

SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE

Wednesday 22 March 2000
(*Morning*)

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SOCIAL INCLUSION, HOUSING AND VOLUNTARY SECTOR COMMITTEE

12th 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

WITNESSES

Douglas Hamilton (Scottish Executive Development Department)

Mr Frank McAveety (Deputy Minister for Local Government)

John Ritchie (Scottish Executive Development Department)

CLERK TEAM LEADER

Martin Verity

SENIOR ASSISTANT CLERK

Mary Dinsdale

ASSISTANT CLERK

Rodger Evans

LOCATION

Committee Room 1

Scottish Parliament

Social Inclusion, Housing and Voluntary Sector Committee

Wednesday 22 March 2000

(Morning)

[THE CONVENER opened the meeting at 10:03]

The Convener (Ms Margaret Curran): We will get started. As a courtesy, Keith Raffan has sent his apologies. Mike Watson will arrive later and Bill Aitken will, I hope, arrive shortly.

I welcome everyone to another meeting of the Social Inclusion, Housing and Voluntary Sector Committee. I welcome the public, who seem to take an interest in our proceedings, as well as the Deputy Minister for Local Government, Frank McAveety, and officials from the Scottish Executive, who are here to help us with the statutory instruments.

Housing Revenue Account General Fund Contribution Limits (Scotland) Order 2000 (SSI 2000/33)

The Convener: Item 1 on the agenda is a piece of subordinate legislation, which is subject to negative procedure. The committee will consider the Housing Revenue Account General Fund Contribution Limits (Scotland) Order 2000. The committee has before it a copy of the order, including an explanatory note and a committee paper prepared by the clerk, which includes a note on procedure. I thank Martin Verity for that note, which was extremely helpful.

I see that Bill Aitken has now arrived.

Do members have any questions about the procedure? This is the first time that we have dealt with such an order, so we will perhaps learn by experience. I will give members about 10 minutes to question the minister and officials about the order and for general discussion. First, I invite the minister to make a brief statement introducing the order.

The Deputy Minister for Local Government (Mr Frank McAveety): Thank you, convener. The Housing Revenue Account General Fund Contribution Limits (Scotland) Order 2000 is, as you said, a negative instrument. It restricts the amount that local authorities may budget to transfer from their general funds to their housing revenue accounts. General fund contributions are effectively a subsidy from the council tax payer to

the rent payer. There is no evidence to suggest that housing revenue accounts are under particular pressure compared with general services accounts. The order, therefore, confirms that no authority will be permitted to budget for a contribution from the general fund in 2000-01.

The Convener: Thank you. Do members have any questions for the minister or his officials?

Alex Neil (Central Scotland) (SNP): East Ayrshire Council has just announced whopping rent increases of just under £5 a week to balance their housing revenue account. Why should the council not be allowed to take money from other parts of the budget to keep rent increases down?

Mr McAveety: East Ayrshire Council has some of the lowest rents in Scotland, irrespective of the recent announcement. The local authority felt that it was important to maintain its programme of capital development and investment in existing stock. A judgment was therefore made at local level about what would be a reasonable sum to develop the programme.

If money were taken from the rest of the general services account, other areas of public expenditure would have to diminish and not just one council would go down that route. It is appropriate to examine the local circumstances. East Ayrshire Council has made a calculation. It is up to local authorities to determine rent levels.

Alex Neil: In the spirit of subsidiarity, is not it a decision for the local authority if it wants to reduce expenditure elsewhere and put more money into housing? Why does a decision have to be imposed by central Government?

Mr McAveety: In strict terms, the decision is not being imposed by central Government. Local authorities have responsibility for addressing how best to meet from within their housing revenue account the aspirations of tenants. In East Ayrshire, the council felt it appropriate to consider a rent increase to improve the capacity of the stock. The measure of that decision will be the investment that is generated there over time.

Alex Neil: Yes, but in principle, why should central Government restrict local authorities? In the spirit of subsidiarity, we should surely allow local authorities to decide their spending priorities, as we do with other programmes. Why should local authorities not be allowed to decide that housing is a higher priority and fund that from other budgets?

Mr McAveety: We have made it clear through our expenditure commitments where the priorities in public spend are. That is appropriate. To take your argument to its conclusion, would you be willing to go to other committees and say that we should take money out of their accounts to pay for

housing? We must examine in the round where the money comes from. In East Ayrshire, it is for the local authority to determine how it wants to address the aspirations of tenants. The council has chosen to meet them through a rent increase, which will go towards investment.

Alex Neil: What about the general principle? The Scottish Executive allows local authorities to spend, for example, more on education and less on leisure, or more on social work and less on transport. That is a decision for the local authority. Why should housing be in a special category?

Mr McAveety: Even in the statistical analysis from last year, there is a £60 million carry-over from local authority housing revenue accounts, so some local authorities still have the flexibility to address the issue, rather than expect the general council tax payer to cross-subsidise housing further.

Robert Brown (Glasgow) (LD): This question may apply both to the general fund contribution and to the housing support grant. A number of people have pointed out the cost—in this context I mean the revenue implications—of demolition of houses, regeneration and so on. Is there any reason why the council tax payer should bear that cost, rather than its being seen as a failure of general policies in a broader context?

Linked to that is funding the effects of the right to buy—the results on revenue of reduced housing availability. That is a general social policy. Is there any reason why that should be funded specifically out of the housing budget?

Mr McAveety: Douglas Hamilton, who is in the housing division, will touch on some of the detail.

Douglas Hamilton (Scottish Executive Development Department): The first question was about who supports demolition. It has been possible for councils to transfer the debt on demolished stock out of the housing revenue account into the general fund, so that it is supported by the council tax payer more generally. Does that answer the question?

Robert Brown: Does that apply to the whole of the result of the demolition?

Douglas Hamilton: You mean the debt?

Robert Brown: Yes.

Douglas Hamilton: It applies to the debt on the demolished houses and to the costs of the demolition.

The second question was on the right to buy, I think.

Robert Brown: The question was on the implications of the right to buy. The rent payer effectively pays for the cost of the housing. The

housing account is losing, by virtue of the discount, the possible input of capital and the reduction of the loan charges, which are very high in some councils. Is it reasonable that those costs should in effect be borne by the rent payer?

Douglas Hamilton: Under the rules on the use of receipts from the right to buy, 75 per cent of receipts must go towards redeeming debt, so the residual debt burden on the rent payers is reduced.

Robert Brown: Yes, except that that takes no account of the discount, which in effect is money lost to the housing revenue account. The debt on the housing revenue account could be reduced by substantially more, were it not for the discount under the right-to-buy arrangements. Is that a reasonable result of general Government policy?

Mr McAveety: Our commitment is that we still want tenants to have the opportunity to use the right to buy, which contains the discount figure. In the past year or so there has been a substantial change in cost floor rules to take account of the effectiveness of public expenditure. We are trying to balance two things: the aspiration for home ownership, which for many people is achieved by exercising the right to buy their council house—many people stay in their communities and stabilise them as a result; and the need for investment. The cost of that is reflected in the discount price. I am happy to take more detailed views on that. I cannot give you a detailed answer today, but I am happy to take a submission from you, Robert, if you feel that that would be useful.

Robert Brown: I want to follow up Alex Neil's point. Given the desire of the Executive to move towards a position where local authorities move out of the landlord role and have more of a housing strategy role, will the situation regarding councils' right to move money—they will still have to run hostels and so on—change?

Mr McAveety: At the moment, we are considering a number of options to be included in the housing bill. We are also waiting for the outcome of the homelessness review, which may consider how hostels are funded and whether the current route is appropriate. Many people have argued that it is and that is part of the contribution to the debate. It would be premature to make any major judgments about that. There is everything to play for in the debate.

Mr John McAllion (Dundee East) (Lab): Minister, would you agree that for historical reasons—which are everything to do with flaws in the structure of local government, socio-economic deprivation and the way in which inequalities impact across Scotland—there are many councils, such as Glasgow and Dundee, that have not only high rent levels, but high council tax levels, on

which it would be no use whatever to apply the principle of subsidiarity, because they could not raise the council tax to subsidise the housing revenue account?

Is the Scottish Executive aware of the massive differences in rent levels across Scotland and does it have any intention of addressing the problem?

Finally, you say, quite rightly, that the general fund contribution is a subsidy from the council tax payer. However, by withdrawing it completely across Scotland, is not it now the case that the subsidy comes from the taxpayer in general, through housing benefit, rather than through the general fund contribution?

Mr McAveety: I agree with all three of those points.

Mr McAllion: Has the Scottish Executive got anything to say about rents?

Mr McAveety: The affordability of rents is bound up with the debate on the impact of housing benefit, which will need to take place given that 60 per cent of rent payers in Scotland—80 per cent in some parts of Scotland—are dependent on housing benefit. The subsidy comes from there.

As you have said, the situation is complicated in some parts of Scotland by the combination of high council tax levels and relatively high rent levels, which has as much to do with local decisions made over a number of years as with central Government strategies on public housing, irrespective of the politics and ideology of previous Governments.

The debate is about trying to get the balance right. The debate about the new housing partnerships in some parts of Scotland and about stock transfer is about trying to get much better reciprocity between rent levels and investment than has been the case in the past. Those issues are under consideration as we develop the housing bill and strategies for the next period of time.

10:15

Mr McAllion: I want to be clear about that. The general fund contribution is not the way in which to ensure affordability of rents for public sector tenants, but neither is housing benefit. The level of housing benefit that is paid to tenants in Scotland to allow them to pay their rent is unsustainable. Is the Scottish Executive aware of the problem and is it intending to do something about affordability of rents, so that tenants are no longer reliant on housing benefit as the only way in which they can afford to pay for their housing?

Mr McAveety: We are aware of those issues,

which were raised in the submissions that many organisations, councils and associations have made in response to the housing green paper. There are no simple answers to the questions that you have asked, although they are worth asking. I am not convinced that we can get answers that will satisfy everyone in this room, but the issues are finally being debated after being ignored for a considerable period.

Fiona Hyslop (Lothians) (SNP): Who is subsidising whom and who is paying for what? Why do you think that it is important to restrict the cross-subsidy from the general account to housing revenue? In many cases, because tenants' rents are being paid for through housing benefit, rents are subsidising general accounts—open space maintenance, common repairs for owner-occupiers, homeless services, central services and direct labour organisations. It is not obvious that tenants are getting the benefit of those services, but they are paying for them through rents. Why are you prepared to limit cross-subsidising one way when tenants throughout Scotland are subsidising the general council tax account across a range of services?

Douglas Hamilton: I do not think that there are many examples of transfers from the housing revenue account to the general fund.

Fiona Hyslop: People may not be prepared to say on the record that that is happening, but it is. I hope that the minister will take that into account when examining housing finances. Cross-subsidy via housing benefit is being used to keep council tax down across Scotland. We all know that that is happening, and we need to be more up front about it. We expect leadership in addressing the issue.

Mr McAveety: If it is happening, people should submit that to the Executive for consideration.

Fiona Hyslop: You have a responsibility to consider it.

Mr McAveety: I will deal with things that people say are happening, although it is not enough just to speculate that something is happening—if evidence is provided, we will examine it.

Douglas Hamilton: Cross-subsidy may become more apparent if there are major moves towards community ownership. There will then need to be much clearer definitions of who is paying for what.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I want to follow up on the point that Fiona Hyslop made. I believe that the housing revenue account is subsidising the general account. Robert Brown made a point about the right to buy and who pays for the discount. That could be seen as the housing account subsidising the general good of an area. However, I do not agree that subsidy of the maintenance of open spaces and

homelessness services is as widespread as Fiona Hyslop suggested. In the majority of local authorities, the administration of homelessness is paid for through the general account. I would appreciate it if the minister would ask local authorities for their views on this matter.

Alex Neil talked about democracy at a local level. Have there been any discussions between the minister and representatives of the Convention of Scottish Local Authorities about whether COSLA is happy with the order? If there have, could you advise us what COSLA's views were?

John Ritchie (Scottish Executive Development Department): We did not speak to COSLA. COSLA was told that no general fund contributions would be permitted for next year, and had no comment to make on that. The information was given to local authorities, but none of them requested that provision be made for a general fund contribution next year.

Mr McAveety: The funding of homelessness services will be part of the review that Jackie Baillie is undertaking, which will report in due course.

Cathie Craigie: I believe that now housing revenue accounts fund themselves and authorities do not have the right to transfer resources, local tenants have much more power to make decisions on their level of rents and so on. That is a step in the right direction for housing. Has local government suggested to you in the past that the housing revenue account should be subsidised from the general account?

Mr McAveety: Not to my knowledge.

The Convener: I must now formally ask the committee whether it is content with SSI 2000/33. I confirm that the instrument is not subject to amendment. If the committee is content, we must conclude that, in its report to the Parliament, the committee does not wish to make any formal recommendation. Because no motion to annul has been lodged, if any member is not content they will have to lodge a motion with the chamber office. Are we agreed that we do not want to make any recommendation to Parliament?

Members indicated agreement.

Housing Support Grant (Scotland) Order 2000 (SSI 2000/Draft)

The Convener: The committee will consider the draft Housing Support Grant (Scotland) Order 2000 under the affirmative procedure. We have before us an Executive note, a report by the Scottish ministers on the draft order, the draft order itself and a committee paper prepared by the clerk, which includes a note on the procedure. I thank Martin Verity for that. Do members have any questions on the procedure?

Robert Brown: I have a couple of detailed questions. The prior year adjustments that are referred to in paragraph 12 of the ministers' report—

The Convener: Is this about procedure?

Robert Brown: No.

The Convener: As there are no questions about procedure, does the minister wish briefly to speak to the instrument?

Mr McAveety: The draft Housing Support Grant (Scotland) Order 2000 sets out the amount of HSG payable to local authorities in the year 2000-01. One or two authorities—Shetland Islands Council and Comhairle Nan Eilean Siar—remain in receipt of grant in respect of housing costs. HSG remains a substantial proportion of HRA income for those two councils, and without that subsidy rents would have to increase to about £70 a week. The other element of the HSG is hostels grant, which is payable to authorities on the basis of the estimated deficit between hostels income and expenditure. In 2000-01, 20 councils will be in receipt of grant totalling £3.4 million.

The Convener: After discussion, we will move to the formal procedure.

Robert Brown: I want to ask about the prior year adjustments. Paragraph 12 of the report refers to

"actual loan charges in the financial year 1996-97".

I do not understand why the adjustments for this year are made on the basis of figures from so far back in time. I would have thought that adjustments would be made on the basis of last year's figures or, at worst, those of the previous year. Can you explain that?

Mr McAveety: Being a tremendous expert in this field, I will ask Douglas Hamilton to answer that question.

Douglas Hamilton: John Ritchie may also want to contribute. The latest year for which we have audited information is 1996-97.

John Ritchie: We have some audited information for 1997-98, but we have chosen 1996-97 to allow us time to receive returns from all the authorities, even though that seems a long time ago now.

Robert Brown: I would have thought that the final year figures would be available much sooner.

Douglas Hamilton: That has to do with the auditing process and the time that it takes for the figures to come through.

Robert Brown: My other point relates to hostel support. With the exception of the two councils that have been mentioned, I think that all the grant is for hostel support. The figures appear to bear little relation to what one would imagine would be the requirements of each local authority. I appreciate that this is a device to balance the books, but it seems a little odd that Glasgow City Council should receive a payment of £298,549 and that City of Edinburgh Council, which also has a significant homelessness problem, should receive £355,059, when other, much smaller councils with a less pressing problem receive proportionately higher amounts.

Douglas Hamilton: The income and expenditure figures were submitted to us by councils and subsequently audited. This is the deficit that councils tell us they face in running their hostels service.

Robert Brown: Is there any central control that would allow us to direct this money to the places where it is most needed? Charges can be fixed and expenditure can relate to management costs and so on. Is there a principle underlying the way in which the Scottish Executive allocates this funding?

Douglas Hamilton: Probably not. We rely on councils to provide the information, which is then subject to audit. I think that I am right in saying that there is no central direction.

John Ritchie: This is purely a deficit subsidy. Councils tell us what they need to balance the books and we give them that through the hostels element of the housing support grant.

Robert Brown: Do councils calculate the figures on the same basis, taking into account overhead costs, central support and so on?

John Ritchie: We assume that they compile their figures on the same basis. At the end of the day, everything is audited. Some councils will have more costs than others. Some may have spent more on providing new hostels, so they will have higher loan charges than those that have not spent much money on new provision. That is taken into account in the figures that we have used to calculate the grant.

Douglas Hamilton: As you have noted, adjustments are made in future years on the basis of the audited information.

Mr McAllion: I notice that the only two councils that qualify for housing support grant are Shetland Islands Council and—I do not know how to pronounce this—Comhairle Nan Eilean Siar. I understand that both authorities are considering whole-stock transfers. If they were to be successful in that, would that mean that in future no council in Scotland would receive housing support grant?

John Ritchie: On the basis of the current calculations, that would be the case.

Mr McAllion: I was surprised to hear you say that COSLA had not made any comment on the Housing Revenue Account General Fund Contribution Limits (Scotland) Order 2000. I hope it has made a comment on the draft Housing Support Grant (Scotland) Order 2000, as I have here a report from March 1997, when the Tories last issued housing support grant orders. Over several pages, it criticises the way in which housing support grant was distributed across Scotland. I see Bill Aitken smiling.

Bill Aitken (Glasgow) (Con): A measure of COSLA's hypocrisy.

Mr McAllion: At that time, one of COSLA's major criticisms of the Tory-controlled Scottish Office was that the assumptions about rental income were always higher than the reality and that the assumptions that were made about the costs of management and maintenance for local authorities were always lower than the reality. As a result, it criticised the allocation of housing support grant as completely unjust. Has COSLA made similar criticisms of the draft Housing Support Grant (Scotland) Order 2000?

John Ritchie: Not this year. Over the past two years there has been some criticism, but not to the same extent.

Mr McAveety: That is testimony to the missionary work that I am undertaking in visiting every local authority in Scotland—I have reached No 29. It is understood that the more Glenmorangie people consume, the easier it becomes to pronounce Gaelic, so John McAllion should have a good go at that. We have not received any submission from COSLA on the issue that he raises, although there have been discussions with housing conveners in COSLA on broad issues related to the housing bill.

Mr McAllion: Can we assume from that that there has been a radical reordering of the assumptions about rental income and management and maintenance costs since Labour came to power? Is that why COSLA is quiet?

John Ritchie: Since 1997, both the rental costs assumption and the management and maintenance costs assumption have remained broadly in line with inflation.

Mr McAllion: So COSLA just does not say anything anymore.

In 1997, COSLA was very critical of the combined effect of withdrawing general fund contributions and housing support grant. It pointed out that under successive Conservative Administrations council housing rents had gone up by three times the rate of inflation; between 1979 and 1997, they had gone up by more than 500 per cent. Do you accept that withdrawing Government subsidy for housing has the effect of pushing rents to levels where most tenants cannot afford to pay?

Mr McAveety: In many authorities, debt levels have been the primary factor behind rent increases. A diminishing number of rent payers are having to fund an increasing debt in parts of Scotland, depending on the composition of the local authority. The figures suggest an alarming picture. Housing needs to be reviewed within the context of tackling the debt issue, and new housing partnerships create opportunities in that regard.

I think that the difference since 1997 has been that issues on the housing agenda that had not been discussed for a long time have been addressed. We want a partnership with councils to lever those in. John Ritchie will touch on the long-term impact of the cross-subsidy no longer being available if the two authorities transfer their stock over the next three or four years.

10:30

John Ritchie: The housing support grant is not part of the assigned budgets, so if these authorities dropped out of the housing support grant, that money would not necessarily be available to go towards other services in the main part of the Scottish block. Because it is part of annually managed expenditure, that money may not be available to transfer to other services.

Mr McAllion: What would happen to it?

John Ritchie: It would be lost. The Treasury would keep it, because it is part of annually managed expenditure.

Mr McAllion: So it is not part of the Scottish Executive block?

John Ritchie: It is part of the overall block, but it is not part of the departmental expenditure limits. As part of the annually managed expenditure, it is subject to review each year by the Treasury.

Mr McAllion: So it would stay within the Scottish block, but it would be up to the Scottish

Executive to decide how to spend it?

John Ritchie: No, if it were deemed that that annually managed expenditure was no longer required, the Treasury would retain it.

Mr McAllion: The Treasury in Whitehall?

John Ritchie: Yes.

Douglas Hamilton: In the context of transfer, which was the situation that Mr McAllion was envisaging, if those two councils were to transfer houses to community ownership, there would no doubt be a requirement for support in relation to the council's residual debt. That is where new housing partnership and other resources would come into play, so that there would be continuing support in relation to the council's residual debt.

Mr McAllion: But it would not come from this housing support grant money?

Douglas Hamilton: No.

Mr McAllion: It would come from somewhere else?

Douglas Hamilton: That is right.

Fiona Hyslop: On the role of the Treasury in this, in 1979 the housing support grant was £564 million, which has now been slashed to £30 million. If you chose to increase the housing support grant, would decisions about where and how you spend it still be subject to negotiations with the Treasury as opposed to control within the Scottish Executive?

John Ritchie: The housing support grant is part of annually managed expenditure, which is subject to review with the Treasury each year.

Fiona Hyslop: This is another example of the devolved Scottish Parliament still being beholden to the London Treasury on housing, which is a devolved matter.

How do you see the future of the housing support grant, especially bearing in mind that much of the money is going to hostels? We have the rough sleepers initiative and a homeless review, and the two councils that are in receipt of housing support grant have distinct circumstances. Will there be a role for the housing support grant in the future under a Labour Administration?

Mr McAveety: The housing support grant still exists to provide for some of the things that you have mentioned. It does not do some of what it did before.

Douglas Hamilton: The situation may well evolve over the years. Fiona Hyslop mentioned hostels. As the minister said, the homelessness review is examining that to ensure that a stream of resources continues to support councils in their duties in relation to homelessness both as they

exist and as they may subsequently be developed. The homelessness review will examine that matter closely to ensure that resources are available. The other scenario is the possibility of transfer. If that were to happen, the support would come to councils in other ways.

Robert Brown: A lot of questions have touched on the relationship between rents, rates, council tax and the general taxpayer. Is the Scottish Executive minded to consider an independent review of the way that housing revenue is organised, especially with the background of changes such as stock transfer? Those are major policy issues, which would be informed by an independent inquiry.

Mr McAveety: There has been no call for one.

Robert Brown: Is it an idea that you might be prepared to take on board?

Mr McAveety: As you know, I am happy to take on board any views on housing for the betterment of the Scottish public.

The Convener: I invite the minister to move the motion.

Motion moved,

That the Social Inclusion, Housing and Voluntary Sector Committee in consideration of the draft Housing Support Grant (Scotland) Order 2000 recommends that the Order be approved.—[Mr McAveety.]

The Convener: Is any formal debate required?

The question is, that motion S1M-598, in the name of Mr McAveety, be agreed to.

Motion agreed to.

Charities (Exemption from Accounting Requirements) (Scotland) Regulations 2000 (SSI 2000/49)

The Convener: We now move on to item 3. There are no officials present for this item. Committee members have before them a copy of the regulations, including an explanatory note and committee papers prepared by the clerk, which includes a note on procedure.

The Justice and Home Affairs Committee is the lead committee for those regulations and this committee has been invited to report to the lead committee before 31 March 2000. As there are no questions on the procedure, we will have a short discussion.

Karen Whitefield (Airdrie and Shotts) (Lab):

Am I correct in thinking that this has come about because of the Public Finance and Accountability (Scotland) Act 2000, and that it is about changing some of the accounting terminology that we use, for example, inserting "Auditor General for Scotland" to replace the terminology that was used in the past?

Martin Verity (Clerk Team Leader): The short answer to your question is yes. The long answer is that there are accounting requirements on charitable bodies. Certain Scottish charities are exempt from the regulations, because they already have to meet the accounting and auditing requirements of the Comptroller and Auditor General.

Since the coming into force of the Public Finance and Accountability (Scotland) Act 2000, the new post of Auditor General for Scotland has been created, and this proposed amendment to the regulations would allow charities, which will now need to send their accounts to the Auditor General for Scotland, to be exempt from other reporting requirements. My understanding is that this is a technical amendment to make that possible.

Bill Aitken: I thought that, as a Parliament, we wanted to make life easier for charities by not requiring them to go through complex and potentially expensive auditing procedures?

Martin Verity: I am afraid that I am not in a position to go further than the information that the Executive passed on to me. If there is a question that the committee wants to be addressed, it could raise that in its report to the lead committee and invite it to examine the issue.

Bill Aitken: It seems to be a fairly anodyne matter.

The Convener: Does the committee want to make any comments to the lead committee? It

appears not. Thank you very much. This is not like us at all. I am not used to those silences.

Robert Brown: I think that we find it difficult to understand, from the explanatory note, exactly what the instrument does.

The Convener: The way to silence us is to confuse us. That is a useful tactic.

Petition (Housing Stock Transfer)

The Convener: We have before us a public petition, PE101, from Milton Housing Forum. Members have received the papers. This is similar to other petitions that we have received. It calls for a moratorium on housing stock transfers. Martin Verity has produced a paper.

Fiona Hyslop: How many of those petitions have we received? There are obviously grave concerns as organisations from across Scotland are putting those in.

The Convener: We have received eight. I think that a number are going through the Public Petitions Committee.

Cathie Craigie: Could the clerk to the Public Petitions Committee clarify whether a letter from one person is a petition? Four people have signed this one, but is a letter from one person a petition?

The Convener: The convener of the Public Petitions Committee might be able to help us.

Mr McAllion: Any individual, organisation or corporate body has the right to petition the Scottish Parliament.

The Convener: So one person could write a letter?

Mr McAllion: Yes. Frank Harvey does so regularly.

The Convener: Yes, we know Mr Harvey.

Fiona Hyslop: Have the petitions that we have received been from organisations?

The Convener: Yes, they have been from tenants associations and the like. Their wording has been similar.

Robert Brown: This petition is more modest than some, in that it relates specifically to tenant involvement in the process. Concern has been expressed from many sources—for example, in Glasgow and Dundee—about people not being involved in the process from the beginning.

The Convener: I hope that in the letters that we send out in response to those petitions we make it clear that we are investigating housing stock transfers and that we take those issues seriously. It is not as if we are not dealing with those issues, although we might be dealing with them differently from the way in which the petitioners first imagined.

Alex Neil: The other important point is that none of those transfers will take place prior to our report being issued. Our previous decision was to consider calling for a moratorium in the report that results from the inquiry.

The Convener: It will be an option to call for a moratorium in the report. Whether we do so is a matter for us to consider when we discuss the report. We must make it clear to petitioners that this issue will be dealt with in the context of our report. Does the committee accept the recommendation that the committee is invited to take the issues raised in the petitions into account as part of its wider consideration of the housing stock transfer issue?

Members *indicated agreement*

Drug Inquiry

The Convener: Item 5 on the agenda is the paper on drug misuse in deprived communities, which is essentially an update on our work programme. We have been round the houses on this inquiry as well. Are there any comments?

Fiona Hyslop: It would be helpful if you could explain the objective of the inquiry. This is an opportunity to discuss that when it is being recorded in the *Official Report*. It might be helpful if we identified the objectives of the inquiry; it might help to shape the subsequent discussion.

10:45

The Convener: I think that the remit has been well established. Committee papers from previous meetings indicate the remit, and members' attention can be drawn again to those papers so that they are clear about it. I am not sure if we have copies of the relevant paper here, but, as I recall, the remit was to focus on the links between drug misuse and deprived communities. It is not to answer all the drug-related issues on the public agenda, but will focus on the connection with poverty. It should relate poverty to the causes of drug misuse and should take into account some of the models and strategies that are in operation to address the needs of those communities.

That is a brief summation. Keith Raffan is not here this morning, but he has played a major role. My view is that we should get started on the inquiry. I would like to talk about some of the detail. The committee needs to get an understanding of public involvement and of public consultation. There is the proposal from CAP—the Communities Against Poverty Network—and I was going to make a specific reference to it in a moment. CAP has come up with an interesting proposal about how we can consult with it.

We need also to take a broader view, and we could possibly do some interesting work on drugs issues through visits to local communities. We need to consider how we hear evidence, quantify it and report on it. The Scottish Council for Voluntary Organisations has made an interesting submission about how we can use the internet—essentially, people can give anonymous evidence, and, in the context of drugs, that might be very useful. Members may be aware that a citizens jury is being held under Jim McCormick of the Scottish Council Foundation, which is examining various innovative and interesting ways of getting evidence. We could consider that. Now is the time for us to move into much more of a public consultation phase.

I think that we have done a lot of good work on the housing stock inquiry, which has involved a lot of detailed analysis. We now have to move into a slightly different format, which is much more about public engagement and hearing issues from the streets, and bringing those issues back into the formal political process. We must form a vital connection in doing that.

I was going to ask the committee if we could bring forward a paper to formalise some of that and come up with some proposals, if we could squeeze that on to next week's agenda. Our proposals might focus on ideas such as getting evidence through the internet via the SCVO. We will need to consider the details of that. We also need to think about how we hear evidence in communities and about how we manage the committee's splitting into groups to hear evidence and to report back. Hearing evidence from excluded communities is not easy, and we have to consider different ways to organise that.

Karen Whitefield: That is very important. I chaired a drugs forum meeting in Lanarkshire last night. It was set up by the local police and the schools. One of the points that came across from parents was that they feel excluded; they do not feel involved.

There has been an emphasis by the Executive of the role of the drug action teams, and the issue of communities having a strong voice on DATs was flagged up. There does not, however, seem to be any real evidence of how that will work. It is important that we as a committee speak to people who live in communities where drugs are a real issue, and where people have personal experience of the drug problem—they might live next to a drug user, they might be parents of a user or they might be users themselves. It is one thing to talk about our proposals, but another thing completely to do it. It is about how we access the people concerned. They will not come along to Edinburgh to give us formal evidence: it would be pretty traumatic for them and would simply not be an option for many of them, unfortunately.

The Convener: We need to consider a whole package to bring into the formal political process in a new way. We also need to engage with some of the relevant agencies. There has been some debate in the newspapers, of which I am sure members are all aware, about how some of the drugs projects are tackling the issues, and I think that we need to hear evidence about some of those projects. I know that there is a variety of drugs projects out there that engage with deprived communities and that involve some very interesting and challenging practice. However, in some other cases, we will have to raise questions about the work that is going on, in terms of how it links in with the poorer communities and of how it

allows communities to be in charge of some of the strategies.

I suggest that I should bring proposals to the committee next week to kick-start the work in our programme. We are collecting and analysing the written evidence that we have received. On Wednesday 26 April, which is not very far away, we will hear oral evidence from Executive officials. We will need to get in touch with our adviser so that we can pull together some questions. We need to take the earliest opportunity to make use of our adviser, which we did not quite do the previous time. Members should start thinking about the kind of questions that they would like to ask, so that we can find out from the officials what the Executive is doing. We will then produce more detailed proposals for visits and suchlike.

Mr Lloyd Quinan (West of Scotland) (SNP): Will the Executive officials be the officials from the ministerial group that Angus MacKay is putting together on drug abuse?

Martin Verity: We can invite them if the committee wants us to do so. The intention was to invite officials from the Scottish Executive Development Department, because that department is the one that relates to this committee, as it were. Because the inquiry will consider the implications for social inclusion work and community projects, we felt that that was the appropriate department to talk to.

The Convener: My understanding was that we would invite the officials associated with Angus MacKay's work on drugs as well. I am not sure whether it is appropriate to mention names, but Nicola Munro was one.

Martin Verity: We can certainly ensure that they are invited.

The Convener: Yes, I think that we have to invite them. Later on, we may want to talk to other officials about the mainstreaming of the drugs strategy within social inclusion strategies; but initially we have to focus on the drugs work.

Robert Brown: I thought that Wednesday 26 April, the date for oral evidence, was also the date for the briefing from the Scottish Parliament information centre on social inclusion. Has that been changed?

The Convener: Martin Verity and I will get back to you on that.

Mr McAllion: There are potentially eight different visits, but only three have been included in the work programme. How does that square up?

The Convener: We intend to divide the visits among different members of the committee and package the visits so that members will be able to do a couple in a day. We need to consider the way

in which we will do that. If members have any specific interests, I ask them to let Martin know. Some people may be especially interested in prisons, for example; others might be interested in Dublin. I say that with full recognition of members' commitment to their work.

Mr Quinan: I think that we should get up to speed on the Dublin visit. It has been suggested that the city has similar deprivation problems to urban Scotland, but that is not the case any more.

The Convener: That visit was recommended by our adviser. If members do not think that it is appropriate, we can reflect on that. Any other recommendations can also be considered. They should be filtered through Martin as usual. We had agreed on the principle that we should look outside Scotland more, to get some comparisons.

Next week, we will have a paper from the clerks that will give members more details on the logistics and our commitments. We will be in touch with our adviser on that. I will also bring a paper on our consultations.

I think that we have all considered the paper from the Communities Against Poverty Network. I have said to the network informally that I thought there was a lot of sympathy for its proposal in the committee, which I thought was a fair assumption. Given the context, the group is keen to make progress. In yesterday's discussion, I said that I would recommend to the committee today that our sub-group on social inclusion meet formally with the network's steering group so that we can begin to make progress with the proposal. Are there any comments?

Mr Quinan: Will we do something similar with the Poverty Alliance or local poverty groups? I know that they are connected, but, just as we are hearing different reactions from different tenants' groups to the stock transfer proposals, there may be different ideas and attitudes among the Poverty Alliance, the Communities Against Poverty Network and other local anti-poverty groups such as Lothian Anti-Poverty Alliance. Will we meet those people as well?

The Convener: What I am suggesting is just to get us started. Meeting with one group does not exclude other groups. Next week I shall be making a public declaration that we want to have a partnership with various organisations. The Communities Against Poverty Network is anxious that we do not throw out the baby with the bath water by attempting to be so inclusive that we end up not consulting anyone. I suggest that we start there, but it does not preclude getting involved with anyone else or having any other discussions. The network has given us an interesting proposal and we can begin to make progress on that.

Mr McAllion: I am not a member of the social

inclusion sub-committee, but I would be interested in attending that meeting.

The Convener: I do not think that that should be a problem. It was only because of commitments for other members that I recommended the sub-group alone. The national steering group is meeting today and I shall go along after the meeting finishes at 3 o'clock. If anyone else wants to come, I am sure that they will be welcome. I shall convey to the people involved our commitment to meeting them. We will report back to the committee.

Are there any other issues that members want to raise before we go into private session?

Mr McAllion: Following the evidence that Scottish Homes gave to the committee two weeks ago, when there was some concern about the way in which it had handled debt, I was approached by the chairman, John Ward, and a press person called Bill—I cannot remember his second name. Mr Ward undertook to submit a paper to the committee explaining the position, as he did not think that Scottish Homes was fairly represented at the hearing. I said that the committee would be happy to accept that.

The Convener: I am sure that the committee will consider it with great interest. Scottish Homes might come back again to the committee. A letter has been received, which will be circulated to all members.

Karen Whitefield: Before we move into private session, I wanted to mention the voluntary sector, which we sometimes do not have time to talk about. Martin Verity suggested that I should present a paper on 5 April. Although I am happy to do that if the committee is interested, I would like you to consider the possibility of taking evidence that day from youth organisations, uniformed organisations and voluntary organisations such as Volunteer Development Scotland about Scottish Criminal Records Office checks.

The Executive is reviewing SCRO checks and will shortly make its recommendations. It is important that this committee should have some input into that. I know that there is not much space in our timetable for us to consider the issue, but it would not take long. We could easily do it in one session. I have good links with the uniformed youth organisations, VDS Scotland and other groups that would be happy to come at short notice to give brief evidence and to give us the opportunity to question them before making our recommendations.

Fiona Hyslop: If there is an opportunity in the timetable, what Karen Whitefield is suggesting would make sense. We have appointed Karen to look at voluntary sector issues and John McAllion to look at housing. It is important that they should

report back regularly on the contacts that have been made.

I am concerned, as Karen is, that there has not been an opportunity to give feedback on the voluntary sector. SCRO checks have been debated in Parliament and the issue is topical. It is important that it should be raised and highlighted. However, we should ensure that we continue to receive regular reports, oral or written, from the people whom we have appointed to examine various areas. The public will want to know that we are not ignoring the voluntary sector and that work goes on outside committee meetings.

The Convener: Absolutely. I know that a lot of work has been done on the voluntary sector and that it has been squeezed off the agenda a number of times. We must be careful to avoid that, but it is difficult to manage the pressure of the different issues.

Do members agree to Karen Whitefield's proposal to have a very brief evidence session on 5 April?

Members *indicated agreement.*

The Convener: I shall let Martin Verity deal with the difficulty of organising the agenda.

The committee will now move into private session to consider our line of questioning for the minister at next week's meeting. I thank the members of the public who have taken an interest in our meeting. No doubt we shall see you again.

11:01

Meeting continued in private until 12:05.

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