

SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE

Monday 21 February 2000
(*Afternoon*)

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SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE

7th Meeting 2000, Session 1

CONVENER

*Ms Margaret Curran (Glasgow Baillieston) (Lab)

DEPUTY CONVENER

*Fiona Hyslop (Lothians) (SNP)

COMMITTEE MEMBERS

*Bill Aitken (Glasgow) (Con)

*Robert Brown (Glasgow) (LD)

*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)

*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

THE FOLLOWING MEMBER ALSO ATTENDED:

Mr George Reid (Mid Scotland and Fife) (SNP)

WITNESSES

Willie Coleman (Glasgow Joint Trade Unions Committee)

Foster Evans (Employers in Voluntary Housing)

Mike Kirby (Unison)

Jim Lennox (Glasgow Joint Trade Unions Committee)

Alan Ritchie (Union of Construction, Allied Trades and Technicians)

Grahame Smith (Scottish Trades Union Congress)

Betty Stevenson (Employers in Voluntary Housing)

John Wright (Unison)

CLERK TEAM LEADER

Martin Verity

ASSISTANT CLERK

Rodger Evans

LOCATION

Stirling Council Chambers, Viewforth, Stirling

Scottish Parliament

Social Inclusion, Housing and Voluntary Sector Committee

Monday 21 February 2000

(Afternoon)

[THE CONVENER opened the meeting in private at 14:03]

14:19

Meeting continued in public.

The Convener (Ms Margaret Curran): I begin by welcoming everyone to the committee meeting. I speak on behalf of the entire committee when I say that we are pleased to be in Stirling. We think that the Parliament exists outside the wee, small part of Edinburgh where we usually meet, so we offer our warm thanks to Stirling Council and to everyone who has attended.

The first thing I have to do is technical. Do members agree that item 4 on the agenda, which is our future work programme, be held in private?

Members indicated agreement.

Housing Stock Transfer

The Convener: We warmly welcome the members of the Scottish Trades Union Congress who are here today. Thank you for the paper you submitted to the committee; it was extremely constructive and substantial and was helpful to us in our deliberations.

Witnesses may know that we have a set routine. I will ask you to introduce yourselves and to make a brief statement. After that, committee members will ask a series of questions that we have drawn up. We hope that you will take this opportunity to give us your views on these matters and to raise any issues you wish to. We want this to be as constructive and interactive as possible.

Grahame Smith (Scottish Trades Union Congress): I am the deputy general secretary of the STUC. On my right is Mike Kirby, the Scottish convener of Unison; and on my left is Alan Ritchie, the Scottish secretary of the Union of Construction, Allied Trades and Technicians.

We welcome this opportunity to meet the committee. We recognise that, as a result of two decades of central Government policy restricting local government borrowing and a greater debt burden being placed on a smaller number of

properties and tenants, there is a massive need for investment in social housing in Scotland. The trade unions want investment to take place. We have members who are tenants. We represent staff who want to do a professional job. Housing staff on the front line do not like saying no to tenants; they want to say yes, but do not have the resources that would enable them to do so. Building services staff have been squeezed by the financial pressures and are trying to do a good job in increasingly difficult circumstances.

Some authorities' job projections are not as great as ours, but we all recognise that investment in housing will bring jobs. That is important as part of the social inclusion agenda. To attack poverty, we need good housing. We recognise the links between housing, education and health and the importance of good housing for individuals' self-esteem, because of the jobs and training benefits that it will bring.

The STUC is opposed to housing stock transfer. We have discussed the issue at length. We took a decision at our 1999 annual congress to oppose it. We have set out some of our reasons for that in our submission to the committee and in the submission we made to the housing consultation paper. We believe that there is a continuing role for local authorities in the provision of social housing. We believe that joined-up policy making on housing is essential and that local authorities can offer that. We also recognise the importance of democratic accountability. Local authorities are uniquely placed to involve all the community in decisions on housing.

We are concerned about the impact on social exclusion of housing transfers. We believe that there are question marks over the viability of building services organisations, which could result in job losses and fewer training opportunities. We are concerned about the possibility of increased rents and about the impact of housing transfers on homelessness.

Most of our discussions have been about the Glasgow transfer, which, obviously, is by far the largest. We are taking a lead from the Minister for Communities who has taken a hands-on interest in that transfer. We are also in touch with union stewards in other areas where transfers are being proposed.

We are not convinced by the arguments, either philosophical or financial, for transfer. We believe that the case for transfers is being made on the basis of a number of untried and untested assumptions about the valuations of property, about future rent levels, about the future of housing benefit, about the time scales for the proposed modernisation programmes, about the attitudes of lenders, and about the impact of transfers on staff.

We are concerned about the impact of transfers on local authority jobs, particularly those in the housing department. There are several issues surrounding the transfer of undertakings regulations, building services organisations and the impact on other local authority central services.

We are also concerned about the exclusion of trade unions from early and accurate information on transfer plans. An initiative as major as housing stock transfer demands proper consideration of all available options. Consideration should be given to what might be achieved if several different assumptions are applied, such as if the debt write-off proposals are not linked to transfers and if borrowing restrictions on local authorities are relaxed.

The committee has a copy of our written submission and we would be pleased to answer questions.

The Convener: Thank you. Are you against housing stock transfer in principle?

Grahame Smith: Yes.

The Convener: What is your view on community-based housing associations? Do you see a future for community housing?

Grahame Smith: We have a range of members who work in housing associations and who provide a very good service. We recognise that they have an important role to play in the provision of social housing and we support that continuing role. My colleagues might want to comment further on that. What we are concerned about is the proposal to transfer large swathes of local authority housing stock out of local authority control.

The Convener: I have a few technical questions. Can you tell us something about the role of your organisation? Who do you represent?

Grahame Smith: The STUC has a membership of 45 trade unions—the main trade unions in Scotland. We collectively represent 650,000 workers who, with their families, make up a considerable part of the Scottish population. We represent trade unions from across the industrial spectrum. In relation to the issue of housing stock transfer, we represent unions that have membership in all parts of local authorities.

The Convener: As you probably know, we are about to hold discussions with trade unions in Glasgow on the situation there. What is your relationship with trade unions throughout the country in that respect?

Grahame Smith: Our links to unions come through our individual affiliates. We rely on them to assist the general council of the STUC, of which both my colleagues are members, and to provide

information on the situation around the country. We have been in close contact with the joint trade unions committee to discuss the Glasgow situation. I have participated in several joint meetings that the JTUC has held with the leadership of Glasgow City Council and with the Minister for Communities.

Mr John McAllion (Dundee East) (Lab): Your submission is very clear about your views on housing policy, which is refreshing. Perhaps you could tell us how the STUC reached those views. I know that at the 1999 annual congress you agreed to oppose stock transfers in principle, but could you say something about the way in which the STUC arrived at such a policy?

Grahame Smith: STUC policy is decided at our annual congress. Motions are submitted to the congress by affiliates and by community-based trade union organisations, which are called trade union councils. Those motions are debated and voted on by the congress. I mentioned that the 1999 congress took a view on housing stock transfers, but congress has developed our position on housing over a number of years. In response to initiatives by Government or anyone else in any policy area, we regularly consult our affiliates and build their views into our policy.

14:30

Mr McAllion: So motions come from affiliated trade unions and trade councils to the congress, which discusses and votes on them. That is commendable—I wish it were still like that in the Labour party.

The Convener: John McAllion never misses an opportunity.

Mr McAllion: How do you know that you are keeping in touch with the views of the 640,000 members of the affiliated trade unions?

Grahame Smith: My colleagues may wish to say how they relate to the members of their organisations. The STUC general council relies on the affiliated trade unions to keep it informed.

Alan Ritchie (Union of Construction, Allied Trades and Technicians): The Union of Construction, Allied Trades and Technicians is the largest trade union for the construction industry in both the public and private sectors. Much of our policy is drawn from experience as this is not the first time a direct labour organisation has been put into the private sector. We witnessed a similar situation in relation to Scottish Homes, which had the most profitable DLO in Scotland. That DLO took on an average of 100 apprentices a year and employed people directly under permanent contracts of employment. It was put up for bidding and bought by Mowlem Construction.

After the sell-off, Scottish Homes changed the tendering process so that the Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 1999 were taken out of the tender. Now, Mowlem does not start any apprentices and makes use of 714s and the bogus self-employed, who do not have contracts of employment, holiday or sick pay, or any rights as employees. The sell-off opened the door for companies such as that to tender for and win work, which they got. Redundancies followed for some of our members. Our members have seen this happen before and therefore have fears for the future.

In Glasgow, 52 per cent of all craft apprentices are employed by the DLO. Through Blindcraft, it has the highest rate of employment of disabled people in the whole of Europe. It has a window factory in a high-unemployment area that employs only people who have been unemployed for more than two years; the DLO trains them and gives them permanent employment. The workers enjoy contracts of employment and a reasonable wage at the end of the week. We fear that the transfer of council housing threatens the DLO.

While the private sector moves towards employing the bogus self-employed, the DLOs remain loyal to apprentice intake, the people of Glasgow, the big housing schemes and direct employment. DLOs win tenders against companies who use the bogus self-employed. That is to be commended and the people of Glasgow benefit from it. If you wonder how we form our policy, the answer is that it arises from what has happened in the past—we do not need to drop a hammer on our foot to know that it is sore. We have had various conferences with our members, who are fearful about the future.

The DLO and the local authority do not pay VAT, so when the stock is transferred to a private housing company there will 17.5 per cent VAT on every nut, bolt and door. That and the higher interest rates that will have to be borne mean that for every £5 that is spent on modernising housing in Glasgow, £1 will go on taxes and interest. When we take that out of a total figure of £80 million, the long-term nature of the problem becomes apparent.

We are afraid that the blinkers are on. We need to look beyond the £1.2 billion debt. When we do that, we see major problems. Although we may be getting rid of the £1.2 billion now, we may be creating billions of pounds of debt for the people of Glasgow in the future. There are problems associated with the transfer of council housing, so we need to analyse what that really means.

Our members have fears and the community has fears. Young kids who are still in school and looking for apprenticeships—not just in Glasgow

but in other areas with direct labour organisations—will find that another door is being closed to them. We have watched George Wimpey plc close its training centre in Kirkintilloch and transfer its apprentices to other companies while it moves to subcontracting and, in some cases, to using the bogus self-employed. We do not want that to happen in Glasgow, as we are proud of what we have.

We hear ministers giving us wee fancy talks, telling us how good stock transfer will be and how many jobs will be created, but we know what we have and believe that we should not throw out the baby with the bath water. We know what we have achieved and the process of achieving it has been long and hard. Under the previous Government, the DLO was subject to continual attacks. However, it managed to get its act together and to produce a profit, despite the community initiatives that it had taken.

We have not heard anyone tell us how they will meet communities' expectations of a DLO. We have expressed scepticism about the Scottish Homes surveys, because it did not consult us. We asked Scottish Homes why it had not included questions such as, "Is there any asbestos in the homes?", as our members have to work in them. They could be drilling, boring or cutting in houses where there are families, so we thought it was important to ask about asbestos. Scottish Homes did not. We may be wrong, but we believe that that was the result of the political pressure that was being applied to Scottish Homes. We thought that any survey of housing in Scotland should include a question about asbestos. Regardless of whether it is motivated by political expediency or economic expediency, we see major dangers in the transfer of council housing.

Mr McAllion: I want to be clear about this, as there are people who say that the policy-making process in the trade union movement is remote from the views of the membership. Would you reject that and argue the opposite—that the trade unions are very close to their ordinary members and the harsh experiences that they have to live with daily, and that your policies reflect what your members say they want to happen?

Grahame Smith: I do not think that we would get away with advocating policies that the membership did not support.

Mike Kirby (Unison): This issue has been debated by the Scottish Trades Union Congress for the past three years, so constituents have been reporting back regularly. Unison has 32 local authority branches throughout Scotland. We have monthly meetings of those branches, which are in regular contact with their members. In the autumn last year, we held two special meetings of our local government branches to consider the stock

transfer proposals, and there will be another in March to promote the debate. We have also commissioned work from outside the union. We have asked Paisley University to advise us on the management of council housing and the options that are available. We have exploited a broad range of opportunities to ensure that we reflect the views of members who work in departments that are likely to be affected.

Fiona Hyslop (Lothians) (SNP): It is important that we recognise the significant role that the STUC has played in national policy making, not least in the establishment of this Parliament. I would like to address the points that you make on page 3 of your written evidence. You make it clear that in your strongly held view the enthusiasm for housing stock transfer stems from the UK Government's rules on public sector borrowing, and that you see this Parliament as having a role in opening up discussion about other avenues for finance. Could you explore that with us a little more?

Grahame Smith: I think that everyone we have met—barring the Minister for Communities—has given us that reason for wanting to pursue a housing transfer policy. They have said that it is impossible to obtain the necessary investment within current UK Government borrowing rules. The other reason we have heard is that the local authority would have its considerable debt serviced, though not written off.

Mike Kirby referred to the Paisley University study that suggests that sufficient resources could be released from the rent that goes to pay for the debt to carry out a 10-year programme of investment worth almost £1 billion, without any need to change the borrowing rules. If that investment were to take place during a shorter period of time, the Government's restrictions on borrowing would have to be relaxed.

We appreciate that the Scottish Parliament cannot make changes in that area, but it is important that it considers it. Other options are available and it would be wrong if tenants were presented with only one model for a housing transfer and other possibilities were not considered.

Fiona Hyslop: You want us to debate the relationship between the Parliament and Westminster with regard to the rules on borrowing. You would also like the debt issue to be separated from the stock transfer issue.

Grahame Smith: Yes.

Fiona Hyslop: You tell us that financial institutions have advised you that they would prefer to lend the substantial amount of money that is envisaged for investment to local authorities because of the security. Can you tell us more

about that?

Grahame Smith: We have talked to financial institutions informally, so we have no written confirmation of their view, but we have been told that they would rather lend to a larger organisation that has some sort of long-term security. There are fears that, whatever structure might exist after the housing transfer, there might be problems about its long-term viability. Institutions that might lend £1 billion would require some security.

Fiona Hyslop: I take it that you would say that six years is too short and that we should consider a longer period for investment. Is that connected to the points that you make about the financial viability that would be involved in the Glasgow housing stock transfer? On page 3 of your submission, you say that you have major concerns about the project's financial viability. I presume that that has a lot to do with the time scale and with the volume of properties involved as this probably represents the biggest financial commitment the Scottish Parliament is likely to make in the next few years and will have long-term consequences.

Grahame Smith: My colleagues might want to comment on this, but we are not sure where the figure of six years came from. We have seen no information to explain why it would be six years rather than 10. Without more information, it is difficult to take a view on some of the proposals that are emerging. I presume that tenants have not been approached about different possibilities in relation to the extension of the time scale for a modernisation programme.

We are not sure whether the construction industry has a skills base that would enable it to sustain a six-year modernisation programme, given the amount of other investment that is taking place in the west of Scotland, such as the Glasgow schools programme. The investment that we are discussing might cause problems for the labour market that would raise costs and put further question marks over the viability of the investment. There are several issues that must be addressed.

14:45

Mike Kirby: I shall emphasise a couple of those points.

In the original feasibility study that was undertaken on behalf of Glasgow City Council, the focus was on one option. There has never been full and frank debate about the range of options that we understood were available in the HACAS report. When we have met the city council and the minister to consider those alternative options, they have never come to the table as we have requested they should. We understand that an

exercise is currently being undertaken by Ernst and Young, but the briefings that we have had have quickly discarded any of the other options in that. If a range of options is available, we should have a debate about them, if they are provided by independent advisers. For whatever reason—and we can assume only that there is some political motivation behind it—the focus is on one option all the time.

On several occasions, since the autumn and until this month, Unison has asked for the figures behind the financial model for the stock transfer, from the council and the minister. We are still waiting for those figures. As Grahame Smith suggested, it begs the question of how all this adds up to a six-year, 10-year, 12-year or 17-year programme, if we cannot get the hard financial information to make those assessments.

Mr Keith Raffan (Mid Scotland and Fife) (LD): We heard from Glasgow City Council that it is trying to complete the renovations in 10 years rather than in 30. The problem is not just one of training people, but of ensuring that, once they are trained, they have experience. The last thing that we want is a repeat of the improvement grants saga of the early 1980s, when there were many cowboy builders and much bad work that had to be redone.

I return to Mr Ritchie's point. The building services organisations would not be able to cope. He made a passionate defence, but the fact is that there are not enough people involved to carry out the renovation in 30 years, let alone in 10. That is another problem.

Alan Ritchie: I am the secretary of the Scottish Building Apprenticeship and Training Council, which registers every young craftsperson who starts a four-year apprenticeship in Scotland.

One of the problems that we encountered, through the Local Government Act 1988, was that contracts were awarded according to the lowest common denominator in the tendering process. Cowboys entered the construction industry, who did not start any apprentices. In fact, they did not employ anybody, but were self-employed. We in the Glasgow area have suffered from the drop in the intake of apprentices during those years, and face some difficulties. We are already suffering shortages in some crafts. Although I do not have a crystal ball, I foresee that we will have some difficulty in producing craftsmen, judging by the number of projects that are in the pipeline at the same time as the renovation of Glasgow housing is being considered.

We have already held talks with Glasgow City Council, to consider some schemes to be implemented if the transfer were to go ahead. Frankly, however, nothing has come out of those

talks yet. There is no real substitute for a properly trained craftsman.

Mr Raffan: I return to the financial points, as they are important. On page 2 of your written submission, in probably the most important sentence, you say that financial institutions

"would prefer to lend the substantial amount of money envisaged for investment in housing to Local Authorities, given the level of security they offer."

Fiona Hyslop asked you about that, and I would like to follow the matter up. You said that the institutions had given you the advice informally. Why have they not given it in writing? Why are they not stating it publicly? Why are they so coy? What effect do you have on them, if they feel that so strongly? After all, they want to lend the money, I am sure. They want to get the housing modernised and renovated. Why are they not saying so publicly? Why are they not backing you up on this?

Alan Ritchie: We have not asked them formally. I know that you met the Council of Mortgage Lenders. I read the *Official Report* of that meeting, and I am not sure that you asked them that question either.

Mr Raffan: I am asking you now.

Grahame Smith: We will write to the financial institutions and ask them. When we get a reply, we will send it on to you. I cannot answer for them in terms of why they have not—

Mr Raffan: You realise the importance of what I am getting at.

Grahame Smith: Absolutely. I cannot answer about why the financial institutions have not given their advice publicly. They may want to lend the money—that is why they are in the business that they are in.

We should consider all the uncertainties that surround the financial aspects of a transfer the size of that of Glasgow City Council and note that that scale of transfer has never happened before. The £1 billion of investment in social housing has never been made before. There are so many uncertainties that the institutions would want to be sure—I know that I would want to be sure if I were in their position—that the substantial amount of money that they were lending would be secured for the longer term.

If there are so many uncertainties in the transfer proposals, it is hardly surprising that the lenders would like to lend to an entity that they believe will have some continued existence over a longer period.

Mr Raffan: The two uncertainties are over housing benefit and, as you mentioned, the valuation of properties.

We have taken evidence from Dumfries and Galloway and from Glasgow. Representatives of those councils gave the impression that they were trying to get a much more thorough and reliable valuation of properties. They are working on that and it is happening in a way that has not been done hitherto. Is it correct that you do not share that view and think that the valuation will be uncertain?

Grahame Smith: The valuation relates to a number of other factors and assumptions. It seems, from the information that has been available to us, that there will be the most appropriate valuation for the level of borrowing that people want.

We are unfortunately not in a position to comment in more detail on that because the information is not available to us—we have not had access to that level of information in any of the transfers that have been proposed, although, as Mike Kirby mentioned, we have asked for it. It is difficult to comment on some of the technical detail without having had the information, although, as I said, we have asked for it on numerous occasions.

Mr Raffan: One more thing puzzles me slightly; perhaps you could help me with this. Here you are, passionately opposed to housing stock transfer. Here is a Labour Government at UK level, which many of you helped elect—some of you helped to fund it. Here you have the Labour party as the majority party in the partnership. It must be frustrating for you that you do not seem to be able to get your views across.

Do you have easy access to the First Minister or the Minister for Communities? With regard to the rules on public borrowing, have you personally lobbied the Chancellor of the Exchequer? He is a Scotsman after all.

Grahame Smith: I should emphasise that the STUC as an organisation has no political affiliation. Indeed, a number of our affiliates are not linked to any political party.

Mr Raffan: I did not say that. However, a number of the unions funded and do support—

The Convener: Grahame Smith is here representing the STUC.

Grahame Smith: It is the STUC that is here to give evidence. It is not giving evidence as—

Mr Raffan: Okay. Do you feel that you, as a body, have sufficient access to those ministers, at UK level and at Scottish Executive level?

Grahame Smith: We have consistently put our points to those who we believe have the authority to make the policy changes that we believe need to be made. I expect that the committee will want

to ask some of the people who have that authority some of the questions that we have already asked.

The Convener: Our list of questions for the minister is growing day by day. I would now like to move on to staffing issues.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): Alan Ritchie went into a lot of detail on one of the questions that I wanted to ask, on the impact on the DLOs if the housing stock transfer goes ahead. I think that you were able to advise us of the fears among your members on job security and on training apprentices.

Can Alan Ritchie or Mike Kirby go into any detail on how a large-scale transfer would affect housing departments?

Mike Kirby: There are a number of angles. One is connected with saving the relationship with the DLO. Glasgow colleagues might go into that in a bit more detail, dealing with cross-working between departments, and with how the economic viability of that unit might be endangered.

Cross-linkages concern not just housing department issues but many social work issues, such as the administration of housing benefit. It is not clear how one part will continue to relate to the other. Whatever we may think of local authorities, they should at least have some strategic management for the delivery of a number of services. What will happen if all that administration is disaggregated? Some of those issues have not been addressed.

Is the figure previously referred to—the creation of 4,000 jobs—a net figure? Other work undertaken for the Glasgow Development Agency shows that the figure will not be near 4,000. There are two aspects: whether that figure is a true figure and, even then, whether that work will create the type and the number of jobs that have been alluded to.

There is a range of factors with regard to the transfer of employment of staff. For example, would the current Transfer of Undertakings (Protection of Employment) Regulations apply? The regulations are not comprehensive, so there are terms and conditions worries for staff who are currently employed in a range of services. Even if the TUPE regulations do apply, we do not know what that will mean for recruitment because, after a while, the staff employed by the potential multiplicity of units in the Glasgow models that have been suggested could have different terms and conditions of service. The trade unions have genuine concerns about securing jobs and the conditions for those jobs.

Alan Ritchie: One of the things that worries us is that the HACAS report, which cost Glasgow City

Council more than £1 million, stated that it was more economical to have one transfer. The council was then approached by the trade unions, which said that it might be 32. In anybody's figures, 32 different contracts for a direct labour organisation will be more costly than one.

It has to be made clear that the Government has not been spending the proper amount on housing over the years. According to figures from the Association of Direct Labour Organisations, 3 per cent of our gross domestic product is being spent on housing, compared with 7 per cent in Germany and 5 and 6 per cent in the rest of Europe.

That is the problem. We can look for alternatives; we could do the same as other European countries and go to the European Investment Bank. The only two countries that have refused to do that are Britain and Holland. However, that would take us outwith public spending borrowing requirement calculations. That would accommodate the chancellor's figures. What I am saying is that we can consider other alternatives but that we should not be going down this road.

Cathie Craigie: You spoke earlier about the bad experiences of DLO employees and of your members with the Scottish Special Housing Association and then Scottish Homes. That happened some time ago—do you have any up-to-date examples? Perhaps there are some examples of good and bad experiences of stock transfers in England, or transfers in Scotland involving the new town development corporations or Scottish Homes.

Alan Ritchie: There have not been bad experiences of transfers, even in England, although they have never been done on the same scale as in Glasgow. However, everywhere that there have been transfers, there has been pressure. Although they have been lending the money, the banks will say that only so many millions can be spent on housing repairs. There will always be pressure; for example, how many roof repairs can we get out of £1 million?

Pressure comes from the banks when they say to a company that will hire apprentices and disabled people that it will have higher costs. The banks will support a company that does not have those costs.

Scottish Homes is a relevant example for the situation in Scotland. As far as we know, it was the first cab off the rank. That is what we are fighting about. Unfortunately, some people who have worked for Scottish Homes are now working for the Scottish Executive, advising the Parliament. That is a genuine fear for our members. Although we have had no responses, we have heard people say that they will look into the matter and that they

will tackle the apprentices and the training centre. In the absence of any real answers, our members and their families have fears about what will happen in the transfer.

Cathie Craigie: Do you have any experience of employment practices in the community-based transfers that have recently taken place across Scotland? Is there an example of current practice that you could direct the committee to examine, or is there any evidence that you could give the committee?

15:00

Alan Ritchie: We had a meeting with David Orr of the Scottish Federation of Housing Associations about contractors on sites coming to do work paid for by the grant from the Scottish Executive that was paid through Scottish Homes. Complaints were made that there were people on the sites who were taken on as self-employed, but who were bogus. We wanted to find a way to examine that problem. We wondered whether it would be possible to force contractors to employ people directly and to employ apprentices and others from the local area.

In the past, when people were employed directly, the contractor was obliged to pay their travel expenses. That is an agreement in the building industry. As soon as people are not being employed directly, there is no need for the contractors to pay travel expenses. The local community suffers because there is a financial incentive for the contractor to go to the bogus self-employed and to bus them in from outside the local community.

When we raised the issue with representatives of the Scottish Federation of Housing Associations, they told us that they were under instruction from Scottish Homes that they were tied by the Local Government Act 1988 and could not force contractors to use local people. There was a downward spiral. That is an example of our experience of housing stock transfer. In the absence of change to the Local Government Act 1988, there will be major problems in trying to achieve the use of local people. There must be the will to do that.

Such initiatives as we are suggesting carry a cost to councils. People must be more efficient, and a number of schemes have been introduced in the direct labour organisation in Glasgow to make it more efficient. I am glad to say that that has worked—we have returned a profit to the people of Glasgow despite all our commitments to the communities. Nobody can tell me that that would have been achieved by the private sector—and my union is the largest in the private sector.

If the main problem is that there is a debt of £1.2

billion, other ways should be found to address that problem—let us not throw the baby out with the bath water. That is what will happen if the DLO goes to the private sector or if private contractors are brought in. If that happens, all of Glasgow will lose out.

Grahame Smith: The relevance of what has been tried before in relation to stock transfer has been mentioned, as has the consequent effect on employment of the Glasgow stock transfer, which is much larger than previous stock transfers. Perhaps the subsidy that was available to housing associations from Scottish Homes during stock transfers in the past assisted those associations in handling some issues more effectively than they might be handled under the current proposals for Glasgow. Many issues related to the relevance of past experience must be addressed.

The Convener: We are running out of time, so if members have questions that they feel might be answered by the Glasgow trade unions, they should wait for the opportunity to ask those questions. That way, we will not overrun too badly. We will continue for about another 10 minutes.

Mr Lloyd Quinan (West of Scotland) (SNP): I would like to examine the consultation process. You have made it clear that the consultation process with the STUC and the individual unions has not been what you would have wished. We have taken evidence from Glasgow City Council and from Dumfries and Galloway Council. We spoke to Charlie Gordon and, bizarrely, the Executive managed to spin the creation of 4,000 jobs from his evidence. Let us hope that the same thing does not happen today.

The consultation processes in Dumfries and Galloway and Glasgow were very different. What is your experience of the consultation processes in which your members have been involved, in the seven previous stock transfers?

Grahame Smith: I cannot comment on all seven transfers—I do not have information on them all. The STUC has been involved only in the Glasgow housing stock transfer. We have consulted and had discussions with local representatives in one or two of the other areas, but we have not been formally involved in consultation. Colleagues might be able to comment on that from their unions' perspectives. We have found it frustrating that we have not been given the opportunity to access a range of information that would help us to make sense of what is happening.

Mr Quinan: Are you as frustrated with the authorities other than Glasgow City Council?

Grahame Smith: We have not asked for the same level of information, so it would not be fair to say that. There might be frustrations in the other areas because people have not been able to get

the information that they require, but no one from those areas has knocked on our door and complained about the consultation arrangements.

Mike Kirby: I suggested earlier that we would try to assess our experience later this month. In our experience, in particular in the seven or so local authorities where there is a potential for whole stock transfer, there has been no problem about consultation in terms of arranging meetings. The problems arise from the quality of the information that is available once the meetings have taken place; that applies not just in Glasgow, but in all those authorities. It is a bit like jelly, in a sense—the process and the plan are developing as the process and plan develop, if you follow me.

Mr Quinan: Yes.

Mike Kirby: There is no clear information that the framework will fit what will be possible within that one situation. I suppose that that is part of the process, but it has been particularly difficult to get detailed information.

Consultation happens, in the sense that meetings take place, but the quality of information that we are able to get from those meetings varies dramatically.

Mr Quinan: All three of you have referred to the fact that consultation is taking place, but would you say that that lack of quality arises because, in real terms, there is only one option on the table?

Mike Kirby: We do not believe that there should be only one option, but it seems that the imperative is to get one option on to the table.

Mr Quinan: That has certainly been my experience. I have asked the minister directly, and she has made commitments about investment in housing in Scotland. I have asked the fairly simple question, "What happens if stock transfer is not agreed to?" and I am now on the sixth or seventh different answer, none of which has been more illuminating than the first.

Is there any real possibility that through pressure from the STUC or the individual unions—perhaps by using the sanction of the removal of a political levy—we might get a more open debate?

Grahame Smith: As I said earlier, that is not in any way in our gift. We would rely much more on our powers of persuasion to try to get people to accept the strength and rationale of our views.

What concerns us about the Glasgow transfer, and the issue of consultation and involvement, is that a steering group has been set up, on which neither unions nor tenants are represented. As we understand it, that group receives regular reports from management consultants on how the transfer might progress. We have not had the opportunity to feed any assumptions into the group's

discussions that might lead to other options becoming available. The consequence is that it looks as if one assumption, or option, will emerge from the process. That is where we are at; that seems to be what will happen.

If that were the outcome of the steering group discussions in Glasgow, we would certainly not want that to be the end of the process. We would want a full analysis of that option to be undertaken and the possibility of alternative options to be addressed, so that the city of Glasgow tenants were not being asked to make a yes/no decision on a single option that had emerged from a steering group in which neither they nor the unions that represent the council staff had been involved.

Mr Quinan: Most of your references are to Glasgow, and it is clear that only a single option is on the table for Glasgow at the moment. The Glasgow stock transfer is without doubt the most important—it involves a colossal amount of money and concerns the most basic principles of social housing—but there is a terrible danger that if we keep presenting the matter as a Glasgow problem, and fail to involve ourselves in the process in the other six authorities, we will cloud the issue and fail to bring in the other available options. Are you aware of other options being available in the other authorities?

Grahame Smith: Other options are being considered in other areas, for example, in Dumfries and Galloway Council, and there has been some dialogue with the unions. Our position, and that of the local unions, is that the transfer should not happen. I imagine that in other areas there have been discussions on other possibilities, but we still have to address the fact that as far as we can see, all the authorities that are pursuing transfers are doing so because they believe that it is the only way of accessing the money that they require to invest in and improve their housing, which is a laudable aim. We believe that if the key impediment is accessing money, it needs to be addressed, and we need to consider the other options that might exist if we take that impediment out of the equation.

The Convener: Does Mike Watson wish to pursue staffing issues?

Mike Watson (Glasgow Cathcart) (Lab): Yes. Alan Ritchie covered comprehensively the employment problems that are related to transfers. I want to pick up on a couple of points.

On the TUPE regulations, am I right in thinking that in second and subsequent transfers they are diluted in some way? I think that I am right in saying that, at the time of transfer, the terms and conditions of existing employees have that protection, but a new employee starting the next day, and working side by side with and doing

exactly the same work as existing employees, can be employed on different—and presumably worse—conditions. In your experience, what effect does that have on workers' morale in direct labour organisations or in other council departments? Mike Kirby may wish to answer that.

Grahame Smith: I will comment on the factual position, which we did in the paper, and my colleagues will comment on what is happening in practice.

TUPE applies only at the point of transfer. It does not apply thereafter. New recruits can be employed on whatever terms and conditions the employer chooses, and they do not have to be the same as those for the transferring employees. There is also an issue about whether TUPE will apply to all the staff who are involved in the provision of a service. For example, there will be people within central services who provide a service that relates directly to housing, but it might be considered that the vast proportion of their work is not directly involved with the service that is transferring, so TUPE will not apply to them. There is a range of uncertainties around the application of TUPE, which makes it difficult for employees to have any comfort in a staff transfer.

Alan Ritchie: TUPE is good at the time of transfer, but the Suzen case—which was an industrial tribunal last year—put a lot of holes in TUPE, so we have reservations about it. A person can transfer and then be given three months' notice of a change to their contract of employment. That is how weak TUPE is.

We are going through an exercise with North Lanarkshire Council. I do not want to go into it in detail, but we are having major problems with TUPE and the transfer of workers' rights to the private sector. TUPE is not a cast-iron guarantee for people who are being transferred, and as has been said, any new person starting will not have the rights that the contracts used to confer. They will be paid whatever the employer deems fit, or be taken on as the bogus self-employed.

Grahame Smith: The other aspect is that equal pay cases might emerge from the fact that people are paid different wages for doing the same job.

Mike Watson: That wrecks collective bargaining, does it not, because you are dealing with different conditions.

Alan Ritchie: Yes. If a person is transferred, and we have union negotiating rights, those rights transfer with them, but that does not mean that the situation cannot be changed. For new starts, the employer might wish to de-recognise the trade union. We have problems with TUPE. It is not as good as was made out by many people who said, "We are guaranteeing you TUPE."

I also want to make it clear what the political levy in the trade union movement is. If we do not have a political levy, we cannot campaign on issues such as the health service and the banning of asbestos, on which we successfully achieved a resolution at the end of last year. We do not have a political fund because of the anti-trade union laws. We must ballot our members. Therefore, the political levy is not just about the Labour party.

Mike Watson: I want to pick up on a point on page 4 of your submission, which I had not considered before—the question of local authority staff being subcontracted to a community-owned organisation. Is Mike Kirby aware of any similar arrangements in England? I assume that when transfers took place there, some Unison members were involved.

Grahame Smith: I emphasise that subcontracting might be an option, but it is way down the line. Our position is to oppose the situation and we continue to do so.

I can comment on a parallel situation from outwith housing. When the new careers service partnerships were created, careers service staff in Strathclyde stayed within the employ of the local authority and were subcontracted to the new partnerships—which are separate entities—to provide a service. That is still the case. There is no evidence that the transfer has had any effect or has caused any deterioration in the service that staff are able to provide. We considered it as an option when we explored what the options would be should a transfer occur.

Mike Watson: Is it a two-way route? Once members have gone down the road of subcontracting, can they retain their employment with the local authority and come back at some point?

Grahame Smith: They remain in the employment of the local authority and are subcontracted to provide a service to the new organisation. The situation is not ideal, but we have to explore the options that are available. The ideal situation would be for the houses to remain with the local authority.

15:15

Bill Aitken (Glasgow) (Con): I have a couple of brief questions. I think that we would all agree that the history of housing department service delivery has not been an unmitigated success, especially in terms of administration and repairs. Someone will have to sharpen up their act if people are to be persuaded against the fairly radical change that the Executive is considering.

Apart from throwing more money at the situation, which you would obviously like—I can

see where you are coming from on that one—what improvements do you see as necessary?

Mike Kirby: It is interesting to note that the independent feasibility studies commissioned by the council included no detailed or adverse criticism of housing management in Glasgow or any other authority as far as I am aware. I would be interested to hear if there are any comments about housing management.

It is clear that the drive behind the move is financial. This is not a question of changing housing management practices. If that were the problem, the minister has the power to do something about it—she can charge the local authority to change practices—but that did not come up in any of the independent studies.

In most instances, the fundamental problem is historical debt, which frustrates local authorities' desire to invest. Someone else needs to deal with that problem on their behalf. I say again: there is no evidence of mismanagement of housing in Glasgow or any of the other authorities that are considering whole stock transfer.

Bill Aitken: I have difficulty in accepting that all the tales of woe that we have heard are apocryphal.

Mr Ritchie, a substantial injection of investment would be welcome from your perspective, because it would create a lot of activity from which your members would benefit significantly. It is clear from what you have said that you do not feel that the direct labour organisations are geared up to exploit the situation at the moment. What changes are necessary?

Alan Ritchie: The problem is that we must get legal clarity about whether the direct labour organisation could do the work because, under the 1988 act, the DLO is not allowed to tender for private work. If the work were to come up, the question would be whether the DLO should be entitled to tender for it. It is allowed to tender for work for housing associations, but today I have tried to clarify whether the new housing body is going to register as a company—if it does, the DLO would be banned from tendering for that work. We will need to consider that.

As I said, in Glasgow the DLO has been a success. I do not think that any private company would put up with the criteria that Glasgow City Council has been working under. Imagine making a profit every year and not being allowed to carry it forward to the following year. The council has had to leave the profit.

I deal with companies in the private sector. They have ups and downs. That is the way it is in the construction industry—there are good years and bad years and people have to keep their

companies going. The DLO did not have that opportunity—it had to make a return every year, and I am glad to say that it did so.

The community has also benefited from the apprenticeships, and the other matters that I have highlighted, such as the large number of disabled people who are employed in the window factory and the number of people to whom the DLO has given contracts of employment and decent wages and conditions. The DLO has been a success in Glasgow.

The council is going to transfer the council housing but we are not even clear what it means by that and what the effects will be. When we ask questions, we do not get the right answer. The council seems to be going in blindfolded about the way in which housing will go in Glasgow. The DLO has undoubtedly been a success and the ratepayers of Glasgow have benefited from it.

Robert Brown (Glasgow) (LD): Will you clarify the STUC's position on this issue? You have said clearly that it is against stock transfer in principle. I accept that but, as it is unlikely that the Labour Government in London will change the definitions of the public sector borrowing requirement, you are stuck with a difficulty in accessing investment money. What is your position on the utilisation of the stock transfer mechanism to allow local authorities to access public finance? Are you in broad support of that in those circumstances?

Grahame Smith: As I said, we do not support the proposal to transfer houses from the local authority. We believe that other options should be investigated, including the possibility of not linking debt write-off to transfer. It does not seem sensible that local authorities should have that gun put to their head.

If the debt could be taken care of, so that the amount of rent currently used to finance debt could be released for investment, we could start to talk seriously about an investment programme to modernise the houses—which we all accept must happen—without need to access further borrowing. There might be issues about the time scale and the extent of the investment in such a situation, but those issues have not been addressed yet. When we have had that debate and addressed those issues, we will know what the situation is and what other steps have to be taken.

Robert Brown: In that context, have the STUC or any of your associated bodies done any analysis—apart from in the general approach to economic issues—of the implications of stock transfer and housing investment against the background of the criteria that you want? For example, have you considered the criteria for accessing private funding and the risk issues? You

stated that you have been told that private lenders would prefer local authorities as the vehicle of borrowing. I have been told by one organisation that the last thing on earth that lenders would want is the existing local authority structures, with the housing management department and the building works department attached. That organisation wants management structures and a viable business plan. Will you comment on that?

Grahame Smith: I am sure that that organisation wants viable management structures and a proper business plan. I am sure that local authorities could provide it with that. If you give us the name of the people to whom you talked, we will be more than happy to take up those issues with them.

The study commissioned by Unison addresses some of those issues and we have referred to them in our submission. We have not addressed them in the context of the proposals that are on the table because, as I said, we have not been given enough information to undertake that sort of analysis. If we had that information, we would be more than happy to undertake that analysis; we would be able to provide a more detailed and more carefully argued case about the possible options under the current borrowing rules.

Robert Brown: I have one final question about the principles. You have expressed support for the principle of community-based housing associations. Assuming that stock transfer goes ahead in some form or other, do you see them as having a relevant part to play in that process, given their track record and past successes?

Grahame Smith: If the transfers proceed, I assume that they will do so on the basis of different options in different areas. There may be a role for community-based housing associations in some areas. However, for the reasons that my colleagues have mentioned, we do not think that the size of the transfer in Glasgow makes it sensible to break down the stock into many smaller blocks.

We do not think that the transfer should take place. We are not prepared to consider the arrangements that might be needed if the transfer takes place until the information has been made available and we have had the opportunity to address other options for retaining the stock within the local authority.

The Convener: Thank you. You have made your position clear and that has been helpful. We have overrun a bit, and I apologise for that, but we appreciate the detailed answers that you have given.

While the next witnesses are taking their seats, I remind members that we are overrunning. Let us focus our questions and ensure that we are not

going over ground that we have already covered.

I welcome representatives from the Glasgow joint trade unions committee. Thank you for coming to this committee meeting to express your views. Thank you for your paperwork and for the helpful summary of the document that you commissioned. I know that members have examined it and have found it useful.

You will have an idea of the flavour of our evidence sessions and will know what we are looking for. I shall start with the same question that I started with before. Do you oppose the transfer of housing stock in principle?

Jim Lennox (Glasgow Joint Trade Unions Committee): Yes.

The Convener: What is your attitude to community-based housing? Do you welcome it? Do you think that it is good for Glasgow and for its citizens?

Jim Lennox: There has been talk of breaking up the housing stock into 30 community-based housing organisations. We oppose that because we already have that sort of arrangement. There are 30 local repair teams and 30 housing offices. Their remit is to work with local tenants and to see what they need done. Tenants do not really want to run community-based organisations. They want to be told, "Yes, we can sort your doors, we can fix your windows." The 30 LRTs already do that and there is scope for tenant participation. What is badly needed is for the debt to be lifted so that, when tenants come to those forums, the LRTs can tell them that they can do the repairs. However, we are totally against the stock being broken up among 30 CBOs.

15:30

The Convener: Could you give us a wee bit of background about yourselves—how you operate, your structures, your remit and how you link with other unions?

Jim Lennox: We are the Glasgow joint trade unions committee. I chair it, and Willie Coleman is the secretary. Willie works in the city's buildings DLO. John Wright is in the housing department.

Delegates go from the Glasgow joint trade unions committee to each department in the council. We are not really a negotiating body for individual departments, but we are the negotiating body if there is something of common interest. If any issue affects all the trade unions, we meet people from the relevant council departments or committees. If necessary, we will link up with the STUC and let it know our views.

The Convener: I take it that the proposals for housing have taken up all your attention recently.

Jim Lennox: You could say that—for about the past two years.

Bill Aitken: Coming from a Glasgow background, I am able to confirm that there has been a significant improvement in the performance of the DLO over recent years, and you are to be congratulated for that. However, some problems will have to be faced. Assuming that the prohibition under the 1988 act is removed—and I think that it could be—and you are able to quote for private work, what steps are still to be taken in the DLO to ensure that you can quote and perform competitively?

Jim Lennox: The first thing that we would need to do if we are to compete and tender for new work is to start new people. The people that are employed at the moment are working on maintenance.

Willie Coleman (Glasgow Joint Trade Unions Committee): I remember Mr Aitken being on the council.

The Convener: Fondly, no doubt. [*Laughter.*]

Willie Coleman: And that is about all I will say about that.

When I started at the Glasgow DLO, there were 7,000 workers and we built the houses ourselves. When planning legislation came along at the beginning of the 1980s, we turned from building houses to maintaining them. There has been a gradual decline in the Glasgow City Council area in the number of council houses: there were 180,000 houses in 1980 and there are now 94,000 or 98,000, depending on what figure you want to believe. We do not build houses now, but we still do major refurbishment. Anybody who has been in Glasgow will have seen a big facelift in a number of areas, but because of cash constraints we have not been able to do it all. Our work force has the ability to do major works and to learn. We do not believe, as some do, that this work has to go out to specialist private contractors that are full of ex-council workers, which is what you will usually find.

Glasgow City Council is probably the only major building and construction company in Scotland that guarantees apprenticeships every year. We have 70. In some years, because of the anti-poverty strategy of the council, we have had 140. Recently, we have been getting social funding from Europe; we have started a millennium project in the east end of Glasgow where we have taken on 50 apprentices who are working with the private sector.

If we are allowed to survive, we have plans—through that funding and with contractors—to expand so that 1,000 youngsters in the Glasgow area will get a full accredited apprenticeship. Am I

going on too much?

The Convener: No, no.

Willie Coleman: Glasgow City Council has its own training facilities in the east end, up in Queenslie. It has got college status; we do not need to send our apprentices to Anniesland College or Cambuslang College, because we are accredited. We also accredit people from the private sector. We are concerned that, if the building services go down the tubes, that training facility will go with it.

We are keen—if the Scottish Parliament allows us—to resolve Glasgow's housing problems. We do not believe that we need to be transferred out of the city. We do not believe that funders for the next 30 years should be able to come in.

I am not a mathematician, but the advice given to the Scottish Parliament by Glasgow City Council housing department, following its study, seems to be that it would be cheaper for the DLO to do housing work, because that would allow councils to borrow more cheaply and there would be no VAT. We are keen and anxious to be given the opportunity to resolve the housing problems.

Jim Lennox: What we need is a level playing field. We will never be able to compete against the private tenders and housing associations unless the debt is lifted. Our hands are tied.

Bill Aitken: I understand where you are coming from. However, you must accept that things will not remain the same. However matters pan out, changes will be made. Suppose that we cannot adapt the legislation: if the stock is transferred, there is no reason for the DLO to continue to exist. If you could change the situation and if you were in a position to compete with the private sector, how would you sharpen the edges to make that possible?

Jim Lennox: First, we do not accept that the DLO would be finished if there were a transfer. We totally reject that, which is one of the reasons why we are here. As one of my colleagues said, we cannot even get into that argument, because we do not have the information. That is one of the problems. You are asking us to present some plan to compete and sharpen up, but how can we produce such a plan if we do not know what the proposals are? If you give us the proposals, we can reply to them, but at the moment we are in the same position as we were at the start of the process. Until we have concrete proposals, with facts and figures, we cannot respond properly. We would have liked to have been more specific today but, because of the lack of information, we cannot be.

Bill Aitken: We are carrying out an inquiry—we do not know what will happen in the end. I accept

that the performance of the DLO has improved considerably—certainly during the years that I spent on the council—but if the city owns no houses, you will have to consider where your members will get work. If we cannot change the 1988 act, the answer might be to consider a management buy-out. You could do that from a position of some strength.

Jim Lennox: You are away down the road—proposals for the housing stock transfer are not even on the table. It has not been discussed yet. You are at the end of a long road and yet we have not even started the journey. You are asking us questions that we will not be in a position to answer until the whole thing has run its course.

Bill Aitken: Would you resist a management buy-out?

Jim Lennox: The way things are just now, yes. However, as I said, you are asking us what we will think two years down the road. That is unfair. I would rather that we dealt with what is on the table. We have legitimate grievances and fears. We have been suffering under this for the past two years.

The Convener: You will get a chance to give your view as we go through the questions.

Robert Brown: I understand that you are broadly not in favour of the stock transfer proposals. However, if they take place, would you prefer a single vehicle, rather than an approach involving 32 housing associations?

Jim Lennox: No. We want stock to remain under council control. Again, you are trying to get me to answer a question based on what might happen. At this stage, our view is clear—the debt should be lifted and the housing stock should remain with the council.

Robert Brown: Is it fair to say that that is not what is being discussed by Wendy Alexander and Glasgow City Council? Those discussions are about stock transfer arrangements.

Jim Lennox: It would take a better man than me to tell you what Wendy Alexander and Charlie Gordon have been talking about. As far as we know, there has been no great dialogue. Perhaps you are asking the wrong person.

Robert Brown: Perhaps I can explore the matter a bit further—I accept that this may move into the realm of speculation. What is the basis of your opposition to the idea of transfer to a number of community-based housing associations?

Jim Lennox: One of the main reasons is that we see such a transfer as offering a cowboys charter—I think that Alan Ritchie mentioned that earlier. If council housing is broken up into 30 contracts, we are doing away with conditions of

service, with health and safety—which is crucial, especially in view of European legislation—with apprenticeships and so on. We cannot compete against the cowboys. Thirty CBOs will be financially led in tenders. They will be interested only in the cheapest tenders, which are not always the best value. This process was supposed to be led by the principle of best value for money, but that has gone out the window. All the studies have said clearly that, to get best value for money, the stock should not be broken up. We have no fears about best value for money, as we have proved that we can make a return, even under the 55p in the pound stricture.

Robert Brown: I do not recognise that picture of the housing associations from the evidence that we have heard from them and the contacts that we have had with them. You say that this is a charter for cowboys, but most tenants, committee members or people in Glasgow would not recognise that view.

Jim Lennox: I do not say that housing associations are cowboys; you asked me why we were against the break-up and I described what will happen if the stock was broken up into 30 CBOs.

Robert Brown: Do you accept that the pattern varies among housing associations? Some of them have their own DLOs and some have apprenticeships.

Jim Lennox: I am not conversant with different housing associations. Housing associations are held up to us as offering the best value for money and as being somehow better than councils. They have not been under the financial stricture that 55p in the pound must go to repay debt. Even the housing associations would tell you that, if that stricture were lifted, we could do the same amount of work better and faster. A study by the housing department showed that clearly—it was never disputed but it was disregarded.

John Wright (Unison): I will add one of the fears of housing management staff. We made it clear to the minister at the one meeting that we have had with her—she promised to follow that up but has not yet done so—that secondary transfer was a big fear for our staff as TUPE does not cover secondary transfer. I would not like to hang my hat on that at the first point of transfer. Other areas, such as pensions, are not covered. In my experience—I have worked for Glasgow City Council for 25 years—housing associations will take over Glasgow's housing stock in small numbers, but will not take the staff. We fear that if, after the stock is split up among various small organisations, the tenants or community-based organisations opt out of the larger organisations and want to run their own show, housing associations will take over the stock but not

necessarily take over the staff.

Another area in which housing associations do not work on a level playing field relates to the council's statutory obligations, particularly on homelessness. The housing associations do not have statutory obligations to house the homeless. What happens to the statutory obligation if the stock is taken out of council control? Currently, we can nominate people to housing associations, but the housing associations do not need to accept them.

At the moment, neighbourhood offices can deal with inquiries about estate management, allocation of housing benefit, or homelessness. If transfer goes ahead, the housing benefit and homelessness staff will not move with the rest of the staff, because they are not funded by the housing revenue account—that is what they were told initially. What will happen to the offices? There is also a deskilling of the housing management staff. The tenants, who are supposed to benefit from this, will have to go to different organisations to be seen.

Robert Brown: Is it fair to say that your priority is to protect the needs of staff in post in the housing department and the building department rather than what is best for the tenants?

Jim Lennox: I do not think that that is fair. I am glad you ask the question, because I want to make it clear that although our task as trade unionists and socialists is to look after jobs, we see that as linked to the interests of the tenants. If the tenants of Glasgow are having their houses included, who will do the work and the maintenance? People should not have to live in damp houses, and we do not see that as a threat to us. If we can get the work and prove that we can do it, we are more than happy for tenants' houses to be improved. It is not a case of saying, "No, no, no," to protect jobs. We are happy to be involved with improvements, but we are not happy with these proposals, which are non-proposals.

15:45

John Wright: It would make my members' jobs a lot easier if we could say yes. As Jim Lennox mentioned, we already have community-based organisations in the form of neighbourhood forums, estate action groups and so on, which allow tenants to be consulted. They will tell us what improvements they would like us to make to their houses—new windows, central heating and so on. At the moment, we cannot make those improvements because of the 55p in the pound that goes towards debt. If the debt were removed, we would be delighted to say yes to the tenants, as that would make life a hell of a lot easier for our members, whom we are here to represent.

Mike Watson: Is it true that a large proportion of the trade union members who make up the direct trade unions committee are also Glasgow City Council tenants, so they have a double interest, as it were?

Jim Lennox: Yes.

Mike Watson: You heard the questions that were put to the STUC. I have some questions about terms and conditions, but before that I want to ask about consultation. You and the STUC have made great play of the fact that you have not been kept up to speed on what is happening. You mentioned a meeting with Wendy Alexander. Can you say something about the consultation that has taken place with Glasgow City Council? Have you found the council less forthcoming on this issue than it is on other issues that are of importance to your members and affect terms and conditions of employment?

Jim Lennox: Progress or, more accurately, the lack of it, has been the result of lack of consultation. When we try to speak to the council, we are told, "What is the use of a meeting? There is nothing else we can say."

Willie Coleman: As the secretary of the Glasgow direct trade unions, I have been charged with setting up the meetings. Our previous meeting with Glasgow City Council was with the leader only on 26 January. From June last year, we had been trying to arrange a meeting with Wendy Alexander. After repeatedly faxing her and sending her letters, we asked the STUC to intervene. It set up a meeting with Wendy and Frank McAveety on 17 December. Wendy promised to meet us again in January, because the Executive had commissioned Ernst and Young to do another feasibility study, in addition to the HACAS report. However, she cancelled at the last minute. I know that the STUC has written her a strong reply indicating that it is not happy. The day after the pre-meeting we held to discuss what we wanted to talk to the minister about, we received a phone call to say that the meeting was cancelled. We do not think that that sort of thing is helpful, as it makes the work force suspicious.

We are also concerned because we are aware that there are differences of opinion between the minister responsible for housing and the leader of Glasgow City Council. Until they come up with a united front, we will be left in the trap. There is a framework document that must be signed off—we heard that that might happen today, but that is just a rumour. We are concerned that everything is being put into the dark for now. Bob Allan was brought from Clackmannanshire, but he asked us more questions than he would let us ask him. We asked him 13 questions, but he could not answer them. He said that he would get back to us as soon as the steering committee met, but I believe

that it has not met since November.

Many people's jobs are involved. The last time we had a meeting with the chief executive of Glasgow City Council, he pointed out that staff from the housing department and the DLO were not the only people likely to be transferred, because of the number of staff who work on the housing revenue account. Although we have not yet received the figures, the chief executive indicated that 25 per cent of the information technology department would be transferred.

Also, a large proportion of the legal department, which deals with people's rights to buy houses and the claims that come in, will be transferred. Nearly 5,000 people are employed by the DLO and the housing department. We accept that perhaps only 4,000 might be transferred, but the people who will be transferred from other central departments could raise the figure to more than 6,000.

We are concerned about the fact that this committee has the words "social inclusion" in its title. The majority of people who work in Glasgow either live in Glasgow, have lived in Glasgow or live on the periphery of Glasgow. It is a matter of concern that most of the construction jobs will go to companies who submit the lowest tender. They might come from anywhere in Britain and they will leave when they are finished.

Jim Lennox: The consultation problem can be summed up by an examination of who is not represented on the steering group. Neither tenants nor trade unions are represented, yet our jobs and houses are at risk.

Mike Watson: That was going to be my next question. When you met Wendy Alexander, did you raise that point?

Jim Lennox: Yes. She said that no meetings had taken place in the last couple of months—I do not know what kind of answer that was. Basically, we did not get an answer. The tenants asked the same question at another meeting and were told, quite condescendingly, that there were technical problems and financial problems to be dealt with before the tenants could be involved.

Tenants and trade unions must be involved in any steering group on the transfer of housing stock. Not involving them is a nonsense.

Mike Watson: I know that you have already said what your position is and that you do not want to give hostages to fortune, but you are all members of UK-wide trade unions. There has been some transfer of housing stock south of the border already. Have any of you examined those transfers?

A number of staff have transferred to housing associations south of the border. What has been the experience of the unions involved in housing—

I suppose I mean Unison, specifically—of looking after members once they have gone into housing associations? Does collective bargaining still work, for example?

John Wright: I could not tell you about staff transferring to housing associations south of the border. The experience in Glasgow is that housing associations do not take over the staff when they take over the stock.

Mike Watson: But surely your union represents staff in housing associations.

John Wright: No. The housing associations take over the stock, then they appoint their own staff.

Mike Watson: And do their conditions tend not to be negotiated?

John Wright: That is right.

We have been involved in this process for about two years. We have gathered information from all over the place—we have a filing cabinet full of information in the steward's room—but, as Jim suggested, we are not sure what we are dealing with any more. We were getting information but that dried up when the minister appointed the steering group and Bob Allan from Clackmannan appeared on the scene.

The framework document is being discussed at the moment. The sooner that document can be signed off, the better. Staff were appointed to the housing neighbourhood offices on 3 August 1999 and have been unable to begin to convince tenants of the need for the stock transfer because they have not known what they would be dealing with. As soon as the document is agreed, the staff will be given the money and the direction to do their job properly. That will happen before we have seen the document. Where does that leave the consultation exercise?

Mr Quinan: I think you have just told us something that we did not know. Can you tell us more about the appointment of the neighbourhood housing staff to proselytise about the idea of housing stock transfer?

John Wright: We oppose that because we oppose the housing stock transfer. We urged our members not to apply for those posts.

Thirty posts were created in the housing department. It did not have the money to pay for them: it got new housing partnerships money to fund the posts, to go and punt the trust to tenants organisations. That was back when it thought it knew what the trust would be like; but we do not even call it a trust any more. David Comely was in charge then, but he is no longer in charge. Bob Allan was put in position to oversee the development team and tell us what it was going to

be like; the staff were then to get the partnership money and start.

As you are probably aware, the partnership money has not been released. It will be released on condition that it is used to punt the framework document. We do not know what that is, nor do the staff or the neighbourhood managers. The 30 staff have been appointed but have been unable to take up their posts because the money has not been released. It has been released to fund Bob Allan and his development team, but it has not been released to fund the local staff who have been appointed. We are quite happy with that, to be perfectly honest. We do not want to punt something that we oppose.

If the framework document is agreed today—we have heard that it may be—those posts will be up and running next week. Neighbourhood offices will get the money to go and punt this framework document, and that will be the way forward for the stock transfer—before tenants have received partnership money to appoint independent advisers. Where does that leave us and the tenants on consultation? When the framework document is released, £X million will be released to fund those posts and we will be left trying to pull back.

Mr Quinan: It is clear that all three of you feel that the consultation process is a sham. There is no process for people who have not accepted the one deal that is on the table. Would you say that that is correct?

John Wright: Yes. Anybody who showed an interest was co-opted on to the steering group of housing associations. Anybody who was hostile—not even hostile, but anybody who asked questions, such as tenants and trade union officials—was not invited to join the steering group.

Mr Quinan: Do you feel that the attitude towards the joint trade unions group is, “Of course you are going to be opposed, because you are old rather than new in your thinking”?

The Convener: We know what you are getting at, Lloyd.

Mr Quinan: This emerges from something Robert Brown said. He said, “But of course, you are here because you are protecting your members.” We did not hear that said to the Law Society when its representatives were here to defend its members. I would like you to put on record again the fact that your concerns are about the tenants of Glasgow—whom you represent as members of your trade unions, as the people who work directly with them, and within the housing department—and the likelihood that, some way down the line, Glasgow could find itself in a similar debt position because no one is being told what is

going on.

Jim Lennox: I find it strange—maybe people are being malicious—that people do not realise that we are not just protecting our members. We have a vested interest in the tenants. The tenants are our business: if there are no tenants or houses, we are not in a job. We are not going to sit and just protect ourselves to the detriment of tenants: we see our way forward via the tenants. We are completely in support of getting tenants' houses renovated. All we are asking is that the Government lets us do it.

After all the years that we have worked under hardships such as the 55p in the pound housing debt, somebody has suddenly come up with a good idea: "Let's get rid of the debt. Let's move forward. Let's give people decent housing in 2000." For so many years, the council and its employees have had to take all the brickbats, shouting and slugging. Now somebody has taken the debt away, they are going to take the houses away as well and give them to somebody else. I think that that is a damned disgrace—

The Convener: I am sorry to interrupt, but I am conscious of the time.

Cathie Craigie: I understand the concerns that you and your members share. It is important in all our lives to have a job and a roof over our heads. Given that getting rid of the debt is not an option that is on the table just now—the local authority is unable to do that under the public sector borrowing requirement—and that transfer seems to be the only course, what measures have you taken to ensure that the information you give out to your members is sound and factual?

Jim Lennox: Do you mean in regard to the information that we are getting now?

Cathie Craigie: I would like you to comment on the advice that you have given to your members leading you to oppose the stock transfer. How have you gathered that information?

Jim Lennox: First, with our general experience, we know that we can do the job. To take that away from us after we have worked out the problems of the debt would be wrong. We know that we can do it. The advice we are giving our members—I do not know whether this answers Cathie Craigie's question—is to speak to MSPs or councillors and ask why the decisions have been taken and why it is not possible for the debt to be removed from the council.

Anything is possible. We have waited for years for this new Scottish Parliament. Anything can be done if there is a will. The debt is there to be taken away. Why not take it away and leave the stock with the council? That is all we are asking for. Yeez can dae it nae bother.

John Wright: Another problem is that we can give our members only the information we have. New reports such as the Ernst and Young report may be commissioned because earlier ones do not suit. They may do other reports, until one does suit them, but they will not show us it. How can we tell our members what is going on if they will not show us the reports they are commissioning and the figures they are basing the reports on?

16:00

Jim Lennox: When the debate on stock transfer started, it was about best value for money. I repeat that because I have seen it in the last few reports. It was also about a social inclusion partnership. Now we have backed down and commissioned the accountants, solely on a financial basis. We have moved away from best value and social inclusion.

It is quite ironic that one of the reports mentions the creation of more than 4,000 new jobs, yet it projects that, when the programme is complete, approximately 84 per cent of tenants living in ex-council houses will be on some level of housing benefit. That was for the HACAS report, and nobody disputed it. The burden changed from the ratepayer to the taxpayer. It is clever stuff if it is possible to get away with it. That is why people do not want us to ask questions and point these things out. We are here today in the hope that members of this committee have the political muscle to apply force and ask what is going on.

I do not know whether that answers the question.

Cathie Craigie: I am encouraged by how much muscle you think we have. I can assure you that we have taken up the question about who carries the burden on a number of occasions.

As a trade unionist myself, the advice that I would give a local government employee who had no information from their employer would be to raise the issue at their joint trade unions meetings. Have you raised that issue about the lack of information?

Jim Lennox: That is one of the reasons why we finally came before this committee. We are being pushed by our membership at branch meetings, being asked what is happening about jobs. This issue has been in the press for the past year and a half or two years, so our members are worried sick. Some of them have worked for the council for 20 or 30 years. Others are young people, just starting their apprenticeship. They all want to know what is going on.

We have progressed from that stage, and have approached our regional offices: GMB, Unison and the Transport and General Workers' Union. We have pressed the matter at that level and at the

STUC level to get access to committees such as this one, so that we can give you the information and tell you what we think is going on. We have also strongly advised our members to go to their local councillor and MSP. We need somebody to push open the doors and get some information.

We believe that the real problem is that there is no information. It sounded like a good idea. It sounded great in committees and looked great in the press, but before the idea of removing the debt and doing up people's houses was released into the public domain, raising people's expectations, there should have been extensive negotiations, discussions and consultation into the practicalities of implementing something this far-reaching. It should not just have been a matter of someone coming up with an idea and saying that the tenants will be balloted in a year and a half.

This is the big problem: I do not think that anything is being hidden from us; I simply do not think that there is any information. That is why people are scurrying about commissioning accountants to give them reports. Our big fear is that, when push comes to shove, the attitude will be, "The city council will have to accept what we want or else we're not giving them the money."

Cathie Craigie: What do you—whoever wants to answer this—think is the most important thing for the tenants of the City of Glasgow: who their landlord is, or whether they are living in a modern, warm, dry home? You said earlier that people should not be sitting in damp homes.

Jim Lennox: The most important issue for a tenant is proper accommodation for them and their families. Many of them are our members, so they do not have a problem. However, they tell us that they would rather the council was in charge, because there is security in that. Everybody moans and groans at the council, in the same way as they moan and groan at MPs and so on, but at the end of the day, where do people go if they are in trouble? They do not go to some private landlord or some independent adviser. They go to the people they have elected. That is what their vote is for.

It is nonsense to say that tenants want to get away from the council. They want, quite rightly—we all want the same—a home to bring their family up in, but they would rather it was in the remit of the council.

John Wright: They want their houses done up and they want a decent home. I have been to meetings where people have said that as long as they get their houses done up, they will be happy. However, give the tenants and the tenants organisations more credit for looking into it further and for knowing what other aspects—such as the social tenancies that will be created around the

country—will affect them. The minister has made an announcement on social tenancies, but there has been nothing to back that up or to show how it will affect tenants. Tenants will be interested in what kind of tenancy they get, who does the work and who they should go to for advice or assistance. It is not just about getting their houses done up.

Fiona Hyslop: I want to clarify an earlier confusion and raise a crucial issue. With independence, we could change the PSBR rules. We are not independent; we have devolution. However, even with devolution, and even with the level of resources available through the Scottish block, do you agree that the Executive could take over or even service the Glasgow debt? Is there a sufficient rental income stream in your housing revenue account to fund the same amount of work, over a 10-year period, as the proposed transfer? I understand that you have an income of £120 million a year; over 10 years, that would generate £1.2 billion, which happens to be the same amount as has been proposed. You would not then have to propose rent rises and you would save on VAT charges. Is that the case?

Jim Lennox: That is the case. Removing the 55p in the pound debt equates to what you are saying: £100 million a year, which is £1 billion over 10 years. That works out at £80 a month. With that you could reduce the rent—for example, you could take £30 off the rent and leave £50 for the person.

Fiona Hyslop: That is the finance argument. We have not really discussed the other arguments. I understand that the Executive wants to go down the transfer road because of community ownership, responsibility and involvement. Do you see that as a viable argument? To be fair, the status quo is unacceptable in Glasgow—everybody recognises that. Bearing in mind the amount of money that has been invested in Glasgow over the past 20 years, do you think that it is just about the finances? It may be due to political decisions taken by Glasgow councillors. You talked about the 30 areas that already exist—do you think that there is a need to improve them? Even in your model, do you think that something has to be done to improve tenant participation? That is the community ownership side of things.

Willie Coleman: I am a tenant myself; my wife was the chair of the tenants association in Queenslie, which has been demolished. A victim of underfunding, the community was scattered. I have strong views on this. Each month, my wife used to walk round the housing scheme we stayed in with the local repair team manager, the local cleansing manager and the local parks manager. Tenants were asked what they wanted. They gave a shopping list but were then told that there was

not enough money. That is more to do with finance than the will of the people involved. There is not a groundswell of support for transferring out of the council.

Fiona Hyslop: An issue was raised by the evidence from the STUC. I understand from your written evidence that one of the nine conditions Charlie Gordon gave you on 16 September was that all houses should be free of damp within six years. Who are you currently negotiating with and with whom do you expect to be negotiating? Will it be Wendy Alexander or Donald Dewar—who I believe has a role? Did Charlie Gordon put the six-year proposal on the table?

Jim Lennox: That proposal came from the HACAS report. The proposal was originally for 10 years. It was rounded down to six years—the houses would be completed in six years but environmental work would take another four years. The whole package would still take about 10 years.

Fiona Hyslop: I will ask again: whom do you expect to be negotiating with on the stock transfer?

Jim Lennox: That is a good question, but we do not know the answer. Every time we have tried to negotiate, the council has said that it cannot negotiate because it does not have information from the steering group. It says that it cannot have a meeting with the steering group because it has met Bob Allan, who is involved in that steering group, and he has said that the steering group has nothing to tell the council. We do not know with whom we will be negotiating. It all seems to revolve around what will come out of the Ernst and Young report, but that report is financially driven. Although we have not seen it, we all know that it will recommend breaking up the housing stock. One of the reasons we are here today is to complain about the lack of consultation.

The Convener: You have done a very good job.

Mr McAllion: I was going to ask a question about policy that has been answered by the STUC.

I would like to ask about the timetable that the Executive intends to stick to in the stock transfer. You have said that, as far as you know, the steering committee is not meeting and that, possibly, it has not met since last November. There is an almost complete lack of any detailed information for staff or tenants about what is going on behind the scenes. The framework document—which will, possibly, be promoted by new staff—has not been made available to anybody in the council.

Given that background, and if the Executive sticks with the idea of balloting tenants in

November, would that effectively silence workers in the council and prevent them from having the opportunity to respond in detail to whatever is finally proposed?

Jim Lennox: Aye. We raised that point at a meeting with Wendy Alexander some months ago. We said that we were concerned that things were being rushed and that when the ballot comes there will be a big campaign in the press that will promise people everything. We think that the tenants are being misled—I do not know whether I should say that. The local authority will promise people anything and that will convince tenants. As soon as the council gets a yes vote, it will tell us that it cannot talk to us because it is doing what the tenants want. That is cheap and shabby—it is using the tenants to silence us and it is not giving the tenants what they deserve.

Mr McAllion: I just want to clarify that the reference to cowboys was not directed at housing associations. Were you speaking about the construction companies?

Jim Lennox: Yes. I am sorry. I thought I had made that clear.

Mr McAllion: I have experience of a similar situation in Dundee. The big construction companies now employ a lot of agency workers, who always come from outside the city. The companies do not take on local people because local workers have families that they go home to at the weekends. They want people to work 12 hours a day, seven days a week with no rights. That is why they employ workers through agencies. That is what happens when the private sector can tender for work. Such companies will always come in with a lower bid than any DLO, but the employment conditions for their workers are appalling. I wanted to ensure that that was the message you wanted to give the committee.

Willie Coleman: Alan Ritchie can probably give you better examples than I can, but in the building boom in England because of the millennium, people who have come from eastern Europe to work have been sleeping in containers on site. UCATT exposed an example of that in Birmingham. That is how desperate the situation has become. Companies that deal in profit do not deal with people. The DLO does the warts-and-all work for the council—it is not here to make a profit. The DLO is criticised, but it is more constrained than other companies. The DLO must be the only company that produces a profit of 6 per cent every year and is still sunk.

If the issue is social inclusion, people must be given jobs from which they can pay taxes. That money will go back to the communities through the council. If required, we can bring in expertise from outside the organisation. Give us the money—we

will do the job.

Mr McAllion: Is it also the case that agency workers do not have the same employment rights as workers who are under direct contract?

Jim Lennox: Yes. I referred earlier to things such as conditions of service, health and safety, apprenticeships and employee rights.

The Convener: That clarifies where you stand.

We have been told that at least there will be a ballot in Glasgow, so the tenants' views will be heard rather than the situation just being imposed on them. If the ballot result is yes, will you accept it?

16:15

Jim Lennox: Under the current proposals—or lack of them—no. We totally and definitely oppose them. As someone pointed out before, the ballot would not be in the best interests of the tenants of Glasgow or our members. If you have a ballot in November, you will not be able to tell people anything. All you will be able to do is promise them that they will get their houses done up. You will not tell them the knock-on effect. You will not even have talked about what will happen to brown-field sites. You will not tell them about what happens with the thousands of people who have told the council, "If my house gets done up, I am going to buy it." If a funder has funded 90,000 houses, and 10,000 people buy their houses, the funder will have to increase rents to get their income back to the level that was generated by 90,000 tenants. People have to be aware of all those things.

Already, rents that were projected at 2 per cent or 3 per cent are up to 6 per cent and will go up by another 3 per cent when the house has been done up. This thing is massive and nobody, but nobody, seems to have sat down, gone through it bit by bit and presented it in a way that answers all those questions.

The Convener: You have given us powerful evidence today, which will be helpful for our investigation. I am grateful for that.

As I said, a number of people ask us to ask questions of the minister. You can appreciate that quite a lot of people here are more than capable of doing that. We will be asking such questions in the near future and we will want to pursue some of the issues that you have raised. Which one issue do you think we should, first, address in our report and, secondly, ask the minister about?

Jim Lennox: Why will you not remove Glasgow City Council's debt and give it the houses?

The Convener: Your question would be about the debt—

Jim Lennox: Yes, and about leaving the houses with the council. The council deserves that; it has worked for the houses for years and years.

You could ask about a million other things—about the brown-field sites, what will happen with the money and so on. The investors are now saying that brown-field sites are essential.

The Convener: We will ask more than one question, I can assure you.

Jim Lennox: Ask the minister why she will not do that. It is in the Scottish Executive's or the Scottish Parliament's remit.

John Wright: We have been told for the past two years that there is only one show in town, or only one way of doing this; that has been mentioned a number of times. We have to tell the minister, "There is not just one way. Go and look at the other options that are available, because they are out there."

The Convener: Thank you very much for your evidence. It has been extremely helpful.

I have let our business overrun a little, so that we could get those questions right; I think that that was worth while. I propose that we defer agenda items 3 and 4 to an appropriate future meeting. Do members agree?

Members indicated agreement.

The Convener: We have more evidence to take and I know that our next witnesses are waiting for us. I am being told that people need a comfort break for a couple of minutes. We could have a break while the witnesses take their seats.

16:17

Meeting adjourned.

16:20

On resuming—

The Convener: We overran, so I thank you for your forbearance. I humbly apologise, but I am sure that you found the discussion worth listening to.

We are grateful to you for attending the committee today. I think that you know the routine. I will pass over to you, so that you can introduce yourselves and give us a brief introduction.

Betty Stevenson (Employers in Voluntary Housing): It is a pleasure to be here today. Thank you for your kind welcome. I am the chairperson of Employers in Voluntary Housing, but I am also a tenant in Govanhill in Glasgow, and I am chairperson of Govanhill Housing Association. Foster Evans, our director and secretary, has accompanied me today. Foster prepared the

papers that we sent you last week.

I shall start with a few brief comments. EVH is not a housing policy organisation; it is an employers organisation for housing associations and co-operatives in Scotland. It has grown over the past 20-or-so years from the community-based housing association movement in tenement properties in the west of Scotland to be a Scotland-wide organisation today. It was formed in response to staff forming a trade union branch, and to committees needing continuity and stability in their employment relationships with their staff.

Our executive committee, which directs our affairs, is elected by committee members from our member organisations. To this day, a majority of committee members are tenants, and of our member organisations, 103 out of 130 are tenant led, or have a tenant majority on their committees. We have built a partnership with our colleagues in the trade union movement, and have developed comprehensive policies and terms to assist our members in the complex field of employment relations and health and safety. We are considered helpful and responsive. It is in our interest, and that of our members, to ensure good practice and good communications, and to maintain our homes at affordable rents, while remaining financially sound. We hope that we have something to say that will be of interest to you.

The Convener: Thank you. You explained a wee bit about your organisation, so we will pick that up later if we need to. You say that you are not a housing policy organisation, and do not comment on housing policy issues. Do you take a wider view on housing policy?

Foster Evans (Employers in Voluntary Housing): The reason we gave you an extract from our response to the housing green paper is that that is the last thing we wrote, which shows how often we write material of that nature.

The Convener: I see. What is your experience of housing stock transfers to date? What are the pluses and minuses?

Foster Evans: I knew that you might ask me that, so I did a calculation. Of our 130 member organisations, only 26 have not been involved in stock transfers of one size or another. Most of them are positive about the results for local communities. However, I am talking about stock transfers, the largest of which was the transfer of 3,000 units from Scottish Homes to Fife Special Housing Association. Some of the transfers have been relatively small, involving 10 or 20 houses in some instances. The scale is quite different from the transfer that the committee has been discussing this afternoon.

The Convener: Is scale a factor in a transfer's

success?

Foster Evans: Betty Stevenson will be able to talk about community control better than I can.

Betty Stevenson: I am chair of Govanhill Housing Association in Glasgow, which is a community-based association. To date, we have not been involved in stock transfers of any kind. We own about 2,000 houses in Govanhill, of which we have regenerated and new-built about 1,700. We are still awaiting funding for the remaining 300 houses, which we would like to finish before we get involved in stock transfer. We can hardly leave one lot of tenants in disgraceful conditions and go and sort out someone else's properties. However, we are not against stock transfer in principle.

Community involvement in our community-based housing association is ensured through a management committee of 20 local tenants who take part voluntarily. We employ the necessary qualified staff to work in conjunction with the committee, to ensure that the association is run as competently as possible. Without being prejudiced, I would say that Govanhill is competently run and financially viable.

The Convener: We have heard evidence that the motive behind most people's involvement in housing issues is to get better housing. Once they achieve that, they do not want to be involved any further. We have heard that community-based housing associations are often dominated by professionals, not run by the community. Would you challenge that view?

Betty Stevenson: I would.

Foster Evans: That is not the case in Govanhill.

Betty Stevenson: Govanhill has a strong management committee. Our association has been going for 25 years. I have been involved in it for 20 years, so I have met many other people from housing association management committees who are strong characters. We do not have professionals on our management committee. We have professional staff who work with the management committee. It is a partnership. One could not do its job without the other.

The voluntary commitment lends something unique to a community-based housing association. There are no benefits for the people involved. Their interest—and this would be the same if there was a stock transfer—is not to secure a profit, but to secure benefit for the tenants.

The Convener: Will the current proposals encourage more community involvement and dynamism?

Betty Stevenson: As was said earlier, we feel that there has not been enough consultation. I

suggest that the Minister for Communities should speak more to management committees and housing association staff, to find out the nitty-gritty. It is not just a case of transferring stock or extending the right to buy. There is much fine detail, which needs to be gone into. Housing associations—the financial aspects and so on—are complicated creatures.

Nobody is taking enough notice. If the Executive wants associations to get involved, it must let them know what it is thinking and what it would like them to do, and discuss matters properly. Above all, it should consult tenants more. This is all about people; it is nothing to do with profit and whose feelings are hurt about how matters are developing.

16:30

Cathie Craigie: Employers in Voluntary Housing has long experience in the voluntary sector. You mentioned Fife Special Housing Association as one of the largest transfers with which you have been involved. It is important for a smooth transition that the staff who are going with the transfer are involved in the process. How soon should that involvement start, and could you give us an example of good practice in involving the staff?

Foster Evans: That transfer involved Scottish Homes staff. There were independent staff advisers—over and above the trade union—who would consider the employer's proposals and advise the staff from an early stage. FSHA had to put in a bid document before agreement was reached on what it intended to do in relation to employment. It had to state its promises in relation to TUPE, staff structure and its plans.

That was all on the table at an early stage. I cannot remember the exact timetable, but I know that we became involved. I spoke to the staff more than once, as FSHA had indicated that it wished to join us as soon as it became an employer. I spoke to the staff about the implications of the transfer, in relation to working as a committee and in relation to terms and conditions; the situation would not be exactly the same. I also helped to ensure—and this was one of FSHA's successes—that the jobs were relevant to the new organisation, so that people could understand where they fitted in. Objectives for the tenants on the committee were shared with the staff from the outset. It was not as if there was no change and property just moved from one owner to another—it was quite a significant change. It was a lengthy process, but it meant that there was a lot of communication and consultation on what would happen. People, including me, were asked lots of questions.

Cathie Craigie: You were independent of the

organisation that submitted the bid for the stock. However, any advice costs money. Who paid for that independent advice?

Foster Evans: I was not independent; in a sense, I was acting for the employer. I advised the staff on what I thought the implications would be for them. Scottish Homes paid for an independent staff adviser, as part of the process. It offered that to the staff in all the transfers.

In the past six months, I have been telephoned about a transfer in Ayrshire. The same independent staff adviser is advising the staff there. That provides them with someone independent who can say, "These are the issues that you must be aware of, and you must ensure that the employer addresses them." The trade union can perform that role as well, but the independent adviser gives extra security.

Cathie Craigie: When you talk about the staff, are you talking about the administrative staff in the housing department?

Foster Evans: The staff were in Scottish Homes offices in Fife—in Rosyth and Kirkcaldy.

Cathie Craigie: But they were administrative staff. Have you dealt with staff who are employed in the building sector?

Foster Evans: No.

Cathie Craigie: Is it normal for the staff to transfer with the housing?

Foster Evans: Yes. The Glasgow City Council stock transfers were mentioned. It did not take the opportunity to transfer staff, whereas in other local authorities—perhaps the transfers are larger because they are through the new housing partnership programme—staff have transferred from the local authority. Perhaps in Glasgow's case, historically the number of houses was so small that it considered that it was not relevant, but the opportunity was lost to transfer staff there. It has certainly happened in new towns, in Scottish Homes and in some local authorities. In Glasgow, I am not aware of staff having transferred in its stock transfers.

Cathie Craigie: Do you believe that it is of benefit to the tenants—the most important people—that there is continuity and that staff transfer with the houses?

Foster Evans: In one of my submissions, I said that I did not think that TUPE was important. I did not mean that it was unimportant; I meant that good employment relations with the staff and the staff being committed to the change process had been important in other areas. In various areas of Scotland, the staff went out chapping on doors, saying, "We support this process." They have seen it as an advantage for them personally. On

the basis of the contributions that we heard earlier, it will not exactly be happening tomorrow in Glasgow. Elsewhere, however, the staff have been part of the process and have not seen themselves as isolated from it.

Mr Quinan: What is the impact on Employers in Voluntary Housing of the announcement of the extension of right to buy?

Betty Stevenson: There are mixed feelings about that. Some people who have been involved in a voluntary capacity for many years do not want to see the family silver disappearing. They have created a community that involves more than just housing. Housing associations are involved in wider action—on environmental work and other special needs for their communities. They are not keen on the right-to-buy extension, as they see that all their good stock could disappear. There is supposed to be a sizeable deduction from the total cost, but that raises questions about any group debt value that is still attached to the properties.

Mr Quinan: What I was trying to ask was whether a reduction in the stock of any housing association would have the knock-on effect of creating unemployment.

Betty Stevenson: I do not know about unemployment, but it diminishes the rental income to the housing association, which is necessary to maintain and repair the properties. Many factors are involved. To diminish the stock can also affect the chances of obtaining private finance from building societies and banks, which have had great confidence in housing associations and co-ops for some time. The size of the stock is relative to the amount that a bank or building society can lend.

Fiona Hyslop: If you were Wendy Alexander, David Comley, Charlie Gordon or whoever is in charge of the Glasgow stock transfer proposals, what would you implement as the ideal human resources or personnel strategy for handling such a huge change?

Foster Evans: We have provided a document that we wrote for Stephen Curtis last August. Frighteningly enough, it is now February and things have not moved on. The document discussed how consultations should take place. The fundamental weakness of discussing that is that we do not yet know what the structure will be. When we wrote it, we thought that things would become obvious and would slot in once we knew the framework. New housing associations will not be able to register with Scottish Homes unless they can say what their policies are. Once we have the framework, those things will become self-evident.

Even at this stage, we would like the opportunity to discuss our intentions openly. If we do not do

that, we will just create fear and uncertainty.

Earlier on, small things were said that were not correct. We need to have dialogue. We do not think that 80,000 or 90,000 houses will go to all the housing associations in Glasgow; we think that that might be one option. We would not want staff on Glasgow City Council to think that there will be a lot of cowboy organisations—far from it. We have had plenty of good experience of dealing with Glasgow City Council staff who have come to work in our organisation. As we said in one of our submissions, we could not not have that experience, because the council is, I think, still the largest landlord in western Europe. We are competing to get staff from it to work for housing associations and co-operatives in the west of Scotland.

Fiona Hyslop: In the process of any transfers, what has been your experience of separating staff who are on the buying side of the process from staff who will end up on the selling side? There could be a conflict of interests.

Foster Evans: There is an opportunity for discussion there. However, I do not think that there is an opportunity for discussion in what TUPE lays down; TUPE lays down that people will transfer and that is it. I think that there is sometimes an opportunity for more people to transfer. I was looking at one proposal last week in which the local authority had identified the opportunity for six staff to transfer, but 14 needed to be transferred. Scottish Homes might have been fighting the corner—as it became a smaller employer and landlord, it had to ensure that the majority of staff transferred with the stock, so it became more trenchant in its negotiations. If the organisation needs 14 staff and not six, and six is all that is required under TUPE, there might be an opportunity to take more staff from the local authority.

Discussion is needed and staff need the opportunity to be seconded. Subcontracting has been mentioned. That has often happened with Scottish Homes—staff have been seconded to set up the new organisation. There are certainly opportunities for that in the Glasgow area. In housing organisations, we are short of staff with certain skills, whether in information technology or finance.

Mike Watson: I am not sure whether you were here earlier, but I picked that point on secondment out of the STUC's submission. Do you think that it would be appropriate for the current staff of a local authority, whether it is Glasgow or one of the smaller ones, to remain ostensibly employed by the local authority but to be seconded to one of the organisations for a protracted period?

Foster Evans: I think that it would be sensible

for them just to be employed by the organisation that they go to. In the initial stages, there would not be any problem with people being seconded. However, if they are working for someone, they should be employed by them. They will get continuity of service because, under TUPE, their length of service will be taken into account and their conditions of service will have to be comparable and no less favourable. They will be moving into housing associations that have a tradition of training and developing their staff and that have to be committed to all sorts of other standards. I would not be worried about that.

Mike Watson: I take that point but, reading through your submission, and considering section 4 in the green paper, on local authority staff—

Foster Evans: I did not have a green paper.

The Convener: It became green when we got it.

Foster Evans: I just saw that yours was green and mine was not.

Mike Watson: It was actually in your response to the green paper—appendix 2, section 4, on local authority staff, which says:

“TUPE on its own is no guarantee of continuity of current practices and arrangements.”

Those are the sort of fears that we heard expressed both by the STUC and by the Glasgow joint trade unions committee.

You paint a fairly rosy picture of staff who have transferred from local authority employment to a housing association or some kind of community-based organisation, whether it be a co-operative or whatever. You identify the fears of staff, but you do not allay them—and I am speaking as a former trade union official. Do you have collective bargaining for the staff of all the housing associations across Scotland? You talk about a mature collective bargaining mechanism.

Foster Evans: That is in our first document, which might not be green. We have been negotiating with the trade union for 22 years.

Mike Watson: You mention 130 organisations. Did you negotiate for all of them?

Foster Evans: Not all 130, because one or two have their own collective bargaining. However, the majority, more than 100, are full members and have to abide by our collective bargaining. That is linked to comprehensive conditions of service—as voluntary committees, they do not want to have to negotiate on a local level about issues such as sick pay and training and development. It also covers the grades of staff and their salaries—it is extensive.

Mike Watson: One of the points made earlier was that pension rights are not transferred. Are

there pension arrangements for those staff who transfer?

16:45

Foster Evans: As an organisation, we do not have pension rights. However, the Scottish Federation of Housing Associations set up a pension scheme in the 1970s and most housing associations use that. Last week, I advised a local authority that it would be much simpler to retain the local authority pension scheme—as Fife Special Housing Association has done. People would remain in the same pension scheme. The SFHA scheme is generous in terms of contributions from the employer.

Mike Watson: I know that we are running out of time, but I would like to go back to the Glasgow example, because that is the one that is quoted most often. Would you prefer a single block transfer, a 32-association transfer equating to the current neighbourhoods, or something in-between? I apologise if that has already been covered.

Foster Evans: We would body-swerve that. On page 3 of the green paper, we said:

“A patchwork quilt of initiatives, which meets local and national housing needs has to be the approach”.

There is sense in extending the size of some community-based housing associations, to take in local authority stock, so that they can be managed locally. It might be that some areas require the community-ownership model. There is no reason for other local authorities to transfer their stock, particularly if they do not have a debt problem and the properties seem to be in good condition.

There are particular issues in Glasgow, but there is no reason for the same model to apply to the whole city. There could be different models for different areas. That is even more complicated than what is proposed in the framework document. In our experience, one solution does not always work. We should consider specific areas—the social inclusion partnership areas—and ask whether the stock meets the needs. If it does not, we should ask whether that should be addressed through stock transfer, which amounts to renovation, or through new buildings and public subsidy. We must consider the circumstances and find a mechanism to meet the requirements.

Robert Brown: I want to go back to the general picture of housing associations. Do some organise their own DLOs? Do they run apprenticeships? Do some associations not recognise the unions?

Foster Evans: We have 130 member organisations. There are 200 housing associations in Scotland and 40 of those are small scale. The majority of housing associations recognise trade

unions, primarily because many of their staff come from a local authority background. There is trade union recognition, but not across the board.

Very few housing associations have DLOs. I can probably name those that do, because there are so few. Some associations take on apprentices. An association with 1,000 units will not need a big DLO. Some associations have been involved in creating housing jobs—we referred to that in the section of our paper entitled “Not just housing”. Since we wrote that last May, more has been done on construction liaison officers, who try to get more value out of the revenue and capital programmes of housing associations and co-operatives in terms of jobs for local people.

Ferguslie Park Housing Association, for example, has deliberately tried to create jobs through investment. Initially, that housing association was created through a local authority stock transfer. In that area, it might make sense to transfer the remainder of the stock to Ferguslie Park Housing Association. That is not Glasgow, however, so I am not commenting on it.

The Convener: Ouch!

Robert Brown: We have heard evidence that it might be difficult to attract enough building staff if the Glasgow stock transfer brings about a major investment. Do you have any experience of the greater difficulty of attracting staff when there is extra investment?

Foster Evans: We could give our views, but they would be based on what we have heard from other people.

Betty Stevenson: We do not have any problems in attracting staff. Building staff come when one appoints contractors. I agree with what was said about the lack of apprenticeships—something should be done about that quickly, or there will be no tradesmen left. Housing associations do what they can to take on young people for training, but it is very little.

The Convener: We have heard criticisms from tenants in Glasgow. Do your tenants criticise services that have been provided by private contractors? How do you deal with complaints?

Foster Evans: Inspections are carried out before and after work is done. Some of the inspections are done to satisfy the performance standards of Scottish Homes rather than to assess quality of service. Convener, you know that one organisation in your constituency uses the local authority DLO because a survey showed that it provided the best service—that is not uncommon. Some of our members used Mowlem when it was not part of the agreement for the transfer of the Scottish Homes stock that they should.

The Convener: So your members will often

choose the public sector?

Foster Evans: The local repair team was based at one of our organisations in Cambuslang until it was moved back to the centre about two weeks ago, which did not make much sense, as it was working for both the tenant management co-operative and the housing co-operative in that area.

Mr McAllion: If the final decision were to transfer Glasgow's housing stock to 30 community-based housing associations, do you, as an organisation that represents housing associations, think that all the staff who are involved in the housing division of the DLO—those who are funded through the housing revenue account—would transfer to those community-based housing associations? Would there have to be redundancies?

Foster Evans: I do not know—I am not trying to avoid your question. The total of 30 housing associations seems to be based on the number of local offices, although there are opportunities to do other things with existing organisations. For example, Scottish Homes staff transferred to the Glen Oaks Housing Association and did not form a new organisation.

One would have to examine the detail. The potential exists for all the staff to transfer—that is what should happen under TUPE and so on. The number of houses in Glasgow is large in comparison to elsewhere. There would be roughly 3,000 houses for each of the 30 organisations. Forty staff transferred at Fife Special Housing Association, so an equivalent number of housing management staff in Glasgow would be 1,200. I do not know whether that would cover all the staff in Glasgow as I do not know the details. Obviously, DLO staff are included in the figures that people are mentioning, but DLOs represent a bigger issue, of which we do not have experience.

Mr McAllion: We heard evidence earlier that a significant number of staff in central services—legal, finance and information technology staff—work on housing although they are not funded through the housing revenue account, and I know that, in Dundee, administration of housing benefit is carried out by the finance division. Would those members of staff be employed by housing associations?

Foster Evans: At the moment, such work is done for housing associations by Glasgow City Council and those members of staff would stay with the council. Housing associations are not legally allowed to administer housing benefit.

Mr McAllion: Legal staff who give advice on right to buy and so on would no longer be needed if Glasgow City Council were not the landlord.

Foster Evans: We will have to consider how to deal with the right to buy when we know how extensive it is. If it is based on some of the proposals that we are hearing, more staff might be needed.

Cathie Craigie: If staff were employed by the legal department of Glasgow City Council or North Lanarkshire Council and their sole role was to give advice on legal issues to housing providers, surely they would form part of the transfer.

Foster Evans: We would assume so. If they were clearly identified, they would transfer. The question is how to disaggregate that.

Mr McAllion: To which of the 30 housing associations would they transfer?

Foster Evans: That would depend. This has happened already with Scottish Homes. There, the staff administered housing benefit, so they all transferred. However, they did not have a job to do as housing benefit officers. They became housing officers, welfare rights officers and so on. That was on a much smaller scale and I am not trying to say that something the size of the Glasgow stock transfer will be that simple, but it has happened.

Mr McAllion: In appendix 3 of your submission, you refer to the DLO of Scottish Homes being able to

"maintain its current workload after transfers as part of the deal to buy the houses."

However, is it not the case that the ultimate fate of the DLO of Scottish Homes was to be absorbed by Mowlem and to go out of existence?

Foster Evans: There are two separate issues. The DLO had its existing contracts written into the transfer documents for five years, although because some housing associations already used the DLO the situation varied from one place to another. The DLO was then privatised and transferred to Mowlem, with the effects that you have heard described today. Even if TUPE did not apply, the DLO would still have to decide what it wanted to do when the contracts came to an end and whether to compete to win them. By saying that, I am not trying to minimise what happened, but it was written into the transfer documents that the housing associations had to continue to use Mowlem.

Mr McAllion: In the transport industry, we used to have all sorts of bus companies because of worker buy-outs and so on. Such companies never survive. It is only a matter of time before they are privatised, because someone makes them an offer that they cannot refuse. The ultimate destination of management buy-outs and worker buy-outs is privatisation, resulting in the conditions that were referred to earlier. Do you accept that

the DLO is a serious obstacle to the transfer of Glasgow's houses?

Foster Evans: I accept that we must work out how to deal with it—it is, without doubt, an important factor. I imagine that tenants will also want to know what will happen.

Mr McAllion: One of the most unfortunate aspects of this transfer controversy is that, because it is coming from above—this is Treasury and Scottish Executive driven—rather than from the tenants, it has set council tenants against housing associations and vice versa. That is a pity, because the housing association movement in Scotland has developed from the grass roots upwards, and has been very successful for that reason. I am concerned that any attempt to impose transfer from the top downwards will alienate tenants from the housing association movement, which would be unfortunate. Do you think that that would be the case?

Betty Stevenson: It would be very unfortunate. Housing associations and co-operatives have always had a good relationship with council staff at all levels. We still have a good relationship. However, I can see that this could give umbrage. We should have more consultation, more information, more suggestions and more options on how to move forward. Council staff, DLO staff and housing association committees and staff should work together on that. I would like to see more joint discussion, because we will not get anywhere by creating divisions. We are all out to do the same thing.

The key issue is the people who are still living in bad housing conditions. This process will take another two years, perhaps more, but their properties are deteriorating all the time. We have owner-occupiers who cannot sell their properties because of disrepair and tenants who are confused because they do not know what is happening. To be honest, housing associations do not know what is happening either. We need more consultation involving everyone concerned. By that I do not mean a committee of representatives; I mean more hands-on discussion with housing associations to work out the best way forward.

17:00

The Convener: Thank you, that was illuminating. It is claimed that the proposals are driven by the success of your movement. A form of proselytising about your movement takes place—it is held up as the answer and the way forward. Do you believe that message when you hear it from the Government? What lessons can we learn from your movement, and is the Government learning from it just now?

Betty Stevenson: We started off working with

the district council 25 years ago. It provided us with the property and off we went. At that time, we had sufficient funding to do the work. We dealt with people in housing need and regenerated the old tenement buildings, which have come up very well.

The voluntary management committee is very important to a housing association. We work on the ground—we do surveys and so on—so we know what the tenants want. We have completed about 1,700 properties, including special needs accommodation, and we have just finished, on schedule, a programme of central heating installation. The tenants' input is also important. The housing association model works well.

We have a lot of restrictions placed on us by Scottish Homes. We are monitored and have performance standards to achieve and we have policies and rule books to follow—you name it, we have it. We have had reduced funding for a few years. Last year we had to work with £680,000, although we could spend more than £4 million if we were given the chance.

We have a staff of about 28. We all work well together, which is important, as success depends on a team effort, not a them-and-us attitude. With all projects that we are involved with—the right to buy, the stock transfer and so on—there should be one aim that everyone works towards. There will never be another chance to do the right thing by the people of Glasgow and give them proper housing.

Foster Evans: The difference between housing associations and some other models is that the shareholders in a housing association—the residents who have a pound input—own the properties, employ the staff and have control over their area. When that works, it can make a significant difference in their communities. I am not saying that that model should be used everywhere, but it seems to have worked where it has been tried. We think that the people of Glasgow should have the opportunity to try it as well, but not to the exclusion of other options that might be suitable. There should be a patchwork quilt of solutions.

The Convener: Thanks very much. I apologise again for keeping you waiting so long.

I remind members that we will meet again on Wednesday in private, when we will try to fit into our agenda the work that we did not have time to deal with today.

Meeting closed at 17:04.

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