Convener: As I have said, because we are meeting weekly, we have set ourselves impossible agendas. We cannot even hold the meetings between committee meetings that we need to facilitate the work programme. We will get the social inclusion group together before we make formal decisions about the programme. We need to have a full committee discussion about the role of the group, but we ask the ad hoc group to come back with proposals.

Cathie Craigie: Martin Verity has taken my point that, when we finish the current programme, we must consider whether holding weekly meetings is working out. It is difficult to be prepared properly—I might be unique in thinking this—if we are getting papers on the Monday and meeting on the Tuesday.

Mr Quinan: We keep referring to the programme of work but, according to the paper on the remit of reporters, we agreed at our meeting on 23 August that proposals to initiate a programme of work would be brought back to the committee. I do not remember whether that

happened.

The Convener: I do not remember whether that happened, either. My view was that we would refer issues to the ad hoc group, but the group would have to be functioning in order for it to initiate a work programme. It has not been functioning, as we have not been able to get people together. It has been very difficult to set dates for that group. The group needs to start functioning and to initiate the work programme.

Mr Raffan: I wish to make a suggestion. I am not trying to put a spanner in the works—I am trying to be helpful. If it is difficult for that group to get together, perhaps the committee could consider the appointment of a reporter.

The Convener: We can return to that point.

Mr Raffan: At least that might get things moving. I am not trying to increase the work load, convener.

The Convener: Anyone who dares to suggest an increase in the work load will be in deep trouble.

I ask that group to try to get together. I liked the idea of it—it has cross-party representation and there is a substantial amount of in-depth work that needs to be considered. I said before that there is no need to rush at that work full tilt, as we have such a pressing legislative agenda. However, the group must start to function.

With the exception of Bill Aitken, who has left, could the members of that group stay behind? They say that they will, but they never do.

We have discussed voluntary sector issues.

12:15

Karen Whitefield: A couple of weeks ago, I asked for a clearer definition of my role as the voluntary sector reporter. Lloyd Quinan raised the issue again last week.

I am concerned about the paper on the remit of reporters. It does not reflect my recollection of what happened at the committee meeting when I was appointed as the reporter and at which we had a long debate about whether we should have a sub-group on the voluntary sector.

While I want to take these issues forward, before I do anything I want to be clear that I have the agreement of the whole committee to undertake that work. I have written a short paper that I would like to circulate, which outlines my ideas about what I should be doing.

It is entirely up to committee members to decide whether to take my paper away and to come back to it at a later meeting or to read it quickly. I am conscious that a number of members of the

committee are not here.

The Convener: I am not sure how permissible that is, in terms of the committee's procedures. It should be a public paper and, technically, people must be given notice.

Martin Verity: The paper could come back to next week's meeting, as an item that arises from an action point.

The Convener: That might be a fairer approach, given that some members are not here. Could we circulate the paper today?

Mr Raffan: It would be better if the paper could be circulated to all members, rather than just to the members who are here.

Robert Brown: The paper should be discussed between Karen and the people who are to be on the voluntary sector group, to see whether it can be firmed up into recommendations to the committee.

The Convener: That is an excellent suggestion. It will be circulated to all members, Karen will consult the people on the group and recommendations will be made.

Mr Raffan: Can I add my name informally to those of members of the group? I am my party's voluntary sector spokesman, so I would quite like to—

The Convener: You are the party's spokesman for quite a lot of things, Keith.

Mr Raffan: We do not have hosts of members—we have to quadruple up. We offer quality, not quantity.

Alex Neil: Can we discuss research needs now, as it seems to be an appropriate time?

The Convener: Can you hold back on that, Alex? I want to finish with this paper and then I will come back to research needs. We are looking at sub-committees.

Mr Raffan: I am trying to recollect what our discussion was about—I do not want to upset you, convener.

I think that the committee should be aware that there is a move, in other committees, to set up a sub-committee on drugs. I know that Richard Simpson is particularly keen on that idea and that you are going to have a word with him, convener.

The convener of the Health and Community Care Committee, with whom I had a word, shares our view that we should allow the existing committee system to settle down before we set up sub-committees. I sat in on a Parliamentary Bureau meeting and I think that that is the view of bureau members as well. The idea was to monitor the situation to see how it develops. There is a

cross-cutting ministerial group on drug misuse, but there is no cross-cutting parliamentary committee. I do not want to get involved in a debate about that now.

The Convener: The *Official Report* shows that we took a view that we would not agree to setting up a sub-committee yet, but that we would undertake our work on drug misuse. When we have concluded that work, we may well change our view and agree that there is a need for an all-party group.

Can we conduct our inquiry and return to that issue?

Mr Raffan: Yes, we should keep our eye on it—particularly in view of the moves that other committees are making—and review the position around Easter.

The Convener: Are there any other issues on sub-committees?

I will move on to our meeting on research needs. It might be worth our while having an informal half-hour meeting on quantifying and defining our research needs to give SPICe a steer. However, we need to give notice if we are going to go into private session for that item.

Martin Verity: There is no problem with having a formal private meeting. The clerks will minute the conclusions, but the official report will not log every word that is said.

Alex Neil: Why do we need to meet in private?

Martin Verity: The committee does not have to.

The Convener: I suggested an informal meeting because we will have more of an exchange with SPICe about our research needs. If members from SPICe are called before the committee, it becomes a procedural issue. The meeting will be informal, rather than private.

Martin Verity: You do not need to give notice of an informal meeting, convener.

The Convener: That is fine.

Alex Neil: I had a chat with Martin yesterday and suggested that, instead of meeting SPICe and throwing everything into the air, it would be particularly useful if the members of the four sub-groups could feed in suggestions to Martin, who could then produce a draft paper on our research needs. Our half-hour meeting would be based around a paper, instead of being some blue-sky affair that tends to turn a half hour into two hours.

The Convener: That is a very helpful suggestion.

Karen Whitefield: I agree, Margaret, otherwise we could all come with a huge wish list, which would make it difficult for us to agree on anything

in such a short period.

Alex Neil: Can Martin give us some idea about the budget? If our four submissions put us way over budget, we will need to prioritise.

Mr Raffan: On a point of information, convener. Is the seminar on Monday?

The Convener: Yes.

Mr Raffan: I am living for the day at the moment. Are we getting papers for that seminar?

The Convener: It is a briefing seminar. I do not know whether the speakers will provide papers.

Karen Whitefield: Where is the meeting taking place?

The Convener: Committee room 2.

We agreed at a previous meeting to have these briefing sessions on 15 November and 22 November from 10 am to 4 pm.

Robert Brown: Has SPICe provided any more information for these meetings?

The Convener: Sue Morris has been liaising with Keith and me.

Mr Raffan: Well, I have been liaising with her.

Robert Brown: So when is the meeting?

The Convener: It is on Monday, from 10 to 4.

Mr Raffan: From 10 to 4?

The Convener: I keep telling you. We keep agreeing these things.

Mr Raffan: That is fine. I was not disagreeing—although 10 to 12 might have been enough.

Cathie Craigie: And is there a meeting on 22 November as well?

The Convener: Yes.

Mr Raffan: Are we having a break for lunch?

The Convener: Yes, but you are getting only five minutes, Keith; the rest of us are getting half an hour.

At the previous meeting, I said that those sessions would mean a substantial commitment.

Mr Raffan: I was just asking as a point of information.

The Convener: That is all right, Keith.

Alex Neil: Do we know who is coming to the first session on warrant sales?

The Convener: I will stop you there, Alex. That issue comes up in the next agenda item.

I think that we have covered the third item on the agenda.

Timetable

The Convener: The fourth agenda item concerns the committee timetable. Martin and I have been doing some work on the issue of warrant sales. We have sent out some invitations to get us under way.

Martin Verity: We are inviting the Lothian Anti-Poverty Alliance/Communities Against Poverty network next week. The clerks of the three committees involved in this issue are trying to arrange a meeting for tomorrow morning with the conveners of those committees to divide up the oral evidence.

Alex Neil: I take it that we will not be duplicating the work of other committees. That would be crazy.

The Convener: We will have to split things up because so many people will be putting in submissions. There will be a lot of written and oral evidence.

Alex Neil: How many organisations have indicated that they want to give oral evidence?

The Convener: I think that 25 organisations have indicated that they want to give evidence, but they have not specified whether the evidence will be written or oral. Five have said that they will give oral evidence. Roseanna Cunningham, Trish Godman and I will get a balance for the committees.

Martin Verity: The timetable reflects the previous meeting's discussion, except in one minor respect. I have unfortunately omitted the two sessions on the Abolition of Poidings and Warrant Sales Bill in the new year. I apologise for that.

On page 2 of the timetable, on 12 January, under the housing column, the item on housing stock transfers: evidence from ministers should really be deferred until a date yet to be specified.

The warrant sales column for 12 January and 19 January should include an item on evidence for the bill. The report to the Justice and Home Affairs Committee will be later than 19 January.

The Convener: We may get the report concluded by 19 January and then submit it to the Justice and Home Affairs Committee the following week or thereafter. We have two sessions in January, which the committee agreed at the previous meeting.

Cathie Craigie: I just want to thank the convener.

The Convener: Thank you. It is 12.25 pm. I think that that is a record.

Meeting closed at 12:25.

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