

SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE

Wednesday 24 November 1999
(Morning)

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SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE 10th 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 Benson (Glasgow and West of Scotland Forum of Housing Associations)
John Carracher (Scottish Tenants Organisation)
Sean Clerkin (Glasgow Campaign Against Housing Stock Transfer)
Isobel Dunsmuir (Glasgow and West of Scotland Forum of Housing Associations)
Ian Macinnes (Glasgow Campaign Against Housing Stock Transfer)
George McKie (Edinburgh Tenants Federation)
Jenni Marrow (Scottish Tenants Organisation)

COMMITTEE CLERK :

Martin Verity

ASSISTANT CLERK :

Rodger Evans

Scottish Parliament

Social Inclusion, Housing and Voluntary Sector Committee

Wednesday 24 November 1999

(Morning)

[THE CONVENER opened the meeting at 10:04]

The Convener (Ms Margaret Curran): I welcome everyone to the meeting. A couple of members have not yet arrived. Keith Raffan may join us at some point. Mike Watson passes on his apologies for not attending this morning's meeting; he was keen to hear the evidence, but he has been called to the Court of Session, as an interim interdict has been served concerning his member's bill—I hope that I have got the legal terminology right.

As members know, our meetings now have a standard format. We have a preliminary action point to deal with before we move on to the housing stock transfer evidence.

Action Points

The Convener: The action point is brief. We need to pursue the issue of Scottish Homes. The information that we requested is important to us and we need to reflect on it in reaching our conclusions.

Martin Verity (Committee Clerk): We should receive a letter from Scottish Homes this week. The organisation is in discussion with the Executive about the information that has still to be provided.

Housing Stock Transfers

The Convener: We will now move on to the evidence session on housing stock transfers. We have already had considerable discussion on this subject and are keen this morning to hear tenants' views on the proposals. As there has been a wee hiccup in the arrangements with witnesses, I will change the order to allow the witnesses who are late to settle. We will hear the evidence, ask questions and then move on as appropriate. There will be time later for discussion.

We will start with Sean Clerkin and Ian Macinnes from the Glasgow Campaign Against Housing Stock Transfer. Sean, have you read the *Official Report* of this committee before? I think that you have been told that we would like a brief

introduction, after which we will ask you questions.

Sean Clerkin (Glasgow Campaign Against Housing Stock Transfer): I have been told that I have five minutes.

The Convener: You will see from the *Official Report* that, although we like to interact with visitors, they have plenty of time to give their point of view.

Sean Clerkin: Is my five-minute introduction uninterrupted?

The Convener: Yes.

I formally welcome Sean and Ian. Thank you very much for attending the meeting. We are very grateful.

Sean Clerkin: For the uninitiated, I should say that the Glasgow Campaign Against Housing Stock Transfer is made up of more than 50 tenants associations in Glasgow and is opposed to the sell-off of council housing for the reasons outlined in the briefing paper that has been sent to MSPs and this committee. If the housing stock transfer resulted in one large trust or a number of housing associations, under Treasury rules those would all be private organisations acting as a conduit for private finance—they would be nothing more than privately financed landlords. Private financiers such as Halifax plc and the Bank of Scotland, which are very interested in the scheme, would get a minimum annual rate of return of 8 per cent.

For tenants, the sell-off would lead to higher rents; the elimination of secure tenancies, as any new tenancy agreement would reflect financial lenders' needs, which will reduce tenants' rights; more evictions; and cuts to housing benefit, which will also lead to evictions. Over the next three years, there will be a mass programme of demolition of one in five council houses in Glasgow, which will ensure a £300 million profit for private developers in Glasgow.

The best example that I can give is that of central Drumchapel, the home area of Madge O'Neill, the convener of Glasgow City Council's housing services committee. There are plans there to carry out the biggest single demolition—1,076 council houses will be demolished to be replaced by 1,000 private houses. It is estimated—this is from Glasgow City Council's own documents—that the houses in central Drumchapel alone will be sold for a total of £50 million. Some of the houses will cost from £50,000 to £100,000, and hundreds of local tenants, who have been there for a long time, will be kicked out of the area. Middle-class people will replace them, tearing the heart out of those communities.

The homeless will not be properly housed under stock transfer because third-party contracts have

to be entered into. Shelter has shown that housing associations have a poor record of housing the homeless. As I was coming to this meeting, representatives of trade unions told me that stock transfer will result in at least 1,000 job losses. If secondary transfers go ahead, there will be no need for a direct labour organisation, and many more job losses will follow.

We believe in a new start for public sector housing, not in the status quo. We believe that the £1 billion debt could be transferred to the Scottish Executive. That could release between £90 million and £120 million per year over a 10-year period, which would do exactly the same as the privatisation of council housing in Glasgow. That £1 billion could also pay for 10 years of repairs and maintenance. We are also arguing for the restoration of the housing support grant, funded from general taxation.

We are arguing for proper, publicly funded, public sector housing for Glasgow and for Scotland. The Glasgow Campaign Against Housing Stock Transfer is calling for a moratorium on the sell-off of public sector housing in Glasgow and throughout Scotland, to enable this important Scottish Parliament committee to examine the state of public sector housing in Scotland and consider all options, in particular the retention and enhancement of public sector housing and the decentralisation of control to tenants.

The need for a moratorium has never been greater. First, given the current open warfare between Charlie Gordon and Wendy Alexander over whether there should be one large trust or a number of housing associations in Glasgow, the date set for the ballot to take place in November next year means that the matter is being rushed, whereas it needs to be properly examined. Secondly, a moratorium is required because Glasgow City Council has not consulted the tenants properly. It is using the so-called housing neighbourhood forums throughout the city to manufacture consent for the stock transfer. That is why the North West Community Alliance and Wyndford Community Council, among others, have been refused entry to those forums.

Glasgow City Council's £1 million feasibility study concluded:

"For the next stage, when transfer proposals are being developed, tenant representatives will need to be more involved, both at Neighbourhood and on a City-wide basis. Neighbourhood Forums are in the process of being put in place for each Neighbourhood so that they could form tenant steering groups for the transfer process."

Danny Bradley, a senior council official, stated in a letter from Glasgow City Council to the Scottish Office:

"If there is a suggestion that anti-campaigns should be given a specific voice within the structures I would not

agree that this is a tenable position."

It is clear that the housing neighbourhood forums are being used to filter out those who disagree with stock transfer. The council is setting the agenda to facilitate the sell-off of public sector housing, and the alternatives are not being discussed. That is sham consultation, which is why our campaign will soon be seeking interim interdict at Glasgow sheriff court to prevent the housing neighbourhood forums from meeting.

A moratorium on stock transfer is imperative, so that this committee can review all aspects of public sector housing. We need more investment in public sector housing, not its destruction by measures that are hurried through, as Glasgow City Council is doing. A policy aide from 10 Downing Street recently came up to Glasgow and said that it was the test-bed for public sector housing, not just in Scotland but in Britain. He was elated by what was happening. Stock transfer is being rushed through and the tenants are not being given the opportunity to engage in proper consultation or to examine all the alternatives.

The Convener: Thank you very much. You just about kept your presentation down to five minutes—well done.

You have voiced a number of views. I take it, Ian, that you will be responding to some of the questions that committee members will put?

Ian Macinnes (Glasgow Campaign Against Housing Stock Transfer): Yes, I will take some points.

The Convener: I will start and then open the discussion up to other members, although I reserve the right to come back.

Your views were very clear, Sean, and you have obviously put a lot of work into this. Can you tell us about the future of council housing in Glasgow in particular—although this has ramifications for the rest of Scotland? The committee has had lots of evidence about housing stock and some of the crises that have occurred over the past 20 years because of neglect. What do you see as the short-term, medium-term and long-term priorities for investment in housing stock in Glasgow?

10:15

Sean Clerkin: The answer to that is straightforward. The £1 billion debt must be written off immediately. As I said, that would release up to £120 million a year for the repair and refurbishment of housing. We also think that rents in the city should be affordable—they are far too high. We want higher public investment, through the restoration of the housing support grant, funded by general taxation. Essentially, we want housing to be part of a programme of social

justice. For too many years, housing has been the Cinderella in public policy.

We also want the borrowing consent to be increased. The £20 million borrowing consent was withdrawn from Glasgow this year. In our estimation, that policy is a deliberate attempt to force or blackmail tenants into voting yes at the stock transfer ballot in November 2000. If people vote no, they will be saying yes to what I have just said.

There will be a general election only five months after the ballot. Labour MPs are not turkeys—they will not vote for Christmas. They will argue in favour of public sector investment and public sector housing, given that the main Opposition parties are opposed to stock transfer.

The Convener: I want to take you back a wee bit. I understand your analysis; I was really asking a different question. If you achieved substantial investment in council housing, what would the immediate, medium-term and long-term issues be?

Ian Macinnes: One immediate issue which Sean covered was the fact that, if the debt can be written off with privatisation, it can just as well and just as easily be written off without it. In the immediate term, £121 million could be utilised, as Sean indicated. That is in the short term.

The moratorium is a medium-term issue. It would enable a proper discussion to take place. As part of the outcome, we would envisage the creation of a grants system. It does not matter whether that retains the name of the old system, as long as the system is in place so that local authorities—Glasgow in particular, as it has such a large housing stock—can carry out proper repair and maintenance in the short and medium term, but also with a view to the distant future.

The proposed privatisation of Glasgow's housing could give rise to an awful lot of scaffolding going up in the next five to 10 years. After that scaffolding comes down, major and minor dignitaries will cut a lot of coloured ribbons and some of the people who live in the areas concerned will live a nice, happy life ever after, provided that their incomes are up to paying the rent or mortgage. In cases where people's incomes are not up to that, tenants will be blamed at a later stage; that has happened in the past when housing associations and local councils have embarked on projects involving tenants in all kinds of decision-making processes. Such projects are laudable, but they have tended to be neglected later on because they were bereft of the required finance.

That is the stumbling block in the medium to long term. If everything goes to the private sector, there is the prospect of moving towards a 19th

century model, on the lines of "Bleak House". Modernisation would then be about the computers that are needed to calculate the debt.

The Convener: I will ask one more question before opening up the discussion. Do you oppose the transfer of stock to housing associations in principle?

Sean Clerkin: Yes. Although 20 years ago housing associations were genuinely community-based, since 1989 their funding from the public sector has been reduced and an increasing amount of their money has come from private sources. If £1.3 billion comes into Glasgow from the private sector, many so-called community-based housing associations will merge and become large housing companies. In England and Wales, the housing associations are already very commercialised—the same will happen in Scotland. Because tenants do not enjoy secure tenancies under housing associations, we will witness more evictions. In addition, rents are rising fastest in the housing association sector. In the United Kingdom as a whole, rents are 15 per cent higher under housing associations than they are under councils. We see housing associations as a vehicle for private finance—in other words, as just another private landlord.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): Sean, you have nailed your colours to the mast and made your position quite clear. Your briefing paper was issued to members of the committee earlier this year in the name of the Glasgow Campaign Against Housing Stock Transfer. Are you now saying that you are against all stock transfers?

Sean Clerkin: We are against all stock transfers that involve the privatisation of public sector housing. We have made our position crystal clear. The trade unions in Glasgow are worried about the adoption of the housing association model; they know that the Scottish Executive favours that model. That is why a turf war is under way between Wendy Alexander and Charlie Gordon. There are not enough housing associations in Glasgow to take over 80,000 to 90,000 council houses; the structures do not exist and the direct labour organisation would cease to function. The trade unions fear that thousands of jobs would be lost. For that reason, we are absolutely opposed to the housing association model or to one monolithic trust, which is just a way of privatising our housing stock. We want housing to be properly funded by the public sector. Control of that could be decentralised by placing power in the hands of tenants.

Cathie Craigie: That is very clear. In the opening statement in the briefing paper, you say:

"The New Housing Partnership Policy of the New Labour

Government mentions Stock Transfer in terms of Community Ownership. This is not true."

Why do you make that statement? I could say that the statement that you have made is not true, because I have seen community ownership in action.

Sean Clerkin: This is a smoke-and-mirrors policy. The real agenda is to increase the role of the free market and to roll back the welfare state. Public sector housing is part of the welfare state, and so-called community ownership is nothing more than a form of words to hide the fact of wholesale privatisation. The academic study that we commissioned through Professor Mattheus Beck shows that, at a conservative estimate, profits would be 8 per cent per annum under so-called community ownership. That means that there will be massive rent rises under the new system.

The other thing to bear in mind is the fact that the green paper on housing benefit has still to be issued. We all know that housing benefit will be cut. Under the new system, tenants will face massive rent increases and will be forced to pay part of their income support and pensions towards rents. That is why we need reductions in rents in Glasgow.

The Convener: We will explore this issue with other people as well.

Cathie Craigie: We are looking to gather the facts about housing stock transfer and community ownership. Sean has made a number of statements about, for example, rents being much higher under housing associations. What evidence does he have to back up that assertion?

Sean Clerkin: The evidence that we have is based on the feasibility study report, which indicated that rents would rise in the next couple of years.

Cathie Craigie: Is that only for Glasgow?

Sean Clerkin: Yes. The report stated that, over the next two years, rents would rise by an average of 6 per cent per annum. We know that this year the increase is only 2.9 per cent, but that is not to say that there will not be substantial rent rises in the years to come as a sweetener for the private sector. That is what will happen.

Cathie Craigie: May I ask one more question?

The Convener: I want to let Fiona Hyslop in now, Cathie. We will explore the issue that you have raised in later evidence.

Fiona Hyslop (Lothians) (SNP): I was interested in what you were saying about Scotland, and Glasgow in particular, being a test-bed. I understand that Birmingham is considering a stock transfer proposal and consulting the

Housing and Care Advisory Services on that.

We need to explore what we mean by community ownership. I am interested in how the tenants perceive the participation process. Because we have been promised that community ownership will mean that tenants are more involved and will be given more power and control, we need to know what their involvement is at the moment. That will provide a good indication of what might happen subsequently.

Sean Clerkin: In some of the housing neighbourhood forums that have been set up around Glasgow, the housing neighbourhood managers started chairing meetings and talking exclusively about housing stock transfer. Other options, such as public sector housing, are not being discussed in those forums. This is a sham consultation exercise, which is intended only to facilitate the stock transfer. The council dominates the agenda and the housing neighbourhood managers have a disproportionate influence over tenants.

You mentioned the example of Birmingham. The good news is that, in the previous two ballots on stock transfer in England—in Lewisham and in Cambridge—stock transfer was voted down after good local campaigns run by tenants. Housing in those areas will now be retained in the public sector.

Fiona Hyslop: Are tenants being paid to participate in housing neighbourhood forums?

Sean Clerkin: Not to participate in the forums themselves. However, a company called TMS, which is running focus groups of tenants on behalf of Glasgow City Council at Wheatley House, the headquarters of Glasgow's housing department, has been paying tenants £20 per session to attend those meetings. The letters that we have received state that that fee is designed to cover travel expenses. However, it does not cost a tenant on income support that much to travel back on the subway; with £20, they could travel to Edinburgh and back. We think that the payment is influencing the opinions that tenants are expressing in the focus groups.

Fiona Hyslop: Are you saying that the participation process in the lead-up to this transfer is not satisfactory? Are you confident that there has been full consultation and involvement of tenants, and that their views are being heard effectively?

Sean Clerkin: There has been no proper consultation. The Glasgow and West of Scotland Forum of Housing Associations, which is represented here today, stated four months ago in its minority report on the feasibility study that the whole process was being rushed through and that a lot of information was not being allowed into the

public domain. That was widely quoted in the media. Tenants are not being properly consulted, especially in relation to demolitions in areas such as the centre of Drumchapel, where I was last night. The first time that tenants knew anything about that was when we discussed it with them last night.

Mr John McAllion (Dundee East) (Lab): I was interested in your attempt to equate housing associations with private landlords—there are a number of associations in my constituency that would take great offence at that, because they are very much community-controlled. What would you say if the only permitted alternative to a social landlord was a not-for-profit company, run by a committee consisting of tenants, elected councillors and community representatives? Would you call that a private landlord?

10:30

Sean Clerkin: I would call that a privately financed landlord. The important thing, John, is that in the housing stock transfer in Glasgow, it is proposed that representation in the monolithic trust that will be created will be one third councillors and one third so-called independent business representatives. However, they will all be bypassed because the terms and conditions of the lending contract will determine what happens to the tenants. Unison has published a research paper that shows that in the case of a housing association or a monolithic trust, the lending contract will determine what happens to tenants, not decisions made at the board level. In other words, it is not meaningful representation, because the lenders will have the final say when the terms and conditions of the lending contracts are laid down.

Jimmy Black, who represents the Scottish Federation of Housing Associations, said recently on the Lesley Riddoch show—which you were on, John—that the time will come when housing associations will have no public money; it will all be private. His statement confirms that so-called community-based housing associations will, in time, become private housing companies.

Mr McAllion: To be fair, even council housing is privately financed because councils borrow the money to invest in housing in the private markets.

I am interested in the £1.3 billion that is meant to be going into Glasgow's housing as a result of whatever kind of transfer is suggested. Figures given to this committee by Scottish Homes suggest that that £1.3 billion of private finance has been invested in their stock through transfers over the past 10 years. In order to attract that kind of private investment, they had to spend £2.5 billion of public money. How has that £1.3 billion been

attracted into Glasgow? What is the carrot that has been offered to private investors?

Sean Clerkin: To return to your comment about the council borrowing from the private sector, the council goes through the Public Works Loan Board for the money. It borrows at a far cheaper rate of interest than that obtained by housing associations or trusts that borrow from the private sector. The council borrowing would be more cost-effective. Experts such as Allyson Pollock at University College London have shown that the public-private partnerships to which you refer are inherently far more expensive than direct public investment. The cheapest and most cost-effective form of investment would be direct public investment in public sector housing.

Mr McAllion: Have the tenants been told how that £1.3 billion of private investment in Glasgow's council stock is to be achieved? What is the carrot that will bring—

Sean Clerkin: The council has not informed them. Tenants receive letters on a Friday and every time we have received a letter from Charlie Gordon—and before that, James McCarron—on the matter, we have not been told how the money will be levered in. Everything has been done in secret. There is a conflict of interest in the steering group that is currently meeting in Glasgow, with Wendy Alexander and Frank McAveety being parachuted in and interfering in Glasgow's own affairs. They are, in effect, bypassing the city council to try to impose the housing association model. It is a breach of constitutional rules. Rani Dhir from the Southdeen Housing Co-operative, who sits on the group, is involved in the housing demolition that will be taking place in the centre of Drumchapel. My point is that there is a conflict of interest.

Mr McAllion: On the debt issue, I assume—and I wonder what the view of your organisation is—that the carrot that brings in the private investment is not only the rental stream for the next 30 years, but the wiping out of £950 million of debt. It has been suggested that the capital allocations that were previously linked to Glasgow would be used to wipe out that debt. However, capital allocations are consents to Glasgow City Council to borrow, and were funded from rents that Glasgow council used to receive. That is a red herring. Where is that £950 million, the servicing costs of the debt, to come from?

Sean Clerkin: We are saying that it should be transferred to the general taxpayer.

Mr McAllion: The Government does not seem to be saying that.

Sean Clerkin: Our campaign is saying that it should be transferred to the general taxpayer. Under the trust proposals, it is not clear that the

debt will be transferred over. The debt will remain with Glasgow.

Mr McAllion: That is what I am trying to get at. The only way that the debt can be wiped out is if the taxpayer picks up the bill.

Sean Clerkin: That is what we are advocating.

Mr McAllion: The evidence that we have had so far suggests that that is not the case.

Sean Clerkin: It is a matter of political will. We are saying that the debt should be transferred over to the general taxpayer. That is our position.

Mr McAllion: Is there any alternative to that?

Sean Clerkin: Not as far as we are concerned, no.

Bill Aitken (Glasgow) (Con): I can see where you are coming from and I am satisfied that you want a better living environment for the existing Glasgow council housing tenants. However, do you think that the vast majority of those consider the present situation to be satisfactory, or do they see Glasgow's housing as being a bit of a basket case and therefore would consider anything that is likely to improve their lot?

Secondly, I found the briefing paper very interesting and refer you to the paragraph that begins:

"It is planned that one in every five Council houses".

Is the language that is used when the paper talks about cleansing and middle-class settlers not slightly provocative? If you take that apart, it is perhaps not terribly undesirable. There would be a massive injection of cash into the city, which would benefit the terribly disadvantaged people in the council schemes whom you are trying to help.

Sean Clerkin: Glasgow tenants are very unhappy with the terrible state of the city's council housing. We are not arguing for the status quo. You talk about demolitions and creating a better environment. In Ruchill, Keppoch and the centre of Drumchapel, local people are up in arms because too little socially rented housing would be built to accommodate people on income support and housing benefit. Most of it would be for private sale. In the centre of Drumchapel, more than 1,000 houses would be built for sale. Only 277 houses would be provided for rent under Glasgow City Council's rules, some of which would be special needs housing. Many people will be kicked out of the area in which they have always lived, all because Glasgow City Council wants to increase its council tax base. It will be at the expense of local people and local communities.

In our campaign, local people are telling us that they want housing demolished, repaired or refurbished but to remain council owned. In other

words, enhanced investment in public sector housing would do the job a lot better and would keep local people in local communities, which is where they want to stay.

Bill Aitken: Would you agree that the housing association concept has been successful? Over the years, two or three associations have gone pear-shaped. However, the concept has been a classic illustration of how, when people are given ownership of a problem and the proper guidance, they adapt to those problems and work constructively towards a solution. Once this process is completed, we could have a fairly democratic structure, in which the tenant management representatives would have every opportunity to make their case and to give the layman's viewpoint, for want of a better word. At the same time, they would have the benefit of input from housing professionals, which they do not have in the current structure of Glasgow City Council's housing department.

Sean Clerkin: Twenty years ago, housing associations were genuinely community-based, but the concept is changing. They are becoming commercialised—that is the key word. Since 1989, more and more of the funding has come from the private sector. Currently, new capital projects receive 40 per cent funding from the private sector and 60 per cent from the public sector.

As I have already stated to Margaret Curran, if a flood of money comes into Glasgow from the private sector—the £1.3 billion—those housing associations will amalgamate and become housing companies, just as housing associations in England and Wales have done. Some of them are asking to become plcs. They are becoming increasingly commercialised.

The nature of housing associations has changed. The terms and conditions of the lending contract with private financiers will determine the actions of these privately financed landlords. They are vehicles for private finance—that is what we are saying. That is what this stock transfer is all about, not only in Glasgow but throughout Scotland.

Bill Aitken: Finally, I detect that you do not regard the private landlords—privatisation or private investment—as the answer. [*Laughter.*] I suspect that that is your view. Is it necessarily a bad thing that people make money out of properties if they are improving the housing lot of the people whose present housing conditions are, in many cases, totally unsatisfactory?

Sean Clerkin: The answer to that is simple. There will be a green paper on housing benefit. The fact that there will also be a cut in housing benefit means that pensioners and people on income support will be forced to use their core

income from social security to pay for increased rent charges. The landlords will make a profit, and tenants will pay through the nose for higher rents. There will be more evictions and fewer secure tenancies.

Robert Brown (Glasgow) (LD): I would like to stick with the housing association issue, Sean, as you have made some black and white comments about that aspect.

First, I address the point that you made a moment ago, about the input of more funding from the private sector. Is it not the case that, for many housing associations, the initial rehabilitation programmes have substantially been completed, that the public funds that went into those are no longer necessary and that there are further demands on the funding?

Secondly, you made an issue of the potential mergers of housing associations. What is your basis for making an issue of those? Will the situation be altered by the Scottish Executive's and Parliament's decisions on the nature of the single social tenancy? In other words, if a secure tenancy arrangement came through as a result of that concept, would that alter the position that you take?

Thirdly, would you accept that there has been a substantial difference, over the years, between housing associations in Scotland, which have tended to be more community-based, and housing associations in England, which have been larger and less connected to the community? Would the result of that be that we should concentrate on keeping the community base of housing associations, making that work more effectively and using it as a vehicle for building on tenant experience, participation and control arrangements that are already in place?

Ian Macinnes: First, I shall answer your final question, on keeping the community base. It is difficult to imagine how the community base could be retained if, in the process, the current population were scattered to the four winds. That final question covers all the other questions that you asked, and the question of retaining secure tenancy concerns a misnomer.

Robert Brown: You are talking about the demolition situation?

Ian Macinnes: Yes.

Robert Brown: What I am saying is that the housing associations, as they currently exist, have a track record of community-based involvement. Would those associations not be a good vehicle for the community development that we want to happen under the stock transfer?

Ian Macinnes: If, through the continuing process, communities are disrupted and broken

up, what you are saying does not make sense.

Robert Brown: Is that not an issue that concerns the demolition proposals and the detail of what happens in each individual area?

Ian Macinnes: The two issues cannot be separated.

Sean Clerkin: The housing partnership money is being used for the demolitions. Stock transfer must be supported to get new housing partnership money.

Ian Macinnes: Where is the social justice and social inclusion in your saying that you will create new urban villages and wonderful new communities in the way that you are describing if, in the process, you destroy existing communities?

Robert Brown: My central question concerns the appropriateness of using housing associations, given their track record, to act as the vehicle for doing those things.

Sean Clerkin: As I have already said to Bill Aitken, the housing associations were generally community-based but they are changing and becoming increasingly commercialised. What we are witnessing in Scotland, through stock transfer, has already happened in England, where housing associations have become virtually housing companies. Under their current structure, housing associations in Glasgow cannot take on 80,000 to 90,000 council houses. If they are to take on that kind of responsibility, they must be structured more commercially and become housing companies. That is what would happen.

The other point to stress is that the trade unions and Glasgow City Council are absolutely opposed to the housing associations' involvement, as is the Scottish Tenants Organisation. Thousands of jobs would be lost if housing associations took over the housing. They would not take on a direct labour organisation—a direct labour organisation would be abolished. It is about time that someone stood up for direct labour organisations. In Glasgow they have a £5 million surplus, which they have reinvested in Glasgow. They are very efficient, well-run organisations, in spite of the bad publicity that many direct labour organisations have received because of the bad behaviour of one or two of them.

10:45

The Convener: Thanks very much. I am terribly sorry that we do not have more time. Several members would like to question you more thoroughly, but we have other tenants organisation to speak to this morning. Thank you very much for your evidence. If you have other evidence to submit to the committee, you should feel free to do so. We are receiving a lot of written evidence. If,

another time, you would like to follow up any of the points that were addressed today, or which you feel have not been covered, you should feel free to do that. I am sure that you will keep an eye on our proceedings as we continue this inquiry.

I apologise to members who were unable to ask questions. They will have priority now, as we move on to the next section of evidence. I will let Sean and Ian collect their papers. I welcome John Carracher and Jenni Marrow from the Scottish Tenants Organisation. You have a couple of minutes to catch your breath, settle and have something to drink.

Thanks very much, folks. You probably have a flavour of the proceedings so far. I formally welcome you and your organisation to the committee. We are pleased to hear your evidence and have a discussion with you today. You may give us a brief introduction, before we enter into dialogue with you. That is our style, as we think that that is helpful. I hand over to John and Jenni.

John Carracher (Scottish Tenants Organisation): I thank the committee for the opportunity to present our case today, and to put forward the views of tenants. There are two strands to the views that we represent. I shall talk about the participation process, or lack of it, and Jenni will be quite happy to answer questions about the financial side. She has far more in-depth knowledge about those kinds of issues than I have, so I am happy to direct any relevant questions to her.

Our view is that the housing stock transfer process is a forced process that is dictated by the Government and landlords, in which tenants have very little control or power and absolutely no choice. It is a hard-sell exercise that takes no account of tenants' views on whether transfers are necessary, and decisions are driven through regardless of opposition. The whole process amounts to the manufacture of consent, and is dressed up as having the endorsement of tenants. Illusions are created of tenants being in the driving seat, although the opposite is true.

The idea that the transfer ballots are somehow about choice is deceptive, as the choice is only that which is favoured by others, not freely chosen by tenants. They are crude actions that are promoted as democratic choices, although tenants are voting away their right to a democratic choice. Ballot results are not a true reflection of tenants' real needs and wishes. Leading tenants in a direction that is determined by others, and then asking them to question whether they want to jump or be pushed, is not part of the much-vaunted new culture of inclusion, participation, openness and accountability.

As we have seen with housing stock transfers by

Scottish Homes and others, the process is quite simply a juggernaut that rolls over people to get to a destination that must be attained at all costs. It is based on an ideology that claims that the public sector is bad and the private sector is good and that carries its own flawed logic. It dictates how people should proceed, whether they like it or not, which cannot be right in a democratic society.

At present, councils have a legal duty to ensure that their housing stock is in a tenable and habitable condition, but successive Governments have denied councils the ability to fulfil that duty. Surely that is wrong, given the condition of our housing stock? Does that mean that the Government is happy to see councils break the law? Is the Government breaking the law?

The Convener: I will ask Jenni Marrow if she wants to say anything, before I move on to questions.

Jenni Marrow (Scottish Tenants Organisation): It is worth while reminding the committee that municipal housing was created in the first place to deal with the damp and insanitary conditions that were provided by private landlords. The idea behind municipal housing was to get rid of those conditions and to provide decent housing at an affordable rent. We should consider that issue before we decide to offload to private finance the responsibility of housing some of the most vulnerable people in society. That is a serious point, which will have long-term consequences.

On the condition of housing, it is tragic that a dalliance with new building techniques in the 1960s has produced the slums of the 1990s. While that is not the fault of tenants, they will have to live with the consequences of dealing with that problem—that is a serious point to consider. The view of the Scottish Tenants Organisation, and the result of consultation with tenants throughout the country, is that many tenants are extremely concerned about the stock transfer process. They feel that they are being driven; they do not feel that they are being led. They do not feel that they are being consulted and they feel that the process is more about local authorities being unable to house them properly, which is a damning indictment both of the previous Conservative Government and of the present Government. There is no lead for people who believe that those who are most vulnerable and disadvantaged in society will not get support.

We heard about the possibility of changes in the housing benefits system. I live in quite a poor area of north Edinburgh—it was formerly poor, but we have gone through a regeneration process and are supposed to be better off. However, that is not true. Regeneration has not tackled the underlying problems of poverty and deprivation. Any changes

to housing benefit will cause a lot of people a great deal of concern and alarm.

Income support is totally inadequate. People cannot live on income support; they exist, at best. Fifty-one pounds a week is not an income that anyone can live on, and I challenge any member of this committee to try to do so. People just exist on the margins; the most they can do is feed themselves and, possibly, heat their homes. Attacks on housing benefit coupled with the destabilisation of communities through stock transfer will create a lot of problems. Although you, as members of this Parliament, will not deal with those problems, I assure you that, in 20 or 30 years' time, your successors will be living with the consequences and they will wonder why you did what the stock transfer proposals suggest.

The Convener: Thank you. That evidence was helpful.

Before I hand over to Alex Neil, I want to ask a couple of factual questions. You mentioned tenants' views and perspective in your evidence. First, do you have research or documentary evidence of the STO's consultation exercise to back up what you said, and which could be presented to us as a formal submission? Secondly, do you see community associations as being in the private sector?

Jenni Marrow: Our evidence comes from our affiliated organisations, some of which are going through stock transfer proposals. I have been part of the regeneration of the Muirhouse-Pennywell area of north Edinburgh and have first-hand experience of addressing regeneration issues, such as demolition and the introduction of low-cost homes and housing associations stock. A lot of the other information comes from our member organisations, which send representations to us about their concerns, particularly from Glasgow and Aberdeenshire and, to some degree, from Dundee. There are concerns about the process.

The Convener: Do you have difficulties with community associations—housing associations—in principle?

Jenni Marrow: We share the fundamental concerns of the Glasgow Campaign Against Housing Stock Transfer. I emphasise that the money that local authorities have comes from the Public Works Loan Board, through a mechanism that is not directly affected by the vagaries of the economic system. The money is there. Councils need to borrow it and, provided that consent is given, are able to do so.

The issue of housing associations and community ownership is much more directly related to finance provision, which causes serious problems. For example, what will happen if the economy goes into a nosedive? How will that

affect housing finance? There are no clear indications as to what would happen if the economy went into a serious recession. At present, we are in a period of prosperity and people want to lend money.

John Carracher: Convener, you asked whether housing associations were seen as part of the private sector. The answer is yes, they are in the private sector; they are not in the public sector. I think it was Nicholas Ridley who started using the phrases independent sector, social sector and so on, to muddy the waters between the public and private sectors and to make the transition easier. The language that has been used, such as community empowerment, is part of the problem, and we take issue with that way of dealing with the situation.

Your question was about whether we take issue with housing associations. In principle, we would not have a problem with tenants asking and genuinely wanting the option of forming a community-based housing association. However, there would be problems if it were a forced process—one that followed someone else's agenda.

Alex Neil (Central Scotland) (SNP): I want to develop the issue of housing finance. When Scottish Homes gave evidence, in this very room, three or four weeks ago, I asked the witnesses if anyone had looked at the cost of borrowing from the private sector over a 20 or 30-year period, in comparison with the cost of borrowing through the Public Works Loan Board. I was shocked to discover that neither Scottish Homes nor the Scottish Executive have undertaken such an exercise. It is beyond belief that we can pursue a policy that has not been properly thought out or costed.

Although I know that it is not easy and would require a lot of professional resources, has the STO tried to undertake such an exercise? Has the work that you have undertaken indicated how much more it would cost to borrow money in the way that is being proposed under housing stock transfer?

This committee deals with both housing and social inclusion. If, as you predict, rents are jacked up by an enormous amount to fund the additional costs of private borrowing, will that displace people who cannot pay the hugely increased rents? Where will they go? By definition, social housing stock will have gone down to a dribble if the transfers go through. Have you thought those issues through? What do you think will happen to those people who may be driven out of their homes by excessive rents to pay the fat cats who lend the money to the housing associations?

Jenni Marrow: In answer to your first question, annual borrowings by local authorities are on a much greater scale than private companies. Therefore, local authorities are able to borrow at a cheaper rate than the private sector. Local authority borrowing is done through the Government, so it is a more protected source of borrowing than is available to the private sector. What happens in a recession is a serious concern. We have a capitalist economy—I am not questioning that—so we are subject to the vagaries of the market, and billions can be wiped off the value of shares. Therefore, in a sense, the public sector vehicle is the most cost-effective way to deliver cash for housing finance.

On rent levels, it is worrying that there has not been a serious analysis of the problems of housing associations in coping with repairs and the depreciation of stock. Housing associations face difficulties when their stock starts to age at a certain rate. They have to either jack up the rents to cover the cost of paying for repairs—especially if they are major jobs such as putting in new roofs, windows or heating systems—or build more houses. However, there is no guarantee that they will be able to build more houses, as that will involve getting more land and money to buy the land, and so on.

At the moment, some displaced housing association tenants come back to local authorities. We have evidence that tenants who are evicted by housing associations look to local authorities to provide somewhere to stay. The other option is to go into the totally private sector, which is absolutely insecure and causes stress and strain, especially to people with young children.

11:00

Alex Neil: Does the wholesale transfer of the housing stock, as is proposed for Glasgow, not cause the problem that the first option of going to the local authority is ruled out because local authorities will have no housing left?

Jenni Marrow: Absolutely.

Alex Neil: Leaving aside the vagaries of the private rented sector—I was not deliberately looking at Bill Aitken when I said that—the supply of private rented accommodation in a city such as Glasgow would come nowhere near matching the potential social problems that could be caused by the displacement of large numbers of people as a result of housing transfers.

Jenni Marrow: The other problem, again relating to social inclusion, is that people such as young couples will end up staying with their families. That leads to a break-up of family life. The consequences of the dislocation of communities can be quite horrendous, but the

social costs are never written down and quantified. One of the worrying factors is that people's lives are being played with without bearing responsibility for the consequences.

Alex Neil: I have one final question. John Carracher rightly started his evidence by saying that the status quo is not acceptable, as clearly there are major problems with the housing stock, particularly in Glasgow. We have read about the concentration of poverty and deprivation in Glasgow and the west of Scotland in all the newspapers this morning. You talked about increased participation, and gave your concerns about housing associations. I know that tenants are not happy with the service that they do not get from the council, so the status quo is not an option. Could you tell us more about your alternative model?

John Carracher: Earlier this year the Government produced "Partners in Participation", which is a national strategy to involve tenants that defines participation as a sharing of ideas and power. There is little evidence of that taking place. The idea of participation seems to get sidelined, but when we talk about inclusion, accountability and openness, participation is of paramount importance as it goes to the heart of the democratic process.

We are asking for a moratorium until the current processes are reviewed. For instance, in Glasgow the tenants were kept out of the feasibility study, in which they should have had a say. The council did not speak to the organised tenants movement. Councillor McCarron wrote to tenants to say that he would involve them once the council had come up with its ideas for action. That is not how participation should work.

This document talks about the involvement of tenants in policy-making decisions, but that has not happened. The process is rushing ahead too fast for tenants, who tell us that they do not even know who is supposed to represent them. We are halfway down the road to a situation like that in Aberdeen and folk are saying that they do not even know who their representatives are. There is a huge problem with representation. It has been decided that there should be tenant representation, but nobody has spoken to the local tenants.

A problem with a city such as Glasgow, with a huge number of houses, is that housing is parcelled up to go as one transfer. Tenants should have an input into that. A stock condition survey could be carried out to find out where the worst housing is so that the problem could be tackled from that point of view. It is essential that the tenants movements be given the time and space to get organised and resourced and to be brought into the discussion, which should be open and

accountable. That would be a start, and then financial aspects could be considered.

People should have the chance to do their own research and find out for themselves, and have an informed view on the matter. It is unacceptable that the process is rushing ahead too fast for most folk to catch up with.

Jenni Marrow: It is worrying that the tenants movement has never been able to access the money that has been paid to consultants, advisers and so on. Tenants associations up and down the country have been starved of cash. We have been lucky in Edinburgh because the council has recognised the value of the work of tenants associations. I am secretary of the local tenants association, which has 1,200 households. We undertake a regular programme of activity and are grant-funded by the council.

However, we have heard of associations elsewhere that are given £30 or £100 per year. That is derisory—it does not even pay the postage bill—and means that tenants cannot organise, be active, and keep informed. As John Carracher says, for most tenants, the housing stock transfer is a charade. They do not know what it is, what their part in it is or what their rights are. Tenants are being marginalised.

The strategy action team of the social inclusion network produced a document that said that communities, volunteers and unpaid activists are marginalised by professionals. In any discussion about aspects of stock transfer, one is marginalised and patronised rather than being seriously included or treated with respect.

Karen Whitefield (Airdrie and Shotts) (Lab): Previous witnesses and you have raised concerns about huge increases in rent that might arise from stock transfers. Are you, as an organisation that has contact with tenants around the country, aware of many cases of housing associations with rents that are considerably higher than local authority rents? I understand that the rents of many housing associations in Glasgow are lower than the rents of Glasgow City Council, and that the housing association stock is in much better condition. What are your views on that?

Also, what are your views on a single social tenancy? In the 90 responses to the housing green paper, there was overwhelming support for the idea of a single social tenancy. If we were to negotiate a tenancy similar to that, would tenants be protected whether or not they were tenants of the new housing associations?

Jenni Marrow: The issue about rent is, to some extent, a bit of a red herring. Local authorities have been starved of cash for a long time, and the only way in which they could get money was to put up rents. Housing associations have received

grants from Scottish Homes, which means that we are not dealing with a level playing field. One area of housing provision has been heavily subsidised and the other has had its subsidy eroded, so it is misleading to talk about the inequality between housing association rents and council rents.

What was your other point?

Karen Whitefield: I wanted to know your views on the single social tenancy, particularly whether you thought that it would guarantee tenants' rights. You mentioned concerns about some tenants having no option but to go into the private rented sector. However, if they had statutory rights under the housing association, rather than having only an assured tenancy, the situation would be better.

Jenni Marrow: That would not deal with people's inability to pay higher rents. The majority of evictions are for rent arrears—that is true in the council sector and the housing association sector. Some of the arrears are due to problems with housing benefit. People who are disadvantaged often suffer from other problems as well, including the fact that they have poor reading and writing skills. Because of that, some people do not understand the process of claiming housing benefit. Somebody should be aware that there is an important hidden problem with literacy.

A secure tenancy gives tenants protection when dealing with a situation involving accusations of antisocial behaviour or rent arrears. It is important that people, particularly those who are not literate or articulate, can get someone to argue their case in court to prevent eviction.

John Carracher: The question does not take into account the importance of tenants' right to decide what they want rather than having someone else telling them what they ought to want—that all that they should be concerned about is having a nice warm house in which they can stay like a wee furry animal.

We have community ownership at present: houses owned by a local authority belong to the community and are public sector assets.

Mr Lloyd Quinan (West of Scotland) (SNP): At one point, John said that the stock transfer project was driven by ideology. The groundswell of anger that I detect in the letters that I receive on the subject reminds me of the early days of the poll tax, when the fact that the Government was not telling the truth created fear in people's minds. Would you expand on the other agenda that is behind the transfer? It is not simply about refurbishment of houses or whatever; something else is going on.

You and Sean Clerkin have suggested that, in the supposedly participatory process by which the neighbourhood forums are being organised, there

is enormous hostility to anyone who is not jumping on the bandwagon. I detect an element of hostility in some of this morning's questions, too.

John Carracher: My point about the ideology was to do with the idea that the public sector is bad and that the private sector is good, a philosophy that has been promoted during the past couple of decades. An illusion has been created that housing associations are wonderful bodies that have no problems and that, because a few local authorities have bad housing, all public sector housing is bad. That is not the case: there are many examples of good public sector housing across the country.

There have been relentless attempts to damage the public sector. Tenants are not clamouring to change tenure or leave the public sector; the process is being driven from elsewhere. Funding has been eroded and councils have not been able to refurbish their housing stock in the way that they should do and, indeed, have a legal duty to do.

11:15

The Government should not sit back and watch councils and tenants flounder under those conditions. I think that that is disgusting. Tenants will be asked to vote on whether they want their houses repaired, but no one should have to vote on that; it should simply be funded and done.

Scottish Homes went through a largely discredited process that created fear and anxiety in the community. I have seen old people crying at meetings because they were scared about what was going to happen. Scottish Homes capitalised on such anxiety. The organisations would be described as tenant-led, but the meetings would be organised, chaired and run by Scottish Homes. There would be a propaganda exercise to spread the idea that the organisation was tenant-led. I hope that councils do not start similar propaganda campaigns, as that is not the function of councils.

The forums are not tenants organisations; they are set up by local authorities. They should deal face to face with the tenants who have organised themselves and have not been channelled by someone else.

Mr Quinan: What do you have to say about the hostility that campaigning organisations such as yours are receiving from the Executive and local councils?

Jenni Marrow: We have asked for a seat on the advisory board that is dealing with new housing partnerships because we want to do a credibility check. If a council says that it has consulted tenants, we want to be able to consult our tenants association members, to allow us to say whether

that is true.

Needless to say, we have been refused a place on that advisory board because we will not say that we whole-heartedly support stock transfer. How is that for rigging the agenda?

Mr Keith Raffan (Mid Scotland and Fife) (LD): I apologise for being late; I was at the Health and Community Care Committee, which was examining a matter that is relevant to my constituency.

Mr Carracher said that there was a general view that the private sector is good and the public sector bad. I would point out that, from his evidence and the evidence before, we could gain the opposite impression. The truth lies somewhere in the middle, does it not?

John Carracher: Sometimes, it seems that the tenants are defending the indefensible. We believe that the public sector should be managed better. If tenants had been involved properly in the process, that might have happened. We do not want the public sector to be abolished; we want it to be improved.

Mr Raffan: Nobody would deny that. As an MP, I had sink estates in my constituency. As you say, Mr Carracher, there are some good estates, but some are appalling and disgraceful and are in that state because of bad planning, bad maintenance, bad transport and a lack of facilities and shops.

The crucial thing is to improve housing, whether one uses private or public finance or a mixture of both. The public sector has, in the past 40 or 50 years, failed people.

John Carracher: Not necessarily. I live in fairly good public sector housing and I am quite happy with the house that I am in. Just because there are some places that have been badly managed does not mean that we should transfer the country's entire housing stock. We must consider the problems of withdrawal of funding, which mean that councils are not able to do the job that they are supposed to do.

Mr Raffan: You seem to be taking a particular viewpoint—as Jenni Marrow said to Karen Whitefield—that the housing associations are subsidised and the local authorities are cash starved. I am not saying that that viewpoint is as ideologically driven as the previous set of evidence, but you are anti-housing association and you seem to suggest that the local authorities should get on with the job. You are not producing hard, factual evidence for that position.

John Carracher: Over the past couple of decades, the idea of tenants' choice has been promoted. We are asking for a real choice, which is based on a level playing field. People should not be forced to go to housing associations just

because they cannot afford not to. It must be a real choice.

Jenni Marrow: Let us be realistic. Wendy Alexander was asked whether money would be found to write off Glasgow's housing debt if the tenants voted no; she said quite clearly that the money would not be found. What kind of choice is that? You say that we are saying that the public sector is good, but that is not the case. We are saying that there are reasons for some parts of the public sector not performing as well as they should.

During the late 1970s and early 1980s, there was a steady campaign of stereotyping council estates as areas inhabited by people who had no hope, who had not worked for at least 20 years and who were sponging off the welfare state, where there were cars in bits in the front gardens and dogs running wild. A clear campaign of character assassination was cynically undertaken by the Thatcher Government, with the intention of breaking up what she saw as fiefdoms of municipality. There is no doubt about that.

Thatcher had a two-pronged attack: she destroyed the image of council housing and upset many decent, honest, hard-working people, who tried to keep their homes as nice as possible. She did not attack the builders who were financing the Tory party and who were responsible for some of the slums that we live with now. She accepted their cash and defended them.

Local authorities have been trying to do their best under extremely difficult and trying circumstances, and we do not think that they should be blamed for the state of our housing—that is a matter of central Government policy.

I was in discussions with people such as Raymond Robertson and Malcolm Rifkind. Their push towards stock transfer was not as aggressive and hardline as that of the present Government. At least we could have a dialogue with Calum Macdonald. We have written to Wendy Alexander four times to ask for a meeting to explain our position and she has not given us that opportunity.

Mr Raffan: It is not very constructive to apportion blame.

Jenni Marrow: I think that it is. If you do not learn the lessons of the past, you are doomed to repeat them.

The Convener: I understand your feelings, but Keith has a right to ask his question.

Mr Raffan: I would rather look forward. I accept much of what you have said about the failure of the urban regeneration programmes. I was looking at the figures on that last night, because this afternoon we have a debate on social inclusion targets.

I want to widen the debate. The approach to dealing with those estates should focus not just on housing, but on a whole range of issues, such as employment, education, health, community facilities and the role of the voluntary sector. We need such joined-up thinking. We can consider the housing problems in isolation, but we cannot resolve them unless we consider all the other aspects. There is a need for an integrated approach.

The Convener: Before we go into a general political analysis—

Mr Raffan: But it is an important point—

Jenni Marrow: Cambridge Policy Consultants, working for the Scottish Executive, made exactly that point. Housing is a crucial part of people's lives, but estate regeneration is not just about housing—it is about economic development and making money available to tackle poverty and poor health. That goes back to central Government and benefit levels. Could any of you live on £52 per week?

Mr McAllion: The answer to that is no.

You make a good point. To tell tenants that they can have any solution that they want to the housing crisis as long as it is stock transfer cannot be described as community empowerment or choice.

You mentioned the implications of housing benefit changes for tenants with payment difficulties that might lead to eviction. If there are changes to housing benefit, is it not much more likely that those changes will be to restrict the cost of housing benefit and therefore to reduce access to housing benefit for tenants? Does not that undermine the whole basis of stock transfer? The private lenders want to know that the rental stream for the next 30 to 40 years is guaranteed. The possibility that tenants on housing benefit will not be able to pay the rent because of changes to the benefits will be a much bigger threat to the idea of stock transfer than stock transfer will be to the tenants.

I want to go back to the point about destabilising communities. I was reading in *The Herald* this morning about the post-war baby boom—of which I was a part—that has led to people in the 45-plus age group having a lot of money to spend on housing. Private housing in Edinburgh has gone to the absolute limit and people are looking to Glasgow; affluent, luxury housing will be built along the banks of the Clyde. Is that a factor in the drive towards stock transfer and the use of vacant land owned by Glasgow City Council, to attract richer and more affluent people to the city, breaking up existing communities?

Jenni Marrow: That is absolutely right. There is

a need for land and demolition is the cheapest option. You are the committee that deals with social inclusion and, as Sean Clerkin said earlier, you should be concerned about the displacement of communities. Ties and networks that have been built up over generations are disrupted. People gain support from one another. People with very low incomes can alleviate the worst effects of deprivation and poverty by working together and supporting one another. In my area, the ingenuity that people have in finding ways in which to deal with situations is amazing. We cannot afford to come uptown for the Hogmanay celebrations, so we make our own local celebrations. Stock transfer will result in the displacement of that community identity.

Stock transfer is about private, not public, gain. If it would benefit the public purse, tenants could get together with local authorities to devise a strategy for the benefit of everyone. However, tenants feel seriously disadvantaged in the current debate.

I welcome John McAllion's comments about housing benefit. If that were seriously on the horizon, I would be pleased that a decrease in access to housing benefit would cause people to stop and think. It will certainly cause the lenders to stop and think, but I am not sure whether it will cause the Scottish Executive to stop and think. The Government is so ideologically driven—any group of politicians that can allow the conflict of interest—

The Convener: You must come to a conclusion.

Jenni Marrow: There is a conflict of interest in Wendy Alexander's position on the steering group determining Glasgow's future. You may be able to get round it with fancy lawyer words and so on, but it is an ethical and moral conflict of interest. The stock transfer process is ethically and morally flawed.

The Convener: Thank you. We have had substantial evidence. If you wish to submit any written evidence, please do so. There are several questions that we might want to follow up.

Jenni Marrow: I must apologise for being late this morning.

11:30

The Convener: That is quite all right.

I invite George McKie from the Edinburgh Tenants Association to give evidence. You can see that members are desperate to ask questions. If you do a brief introduction, we will continue the questioning, if that is all right.

George McKie (Edinburgh Tenants Federation): Certainly. I will attempt to keep my

introduction brief, although I should warn you that once I was called upon unexpectedly to talk to a local tenants group about stock transfer and I spoke for 40 minutes, followed by an hour of questions. Those people were not involved directly in stock transfer.

Our federation's policy of opposition to stock transfer has been developed over a number of years. We did not arrive at that policy as a knee-jerk reaction to various Government policies. We looked at a range of issues concerning public sector housing. For your information, our federation represents not only council house tenants in Edinburgh, but a number of housing association tenants. In addition, one of our member associations represents private sector tenants. Some of them give us the greatest problems.

We have been concerned for a long time by recent Governments' blatant attacks on the public sector. I am afraid that I draw no distinction between the present Government and its immediate predecessors. In the past, we supported Scottish Homes tenants' freedom of choice campaign, which aimed to keep its tenancies in the public sector. Unfortunately, that option was denied, and it is being denied to the remaining Scottish Homes tenants who are faced with stock transfer. At the time of that campaign, we were seriously disturbed by the actions of many housing associations which, in our view, behaved as predators in the transfer process, knowing that they were operating against the express wishes of Scottish Homes tenants. When the new towns were being wound up, the vast majority of tenants voted to remain in the public sector, yet their wishes were ignored. The new town ballots were an important indicator of the general views of public sector tenants across Scotland.

Several years ago, we made a video about our organisation, detailing our activities and main concerns. We started it in 1996 and launched it in February 1997, just before the general election. We had intended the video to show how tenants organised and how tenants associations developed. The video was intended to give our tenants groups the opportunity to express their concerns, and to show our links with tenants across Scotland. During the making of the video, which became a 31-minute film, the aim changed. That was not deliberate—we had no set script or targets—but we ended up with a video that we entitled "Invasion of the Home Snatchers". You can understand the reasons for that.

With most of our tenants groups, we looked at serious issues related to stock transfer, private finance initiatives and other matters that were detracting from the quality of the public sector.

During that process, we formed our view of direct opposition to the stock transfer process with the rider—which is in our policy statements—that when tenants express a desire to change their landlord, all we are interested in is that those tenants get the best possible information and advice so that, at the end of the day, they make an informed decision.

I will wind up with one final comment. I heard a number of people mention community ownership. I am a tenant of City of Edinburgh Council. My home is in community ownership. It is owned by all the community. That is the true meaning of community ownership.

The Convener: Thank you, George. That was very helpful.

Fiona Hyslop: As a fellow east-coaster, I feel that the point that was made about urban clearances was interesting. People still travel to Leith from Wester Hailes to shop, 20 years after they moved away. Community is vital.

It is interesting that the Government is planning to transfer more homes in two years than Conservative Governments did in 18 years. The pace and scale are greater. Some of the transfers are wholesale, for example, in Glasgow and Dumfries and Galloway, but some arise from a trickle-down approach, such as is happening in Edinburgh. Could you comment on the differences in approach?

I am also interested in your view on the amount of information to which tenants have access, and on how easy it has been for tenants to get, for example, independent housing advice. Do you feel that the system is robust enough to allow tenants to make informed choices?

George McKie: In Edinburgh we have been fortunate in that over a number of years, through having an active tenants federation that worked in alliance with the council, a substantive tenant participation policy has been developed, which acts positively in many areas.

I shall take your last point first. Where tenants face stock transfer, they have open access to independent advice from advisers of their choosing, which is paid for by the city council.

There are concerns over the small-scale stock transfers that are being proposed in Edinburgh, in the new housing partnership areas. We are concerned about the money that is available to improve poor-quality housing and regenerate those, mainly small, areas of Edinburgh. We did not anticipate—although we should have—that the money would have chains attached to it: the money is available only if tenants agree to transfer to alternative landlords.

We believe, perhaps naively, that if money

exists to improve those areas, as we are told it does, it should be made available. If, subsequently, tenants desire to change to an alternative landlord because they feel that the local authority is an incompetent landlord or is not fulfilling their needs adequately, fair enough, let them transfer, and let them do so with the best possible information and advice, so that they make an informed decision. It is hypocritical and corrupt to offer money to tenants and say, “This money is to improve your area, but you must adopt a new landlord.”

Fiona Hyslop: What is your view of the fact that there is no tenant on the new housing partnership advisory group, which decides the moneys?

George McKie: We have not talked to Wendy Alexander about that, as no one has been given the opportunity to do so.

The Convener: We will talk to her.

George McKie: I talked to John Breslin about it very briefly. At a Chartered Institute of Housing seminar, he asked me directly whether I thought that it was feasible for us to take part in the group given that we were opposed to stock transfers. My view was that the tenants movement not only could but should take part, regardless of whether it was for or against stock transfer, because the advisory group considers something that is not related to stock transfer—the group assesses areas’ needs and the quality of bids. Whether you are for or against stock transfer is irrelevant.

Cathie Craigie: I totally agree with what you said, George, about the need for tenants to get the best possible information and advice. John Carracher made a point about the process being forced and about the fact that little notice appears to have been taken of the document “Partners in participation”. Is that your experience?

George McKie: That is generally the case in Scotland, but obviously the situation varies. Where local authorities and tenants have developed and put into practice tenant participation policies—as has happened in Edinburgh, Dundee and some other areas—the problems are not the same as those in areas where tenant participation are just two words that mean nothing to the people who use them.

I am concerned about the growth in the number of areas where tenants are being forced through the stock transfer process. We are in danger of getting into a situation where tenants will in effect be denied independent advice—even where it is on offer—for the practical reason that there are not enough people competent to deliver it.

Robert Brown: The paper that you have provided is very useful and will be helpful to the committee. On the question of housing association

and tenant co-operative units, you comment that you do not want mergers or large unresponsive organisations. From your experience of co-operatives and your knowledge of housing associations, do you have a view on the optimum unit? What would its remit be?

George McKie: I have not given much thought to that and nor has the Edinburgh Tenants Federation. Within Edinburgh, there are large housing associations and small housing associations, which might genuinely be said to be community-based organisations. The worry with the larger ones is who controls them. They are certainly not tenant-controlled. Allegedly, they are community-controlled, but what does that mean? We are unclear about where accountability lies within such organisations. The larger they are, the more questions must be raised about who is in the driving seat.

Robert Brown: Is not the key point the quality of the arrangements for tenant participation?

George McKie: Yes, if the organisation of housing associations is all that is being considered. However, there is a range of other issues relating to housing associations—some of them have been covered this morning—such as future finance, rent levels and democratic structures. The extent of tenant involvement is important, but I can think of only one housing association that is fully tenant-controlled. That is Fife Special Housing Association, which is composed of ex-Scottish Homes tenants who were forced through a transfer process. They campaigned for transfer to the local authority and were denied it, so they took control of the organisation themselves, as a second option.

11:45

Mr McAllion: Both the Glasgow Campaign Against Housing Stock Transfer and the Scottish Tenants Organisation have called for a moratorium on stock transfers until all the options have been properly reviewed. Does Edinburgh Tenants Federation support that call?

George McKie: Certainly.

Mr McAllion: Has there been any attempt by all tenants organisations across Scotland to come together to petition Parliament in support of such a moratorium, for example?

George McKie: That could be done but, as far as I am aware, we have not done it yet.

Mr McAllion: As convener of the Public Petitions Committee, I assure you that such a petition would be considered.

The Convener: I thought that that was what you meant, John.

George McKie: A moratorium is urgently needed until the whole issue has been examined. We need to consider the financial structure, the motivation behind the move, how tenants can be involved in the process from start to finish and the value of retaining public sector housing. We believe that public sector housing should be retained and that it has proven value. We have serious concerns about our future—our homes, our families and our lives are at stake. We have serious questions—all that we want is the opportunity to ask them fully and at the highest possible level. The process is being driven forward on shorter and shorter time scales, denying the tenants who are directly affected any kind of democratic involvement.

Mr McAllion: It would be helpful to have what might be called a council sector option, which ensured the same debt treatment if housing stayed with the council and which redefined the Treasury's definition of what constituted public borrowing—giving subsidies on bricks and mortar, rather than for individuals. We need a list of demands validating the council sector option, which could then be compared with the stock transfer option.

George McKie: Edinburgh Tenants Federation is working on that—we call it the tenants' vision for housing in Scotland—but it will take some time to complete. We had hoped to produce our alternative view when we produced our response to the housing green paper, but we wanted the latter to be circulated in May—I was under the impression that MSPs had already received it, but apparently they have not. We are still working on the vision. It is complex and there is an awful lot more work to be done. However, we do things democratically, by consulting all our members—that is how we produced the green paper response—and democracy is a long, slow and costly process.

The Convener: Don't we know it.

George McKie: Democracy is nevertheless a very valuable process. Some governmental structures could do with lessons in it.

The Convener: George, thank you very much. Your points are well made. If you produce any more work, we will be more than happy to receive it. We will follow up the points that have been made in our discussions.

George McKie: I thank the committee for listening.

The Convener: We will now hear evidence from Isobel Dunsmuir and Alan Benson of Glasgow and West of Scotland Forum of Housing Associations and the Scottish Community Ownership Housing Forum. I am sure that you have listened carefully to our deliberations. You probably know what we

will ask you—a lot of it can be second-guessed. I will allow you to catch your breath. Thank you for coming along. We are interested in your evidence. You know the routine. I apologise, but we are running over, so please give a brief introduction.

Alan Benson (Glasgow and West of Scotland Forum of Housing Associations): I thank the committee for this opportunity to speak to you. We have agreed that I will do a short presentation, after which we will be happy to answer questions.

I had hoped to give a short presentation on the stock transfer issue, but given that the housing association movement, which I know and love, has received a bit of a doing this morning, I will put the comments that have been made into context.

I will be rather parochial and talk about my organisation. I work for Milnbank Housing Association in the east end of Glasgow. We have been registered for 25 years. In that time, we have renovated or built more than 1,000 units and have spent £35 million of public subsidy. We have raised £2 million in private finance in the past 10 years. We have open waiting lists and nomination agreements with the local authorities. Most important, we are owned, managed and controlled by local tenants. That is a key point. Our rents are, on average, £136 a month for a three-apartment house; it is £182 for a comparable City of Glasgow Council house.

I take the point about the grants made to housing associations. We have received a good financial deal from the Government, but the notion that we are run by faceless financial mandarins is nonsense. We are controlled, owned and managed by local tenants. Because they have control of the rental stream, they can determine our organisation's priorities. We are currently considering upgrading stock that was improved 20 years ago. We sit on equity of about £6 million in stock. We bought out the old Scottish Homes residual loans and we can now borrow on that.

Sean Clerkin referred to that as the commercialisation of housing. I would say that it represents community empowerment. Our committee is determining the priorities. If stock transfers take place in Glasgow, we have no intention of amalgamating with any organisations. The housing association movement in Scotland, and in Glasgow in particular, is small, community-controlled and tenant-led. We jealously guard that and will seek to do so irrespective of the scale of stock transfers that may take place over the coming years.

Housing associations and co-operatives in Glasgow are concerned about the lack of strategic context in stock transfer. When the committee questions the Executive, we would ask it to find out what the strategic vision for public rented

housing—which we are part of—is likely to be in the coming years. The opening of the Parliament has created the opportunity to provide Scottish solutions to Scottish problems. We have picked up the balls that were in play when the Parliament was established but I do not think that anyone has taken breath and asked, “What do we want our public rented housing to achieve in the coming years?”

That links in with what is happening in Glasgow. Since our involvement in the city council feasibility study, our concern has been the lack of strategic context. Do we want housing to play a role in matters such as social inclusion? That links into other areas such as health, education, and transport—all the issues that affect towns and cities in Scotland. Alternatively, will we try only to get better accommodation for people to live in and accept that a significant minority of the population will live in what would be benefit-dependent estates? Our concern about the Glasgow stock transfer is the lack of strategy and lack of linkage with social inclusion. Neither the council's preferred option of a feasibility study nor the work of the advisory group, which the minister set up, are addressing those issues. There are no links with social inclusion, training and unemployment.

The Convener: Thank you very much, Alan. You obviously listened to our discussions earlier, although you are coming at this issue from a slightly different angle. I accept the global point that you are making about the importance of strategic vision and links to job creation and other issues. On the detail of the Glasgow stock transfer, what specific things should be happening that are not happening?

Alan Benson: The difficulty, which some of the earlier speakers touched on, is the lack of transparency. The tenants in the city have not been as fully involved in the process as they should have been. That has caused confusion; it has also caused the debate to become polarised and unhelpful. One of the issues that we identified in our minority report was the lack of transparency and the fact that the tenants movement should be far more involved in the process. We have never said that we think that the entire council stock in Glasgow should be transferred to housing associations. The movement could not absorb that. We have 41,000 units; the council has somewhere between 90,000 and 95,000. That is a vast difference. What we have said is that there has been a model of transfer in Glasgow in the past 10 years and that we believe that the model can work.

The Convener: Do you take a more favourable view of the secondary transfer?

Alan Benson: The detail of that has not come out yet. We still have concerns about proper risk

assessments. The council's feasibility study talked about onward transfer at some future date; it said that onward transfer would take place only if it did not put the proposed trust at financial risk. We saw that as a veto on future transfers.

We have not yet seen the steering group's framework document. We do not know how it thinks that the mechanism for onward transfers will work if all the stock is transferred to one holding company, as is being suggested. One of our biggest concerns is resources. The feasibility study suggests that £1.3 billion will be spent on 75,000 houses. That averages at £17,000 per house. Our experience of renovating such property in Glasgow is that it costs double that amount. Are the resources there? That is one of the key questions that we would like to ask.

Fiona Hyslop: I am interested in the points that you have made, particularly about resources. Where the money is coming from and how we can guarantee the figures is an issue that we will have to pursue.

I will ask you about the single transfer aspect of the Glasgow proposal. There are political attractions for the Executive in pushing it through on a single ballot, single choice and single landlord basis. The debate will be between that and multi-option, multi-ballot facilities. One of the reasons why the Executive might want to transfer to a single block is that, when it was initially considering transferring the debt, there might have been breakage costs. Since then, the agenda has moved on; the Executive wants only to service the debt, so there should not be breakage costs. The impetus to move to one big block all at once is lost. Does that not mean that a more relaxed approach could be adopted, as one of the main reasons for having a single transfer may have been removed?

Alan Benson: We have always asked when the decision was made for a single stock transfer, to which we have never subscribed. We wonder what tenants would be asked to vote on in the ballot. Are they balloting on the principle of stock transfer or are they balloting on the local neighbourhood strategies that the council is working on? That is causing a great deal of confusion. That fundamental issue must be addressed.

Reference was made to the neighbourhood forums that have been set up. The housing association movement met Councillor Charlie Gordon in the middle of August. We were advised to get involved in the neighbourhood forums, but so far we have not been able to, despite the fact that our local councillor has encouraged us to do so. There are difficulties in establishing what we are aiming for and what the tenants will be asked to vote on. Until those issues are resolved, the matter is likely to remain confused.

I do not know whether such things will be covered in Wendy Alexander's framework document. John Breslin and Professor MacLennan told us that that would be a month away, but we still have not seen it—it has not been produced. If it answers some of those questions, we may be in a better position to know where we can go to from here.

12:00

Robert Brown: I would like to ask about the potential involvement of the housing association movement. You said that the housing associations were not in a position to take on all 95,000 houses in question in Glasgow. You have the benefit of the structures that you have developed over a period. How long does it typically take a housing association to reach the stage of having sufficient experience and representation to play a proper part? What is the optimum size of a housing association, if we take into account the possibility of taking on additional stock? Are there advantages in housing associations with a community base being major building blocks in this process? If so, what are they? What, realistically, is the potential for the housing associations to take on at least part of the stock transfer process under a community-based arrangement? Are there time limits on that?

Alan Benson: Fundamentally, the potential is determined by what the tenants want. Words such as "predatory" were used earlier, and one of the buzz phrases in Glasgow at the moment is "cherry picking"—people say that housing associations have a tradition of cherry picking the best areas. I live in the convener's constituency; even if we racked our brains, I do not think that we could come up with many cherries in Easterhouse.

The housing association movement and co-operative movement in Glasgow want people to come and talk to us. Housing associations with established structures and the resources—by that I mean positive balance sheets and so on—could become involved in transfers in which local authority stock is mixed with theirs. The potential obviously exists—it has already been realised in some associations and co-ops in Glasgow. I do not want to put a number on the overall potential, because I think that we should adopt a bottom-up approach. The emphasis should be on tenants in particular areas saying that they think that the housing association or the co-operative is a reasonable option for them; the emphasis should not be on forcing them into that way of thinking.

Robert Brown: I understand that you do not want to put numbers on that, but—assuming that the tenants are willing—do you think that the housing associations are in a position to double or even treble their numbers?

Alan Benson: If we held on to the community-based model that we have in Glasgow, we probably would not want many of the existing housing associations to treble in size, because they have to be identified with their own communities. We have been talking about Glasgow, where most people identify strongly with their area. I live and work in the east end and, like most eastenders, I get dizzy if I go west of George Street.

Where housing associations or co-ops exist, there is a potential for linkage with local authority stock, but there are large areas of the city where there is no housing association tradition. It is up to the tenants there, with the help of all the information that should be available to them, to determine their future.

Robert Brown: You are saying that there are different views in different areas, according to the traditions. Are you suggesting that it would take time to build up the necessary experience and training to get things off the ground if there is not an existing housing association or co-operative?

Isobel Dunsmuir (Glasgow and West of Scotland Forum of Housing Associations): My association was set up more than 12 years ago and we have been officially registered for 10 years. It took two years to train committee members. Our committee is fully in control, and all our committee members—including me—are tenants of the association. That all took between 18 months and two years to set up—18 months till we went to a ballot and a further six months for training. We run the organisation and we are responsible for all areas.

I do not know whether any of you know about the fire in Glasgow yesterday. A store was completely gutted in the heart of our community, but our tenants are saying that it is all right because the housing association will deal with it. We are the heart and soul of the community and that is the way in which the tenants look at us.

The Convener: I have a question about the strategic development of the housing associations—a difficult question because I know that a lot of things are still up for grabs. Do you ever see Scotland going down the England road, where housing associations are quite different?

Alan Benson: Absolutely not. If someone came to our management committee and painted the picture that Sean Clerkin did earlier, the only thing that I would do would be to lay on a taxi to the Royal infirmary, which is only two miles down the road. There is no way that the community-based movement that has been built up in Scotland will be lost.

We recognise the difficulties that there have been in England, and we recognise that a lot of

housing associations down there sold their souls to secure developments and to build houses with grants of 30 per cent or 40 per cent, ending up with very high rents. The housing association movement in Scotland does not have that tradition and there has been absolutely no movement towards it in the past 20 years of my involvement.

Mr McAllion: I take that point. I regret the fact that the Scottish Parliament did not have the opportunity to have a wide-ranging debate on the future of housing in Scotland, which could have informed any legislation it will pass, because the Executive, to a large extent, has pre-empted what housing policy will be over the next 20 or 30 years by opting so strongly for stock transfers.

My perception of the Scottish housing association movement is that it is small, community-based and tenant-controlled. However, there is evidence that that is beginning to change. Sanctuary Housing Association has come into Dundee and the Home Group has come in elsewhere in Scotland. Those are big English-based housing associations that are very different from the kind of housing association that you represent. In the housing bill that is coming before the Parliament next year, would there be any value in having a statutory definition of what constitutes a registered social landlord in terms of a housing association, laying down that the landlord has to be of a certain size, has to be tenant-controlled, and has to be community-based? That would legally prohibit any of those big English-based housing associations coming into Scotland. Would you support that?

Alan Benson: Absolutely. Something that we have been looking for in the debate is clarity of definitions. What does community ownership mean? Talk to 10 people and you will get 10 different answers. For us, it means locally controlled organisations, with the optimum number of housing units being up to 2,000, whereas the Housing and Care Advisory Services talked about community ownership in terms of the creation of a housing trust with 75,000 units.

When we met Calum Macdonald before the Scottish Parliament elections, he spoke about a partnership code of practice that would cover definitions of community ownership, which would have included ourselves, local authorities, tenants and all other relevant bodies. I was also at the meeting here on, I think, 15 September when the minister said that she felt that that was an inappropriate way forward.

I think that a great opportunity was missed. Confusion surrounds this debate because there are no parameters. Nobody has sat down and taken the time to discuss what is meant by certain things. Because people are not getting the right information, a lot of misinformation is circulating.

Mr McAllion: You are opposed to the single transfer in Glasgow, which is further evidence that the transfer mechanism is being driven by the Government's needs. It must be easier to handle the debt as one £950 million debt and to have a single transfer than to have a whole series of transfers that may lead to problems of cherry picking and putting bad housing with good housing. It also gives the city strategic control of the vacant building land and the demolition process, allowing it to choose the best bits to develop private housing. Is that the view of the housing association movement?

Alan Benson: Our minority report pointed out that the city's vacant land use strategy had not been considered. The council probably owns quite a lot of the land anyway and is moving towards the creation of some new neighbourhoods, as members will be aware.

In defence of the council, something had to happen, because the status quo was not acceptable. The housing department and the councillors have made a genuine attempt to do something about the appalling housing conditions. Their driving force was to get the Government to tackle the issue of residual debt, and one can see where they were coming from. The bottom line is that the issue will not be resolved without adequate resources. The council's current rental stream, even if it were transferred to a trust, would not be sufficient either. New money must be found to make it work, and we have not even mentioned housing benefit yet.

Alex Neil: I do not think that anyone would disagree with you about the need for additional resources, but the important issue is where those resources will come from and what price will have to be paid for them. The reason for the resource problem is that public sector investment in housing, outwith housing benefit, has been cut by 50 per cent in recent years. Some of us would argue that the obvious thing to do is to reinstate that 50 per cent cut. The money is there to do it, and it would go a long way to solving a good chunk of the problem.

I have two questions. One concerns the nature of housing associations. Alan Benson's association has been up and running for 25 years and Isobel Dunsmuir's for about 10 years. The main sources of funding for housing associations are rental income and public sector subsidy. Sean Clerkin said that the fundamental relationship between the housing association and the body from which it receives its money will change if the main or sole investors become private financiers who have to make a guaranteed level of return to their shareholders. If the relationship with the housing association is not within the public sector, but is a private relationship with banks and

financial institutions in London and elsewhere, is there a danger that that may change the fundamental principles on which housing associations like yours are based?

My second question concerns the Glasgow stock transfer process. I think that you agree that there is a lack of participation and transparency. Do you also agree with the other three sets of witnesses whom we have heard this morning that there should be a moratorium on the process so that it can be handled in a democratic, participatory, open, accountable and transparent manner? Doing everything behind closed doors not only creates confusion and suspicion; it also creates fear among the tenants about the future.

12:15

Alan Benson: If the stock is transferred to another organisation and the historic debt is written off, that is obviously an asset upon which that organisation can borrow. Our experience of private borrowing is that it tends to be whatever the base rate is plus about half a percentage point. In the early days it was one percentage point, but we have got better at driving bargains with the lenders. If there is no residual debt, there is an asset, and the rate of borrowing would not be unduly prohibitive.

The difficulty concerns the level of borrowing that can be sustained from the rental stream. Even with the high rents that Glasgow has at the moment—and the council's own calculations indicate that £1.3 billion will be spent over a six to 10-year period—we are concerned that that will not lead to the council's objective of rent stability. If that works out, as we have crudely calculated, at £17,000 a house, it will still not be enough to bring the entire stock up to a reasonable standard.

The rates of borrowing will not be unduly prohibitive, so long as one retains control of the rental stream. If one makes daft decisions and borrows so much money that one ends up in the position in which the council now finds itself, with 55p in every pound going towards servicing debt, that would be a key factor. However, our experience is that we do not need to borrow to that level to carry out the work that we want to do at the moment, having ownership of the assets as we do.

In answer to the second question, something must be done fairly quickly, whether it is a moratorium or something else. I restate our plea for the whole stock transfer issue to be considered strategically. A national framework must be established that can be developed into local strategies. Those local strategies will not just be single-issue housing strategies. If we are serious about social inclusion, we must link housing in with

everything else.

If the whole process stopped for six months or a year, it would probably be bad news for 70,000 tenant households in Glasgow, because something drastic needs to be done. However, if the minister's framework document can get things rolling, and if people are clear about their objectives, tenants will benefit. To stop the process at the moment would not be particularly helpful.

Bill Aitken: In your reply to Robert Brown, you said that there was no way that the existing housing association network could absorb the 90,000 houses that would be involved in the Glasgow transfer. It is likely that new housing associations will be formed which would operate locally, as people identify with the area in which they live. Sometimes that can be a very narrow identity in a highly localised area.

Do you envisage a situation in which there would be co-operation between housing associations in purchasing repairs? Supposing that the direct labour organisation in Glasgow were subject to a management buy-out, the housing association movement would have to be able to guarantee to the DLO repairs worth around £40 million a year if the buy-out were to be viable. Do you think that the housing associations would co-operate?

Alan Benson: There is already a precedent. Scottish Homes' previous DLO was contracted for a number of years to work with the housing associations that were created as a result of those transfers. Coincidentally, my own association has a DLO. It is not correct to assume that housing associations do not employ tradespeople directly; some do and have done for a considerable time. Because a precedent has already been established, co-operation is a possibility, so the answer to your question is yes.

Karen Whitefield: There has been much discussion this morning about community empowerment being a sham. From your experience, what are the essentials for empowering communities? This is not a time for words. We should be delivering vibrant, healthy, growing communities and enabling them to maintain that growth.

Furthermore, it has been suggested that housing associations do not always carry out repairs. The housing associations in North Lanarkshire are as good as the council in carrying out repairs. However, they are less concerned about maintaining running repairs than about the debt that they might be left with if tenants exercise the right to buy after the associations have undertaken much larger renovations. Can you comment on that?

Alan Benson: On the issue of community empowerment, the model in Glasgow—and in Scotland in general—provides genuine empowerment. Local committees are made up of tenants who receive services and can determine their own priorities. However, the issue is not just about housing. At the moment, a considerable part of my job is concerned with community development and with setting up structures to provide community facilities such as turning commercial premises beneath tenements into internet cafes.

West Whitlawburn received a large lottery grant to create such community facilities. Furthermore, housing associations in the east end of Glasgow have come together with the East End Partnership to create apprenticeships for young school leavers with contractors who work on repairing our houses. Those examples of community empowerment include having the ability to assess events and priorities as a housing organisation.

As for repairs, most housing associations and co-ops should provide a reasonable repair service. However, the question is whether they can upgrade stock after time. As older associations had the benefit of quite high subsidies to renovate property, they should be responsible for managing and sustaining that investment for the longer term. Obviously, those associations have built up reserves to accommodate future upgrades.

In our case, we had equity in the housing stock which allowed managed borrowing for upgrades. It has been suggested that, if a single social tenancy were created, the right to buy might be conferred on all tenants. We think that that is bad news, because we can hardly run our organisation professionally, if that is the right word, if our asset base is constantly at risk. We might want to pursue that issue with the minister over the next few months.

Isobel Dunsmuir: Speaking as someone who still has the preserved right to buy, I want to do away with the option altogether. Buying a house takes it out of the rented sector, which means that fewer houses are available for tenancies.

As for community control, I like where I live because tenants are on a first-name basis with association staff and committee members; and when the staff go home, the committee is still there, fulfilling its responsibility to the community. The committee sometimes knows about problems before the staff of the association. We have close meetings and tenants meetings and cover umpteen areas of activity. As Alan pointed out, our resource centre is open to every tenant in the estate and in four other local areas. Every tenant knows the staff of the housing co-operative and of housing management co-operatives.

The Convener: I want to draw to a conclusion now. We have had quite a morning. Thank you very much, Alan and Isobel. Your evidence has been extremely useful. I am sure that your association will continue to submit evidence as the case develops.

We normally take five or 10 minutes at the end of evidence session to discuss how to follow up some of the issues that have been raised. We have heard substantial evidence this morning and a number of issues have been flagged up. Perhaps if we do not have the time to do justice to every point at this meeting, we can raise the matter at the start of the next meeting as part of an item on organising further evidence.

Fiona Hyslop: We have received an extremely informative perspective on the whole debate, as so much previous evidence has hinged on the issue of finance. If community ownership is about genuine tenant involvement, alarm bells should be ringing. We have heard specifically about Glasgow, but we had also hoped to find out about Aberdeenshire and Dumfries and Galloway. The scheme is quite advanced in those areas and it is imperative for the committee to know what is happening.

The Convener: Perhaps we should formally ask the Scottish Tenants Organisation to provide more detail with its evidence. Such information might be useful when we question the minister.

Fiona Hyslop: Furthermore, the issue of private lenders has been raised in every evidence session. Perhaps we need to find out lenders' views on finances and their rates in Glasgow and elsewhere.

The Convener: We have a lot of work to do on the whole financial strategy.

Cathie Craigie: I do not disagree with any of Fiona's comments. However, as someone involved for years in the tenants movement, I was quite shocked by John Carracher's evidence that tenants are being driven by the process, instead of the other way round. Although that has not been the experience in my area, we still have to get to the bottom of that issue. I believe in the notion of community ownership, but it can only work if tenants are involved from the word go. There is no point in going ahead with a scheme if something that people believe should be happening is not.

We also have to make tenants aware of the facts. Scaremongering is the last thing that tenants worried about landlords and the future of their tenancies need. One of the witnesses said that he or she had been to meetings where people have been crying because of such tactics. I have been to similar meetings. Although politicians can just put such language down to the winter campaign, it can make an old person worry about the roof over

his or her head. With this morning's evidence, the committee should be able to get the facts across.

The Convener: I felt that very strongly as well. Your point about the tenants' views is absolutely right.

As a result of John McAllion's work, I want to hear the councils' perspective: not just the Convention of Scottish Local Authorities, but Glasgow City Council itself. I want to find out why the council proposed a single transfer and what the other options were. John, could we squeeze that in somewhere?

Mr McAllion: We proposed that two or three weeks back.

The Convener: I must have missed that.

Mr McAllion: We suggested that the time for that would be after Christmas.

The Convener: Is it on the list?

Mr McAllion: It is not on the list, as the idea was first to write to Glasgow City Council, and perhaps Dumfries and Galloway Council, asking them to attend a meeting to give the council perspective on why they were pursuing whole stock transfers. However, I support the other speakers. The main message to emerge from this morning's meeting was that a large representative chunk of tenants is being excluded from the process of making decisions about stock transfers. Their views are just not being taken on board or given any kind of public airing. They must be brought into the public domain by this committee.

12:30

I also agree with Fiona Hyslop that we must speak to the investors. The implications of stock transfer for housing benefit are serious. We must hear from the investors' mouths whether, if there is a reduction in housing benefit, that will affect their intention to put up the kind of money that they are going to put up. Even housing associations, as we heard this morning, are indicating that the Government's description of the financing of this scheme does not add up to a £1.7 billion investment in Glasgow's housing. We need that evidence as well.

We must pursue the issue of getting into statute what constitutes a community-based housing organisation, as housing associations that are based on the English model are coming into Scotland. There is a danger that, although this Executive might not implement the English model, Executives in the future could use the basis of what we are allowing to come into statute to bring in English models. This is a long-term issue, and we must be aware of that.

Robert Brown: I agree entirely with John

McAllion. One of the most apposite points to emerge today was the need to pin down what we are talking about. An awful lot of confusion seemed to surround people's perceptions of what is being proposed—not unnaturally, as it is all happening, to a large extent, behind closed doors. The other point that emerged was that we are beginning to develop criteria against which to measure what we want to come out of all this. Clearly, housing investment must start with tenant involvement in an effective way, on the ground. The housing association representations were very much along those lines.

It strikes me that we are getting into foreign territory on the financial front, as I have doubts about our individual ability to judge the merits of the financial packages that are being implemented. That being quite a tricky area, should we seek an independent adviser to guide us? There is a whole series of complicated issues, from the public sector borrowing requirement downwards—including the depth issue, the capital issue, the ability to sustain over a period—in which I claim no expertise. I doubt whether other committee members do either. I would appreciate input and guidance from professionals in that field.

Mr McAllion: I was told by COSLA and others that there is an expert—Steve somebody, who is based in England—who has studied stock transfers, particularly in Scotland, in depth. He may be the man to advise us.

The Convener: Okay.

Cathie Craigie: One of the organisations—perhaps Chapman Hendy Associates—may have experts in the financial field.

The Convener: Does the committee first agree to investigate the principle of an adviser? We will consider whom to invite later.

Members indicated agreement.

Cathie Craigie: We also received the impression today that the Executive is driving an agenda to transfer all council houses to some other landlord. That is not the case, although that might be the proposal in Glasgow. I would like more information on that. In some of the areas in which I have been involved, stock transfer has occurred where there has been a problem in levering in finance. It does not happen when good-quality stock is concerned, as there are not the same problems. We want to know just what the agenda is.

The Convener: Yes. Some stock transfers have been very successful. I recommend that the committee reflect on those ideas.

Mr McAllion: Council workers may appreciate being invited to give evidence.

The Convener: We should refer that to John, who will report to next week's meeting. We will be able to have 15 or 20 minutes' discussion on that. That will give us time to ruminate.

Timetable

The Convener: There are one or two items on the agenda to which I must draw your attention. The timetable for the committee's future business is on-going. I do not think that there need be any major changes to that. One issue that I would like to draw to the committee's attention relates to the drugs work that we have been engaged in—the informal briefings that we have been having.

We recommend that next week's agenda also contains the planning of future business around the drugs inquiry. That will include two papers from the clerk, which will concern the appointment of the adviser for the drugs inquiry and the timetabling of future business. As we will probably be talking about individuals, it has been recommended that we take that very short session in private, at the end. That must be brought to the committee's attention. I reassure everyone that that is necessary only because we are talking about named individuals. Nothing in the drugs inquiry will be hidden from the public view, in case any journalist from *The Scotsman* suspects a hidden agenda. Do members have any other points that they would like to raise?

Mr McAllion: At the meeting of the conveners liaison group yesterday, it was suggested that, after Christmas, four half-days will be given over to individual committees if they want to have a debate on a report or anything. The committee might want to consider bidding for one of those half-days between January and May, for a debate on one of the issues that we are discussing. I am not saying that we should have a report published by that time, but we could perhaps ask for a debate on any of the three issues that we are examining.

Robert Brown: After the recess? A parliamentary debate?

The Convener: Yes. That gives the committee something else to think about before next week's meeting. Debating that will keep us focused for a wee while. I thank committee members for their forbearance during what has been a substantial meeting. I also thank those who gave evidence. It was extremely stimulating and very helpful in our consideration.

Meeting closed at 12:35.

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