

SOCIAL JUSTICE COMMITTEE

Wednesday 24 January 2001
(*Morning*)

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SOCIAL JUSTICE COMMITTEE

3rd Meeting 2001, Session 1

CONVENER

*Johann Lamont (Glasgow Pollok) (Lab)

DEPUTY CONVENER

*Ms Sandra White (Glasgow) (SNP)

COMMITTEE MEMBERS

*Brian Adam (North-East Scotland) (SNP)

*Bill Aitken (Glasgow) (Con)

*Robert Brown (Glasgow) (LD)

*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)

*Karen Whitefield (Airdrie and Shotts) (Lab)

*attended

THE FOLLOWING ALSO ATTENDED:

Kate MacLean (Dundee West) (Lab)

Mr Michael McMahon (Hamilton North and Bellshill) (Lab)

Mike Watson (Glasgow Cathcart) (Lab)

WITNESSES

Lesley Baird (Tenant Participation Advisory Service)

Ilene Campbell (Tenants Information Service)

John Carracher (Scottish Tenants Organisation)

Jackson Cullinane (Scottish Trades Union Congress)

Elizabeth Gurvin (Ardler Steering Group)

Alan Ritchie (Scottish Trades Union Congress)

CLERK TO THE COMMITTEE

Lee Bridges

SENIOR ASSISTANT CLERK

Mary Dinsdale

ASSISTANT CLERK

Rodger Evans

LOCATION

The Hub

Scottish Parliament

Social Justice Committee

Wednesday 24 January 2001

(Morning)

[THE CONVENER *opened the meeting in private at 10:00*]

10:13

Meeting continued in public.

The Convener (Johann Lamont): I welcome members to this meeting of the Social Justice Committee. Before we move on, I must ask whether the committee agrees to take item 5 in private. Is that agreed?

Members *indicated agreement.*

Housing (Scotland) Bill: Stage 1

The Convener: We will move on to our consideration of the Housing (Scotland) Bill. I welcome our witnesses from tenants organisations: John Carracher, from the Scottish Tenants Organisation; Ilene Campbell, who is the development manager of the Tenants Information Service; and Lesley Baird, who is the director of the Tenant Participation Advisory Service. We are awaiting the arrival of Elizabeth Gurvin, who is the chair of the Ardler steering group. I hope that she will be able to attend. If not, we will ask for written evidence from her.

Brian Adam (North-East Scotland) (SNP): I met her outside.

The Convener: Okay.

I know that our witnesses have provided us with some written information, but I shall allow them this opportunity to make brief statements. After that, we will ask questions. It might be more appropriate for some witnesses than for others to answer certain questions. If that is the case, not all witnesses need answer.

10:15

Lesley Baird (Tenant Participation Advisory Service): We are delighted to have the opportunity to be here today, even if we are being dazzled by the light coming in the window. If we are squinting at you, it is only because we cannot see you very well.

My organisation is made up of tenants and landlords, which means that it is not a tenant

representative organisation. The views that I will put to the committee are the views of our board, gathered at a recent training weekend.

We are delighted that the bill includes the concept of tenant participation, which is important. We are, however, a little concerned about the fact that the bill's emphasis is on consultation as opposed to participation. We feel that there is a major difference. We would like the bill to be strengthened to deliver tenant participation as opposed to consultation. We are delighted that all housing organisations will have to provide a strategy and will be given resources to allow the strategies to happen. It is good that the strategies will be locally developed, and we hope that there will be guidelines to ensure that landlords and tenants understand what we mean by strategies.

We were pleased about the fact that the bill says that tenants will be able to make representations to landlords, but we think that that part should be strengthened to ensure that, when representations are not taken into account, a good reason for that is given.

We welcome the tenants information scheme and the registration of tenants groups but would like something similar to the partners in participation working group to strengthen the scheme. We fear the development of a situation in which landlords give misinformation and groups are missing. We think that hostel dwellers and tenants of voluntary organisations should be included as well. We want there to be a date for implementation of the scheme. We want there to be procedures and guidelines for applications and appeals and a clarification of whether there is a difference between groups that develop from the ground up and those that are developed by local authorities, such as new housing partnership groups.

We welcome the Scottish secure tenancy but, again, would like there to be an implementation date. We understand fully the reasons for having a summary for tenants, but we want tenants to be clear about their rights and obligations and those of their landlord. We are glad that the right to information is included in the bill and want tenants to be reminded of that right annually. We thought that a tenants handbook, which tenants could be involved in designing and developing, could be included as part of that right.

We are pleased by the generally positive moves on succession rights, particularly for carers, and wondered about having enhanced rights to encourage people to move to more appropriate housing and so on. Along those lines, we were thinking about having help with removal costs and a wider choice of areas for people.

We welcome the exclusion of three-month rent

arrears and lenders' rights to vacant possession as grounds for repossession and the inclusion of rights relating to harassment.

Last year, we undertook a survey on the right to buy. In the main, our members were against the right to buy. We acknowledge the efforts made to assist registered social landlords who have viability issues. We want house type to be included in the designation of pressured areas, so that areas in which there is a need for a certain type of housing but where there is a lack of that type of housing can be included.

We are also pleased by the inclusion of the requirement for tenants of registered social landlords to be consulted before any change of landlord.

The bill has been different from others in that we have had a long time to comment on it. We were pleased about that and hope that we have a similar opportunity to comment on secondary legislation. We would be delighted to come back to talk to the committee should you wish to invite us.

The Convener: I welcome Elizabeth Gurvin, from the Ardler steering group. I will allow you to gather your thoughts before I ask you to make your statement.

Ilene Campbell (Tenants Information Service): We are glad to have the opportunity today to put forward our views. It is important to make it clear that we do not represent tenants. We are a training and independent advice organisation. We do not take policy positions on issues other than tenant participation, so I will focus on the aspects of the bill that deal with tenant participation rights. We have submitted a briefing paper, and I know that time is limited now, so I will just flag up our general view.

We welcome the proposals, particularly those that are contained in sections 45 and 46 of the bill, as a useful framework in which to promote participation. The Tenants Information Service carried out research on behalf of the Scottish Executive into the feasibility of introducing legal rights to tenant participation. We are glad that some aspects of that research have been taken into account. However, our concern is that the bill focuses on consultation rather than participation rights. I will say why we think that that is an issue and what we would like to be incorporated in the bill.

I have been involved in the national strategy for tenant participation since its inception. Tenants, landlords and training advice agencies took a long time considering the definition of participation. Central to the strategy is the idea that tenants are looking for more than consultation. Consultation means being asked one's view on a proposal, but participation means being involved from an early

stage in examining the problem and taking a shared approach to finding a solution. That is the definition that is used in the national strategy that was launched by the tenant participation working group. The strategy included a commitment to having statutory rights to participation considered by the Scottish Parliament. There is a difference between consultation and participation, and it is participation that the national strategy addresses.

During our research, there was extensive consultation with tenants and landlords. Tenants made it very clear that they sought participation. The national strategy created expectations that participation rights would be included in the bill.

Another central issue is the registration of groups in Scotland. It would make sense to consider in more detail the purpose for which they would be registered and the rights that they would be given. Although we welcome the consultation rights, which are more extensive than those that tenants have in England and Wales, we recommend in paragraph 4 of our report that section 45 should include additional statutory duties on landlords in relation to the involvement of registered tenants groups. We welcome the introduction of participation strategies, but there has to be more clarity about what is meant—how would groups be involved and what could they expect as a result of being registered?

Another area on which we would like further discussion is resources. We realise that it would be controversial to say that landlords should have a duty to resource participation, but we do feel that the bill should include a strategy for assessing resources, which must be implemented. It would be helpful for landlords to know the parameters of their responsibility.

We welcome the proposals as a framework and as a starting point for discussion, but we hope that they will be developed a stage further to give participation rights. We have summarised practical options for how that could be done. We would welcome the opportunity to discuss those, on another occasion if not today.

John Carracher (Scottish Tenants Organisation): Excuse my tardiness in getting here—I was held up on the motorway. I had hoped to have a briefing paper to hand out to members, but I think that my colleague, who may turn up later, has copies. I will read out a short statement outlining some of the ideas that are in the briefing paper.

Tenants welcome the opportunity to present their views to the Government. However, we are not convinced that the Government is listening to what we have to say. What has happened to date does not fill us with confidence that much has been listened to. For example, the general thrust

of the Housing (Scotland) Bill does not address the matters that tenants would like to be covered in a bill that is truly designed to meet the housing needs of the nation. There is no mention of the measures that are necessary to give local authorities the ability to maintain their housing stock in a viable condition without being forced to transfer. That leaves tenants with no genuine choice, which we do not think is acceptable.

There is no talk of removing the barriers that restrict democratically elected councillors' access to the investment that they need to do the job that they should be doing. Tenants want the choice of decent affordable housing in the public sector, but the bill does not offer that choice.

Although we welcome the Government's recognition that there is a need for social justice in relation to homelessness and housing, the Housing (Scotland) Bill does not positively address the housing needs of either the homeless or settled tenants. The bill assumes that transfer is in progress. By its general tone, it is a post-transfer-to-private-finance document. The bill is so vague that, even with ministerial guidelines, it lacks clarity and provides untold scope for a carte-blanche act favouring landlords and a peasant mentality for tenants, to which we do not subscribe. The bill offers no protection through a mechanism for rent control.

The bill does not offer hope to the homeless, but supports the provision of a paper charter, which will require recourse to arbitration, thus making life more difficult for homeless people.

We think that the right to buy should be ended, not extended.

There is widespread disappointment and dismay that the boundaries of democracy have not been widened by the introduction of the promised statutory right of tenants to participate. A bill of rights for Scotland could have had its starting point here. We hope that that anomaly will be put right in the amended bill.

We have had insufficient time to consider in detail the Scottish secure tenancy. We hope that we will be able to cover that in a more detailed written submission on the bill. Given its context, the bill does not inspire much confidence.

Elizabeth Gurvin (Ardler Steering Group): I represent Ardlar steering group. Since the start of the regeneration of the estate, we have had a 15-person executive, which meets every two weeks, a full Ardlar community group, which meets every four weeks, and sub-groups. Ardlar was never asked whether it wanted to be the estate that would be regenerated. We were told that we had been chosen as the estate in Dundee that would be regenerated, and that is when we became involved. There is a social inclusion partnership

sub-group; a master plan sub-group; a housing sub-group; and a communications sub-group, which is responsible for editorials and distribution.

The 15 executive members have been involved since the start and have had many arguments, but we just want the best for our community.

The Convener: To some extent, the two tenants advice organisations and Elizabeth Gurvin have answered this question. I am interested in the extent to which the organisations that you represent have been consulted on the Housing (Scotland) Bill.

Will John Carracher tell me whom the Scottish Tenants Organisation represents? Is it a membership organisation? How widely spread is the membership across Scotland?

John Carracher: The Scottish Tenants Organisation represents tenants across the length and breadth of Scotland. It is a membership organisation, whose members are federations and local tenants associations.

The Convener: What is the size of the membership?

John Carracher: Currently, 90 organisations are members. However, a member that is a federation may represent a broad area, such as Edinburgh, Glasgow or Dundee.

The Convener: How did you consult your members on the bill to reach the views that you hold?

John Carracher: We have had views on housing for a long time and we have consulted our members widely for many years. We had a conference in Perth last year, at which 150 representatives from tenants organisations from throughout Scotland gave their views on what they wanted to happen in housing. They said that they did not want enforced stock transfer and that they wanted a statutory right to participate.

The Convener: But there has not been specific consultation on the bill?

John Carracher: We have had meetings with members organisations and we will seek their views on it. The bill came out shortly before the holiday period, and many groups finish up for Christmas. I think that last week was the first time that the STO considered the bill—we have not had time to go into it.

10:30

The Convener: So you may provide more written evidence at a later stage?

John Carracher: We intend to do that.

The Convener: Has Elizabeth Gurvin's steering

group considered the bill?

Elizabeth Gurvin: We are so taken up with stock transfer and the goal posts being changed and so on that we have not considered the bill in detail.

The Convener: Thank you. Do Ilene Campbell or Lesley Baird want to say anything about their structures?

Ilene Campbell: There is an issue with the time scale and how the tenants movement is resourced. It has to be briefed—there are plans to do that—before it can comment.

On tenant participation, the information in the Housing (Scotland) Bill reflects the findings of research done for the Scottish Executive. That process involved about 60 tenants organisations from throughout Scotland, about 60 landlords from councils and housing associations and all the main housing agencies, including the Chartered Institute of Housing in Scotland and the Convention of Scottish Local Authorities. The research concluded that there is a consensus among landlords, tenants and agencies on participation rights. That is important, because it affects that section of the housing bill.

Robert Brown (Glasgow) (LD): We would all share the objective of improving the housing stock. Major improvements will come about through housing stock transfer—assuming that it goes ahead in the different areas. Do any of the representatives have a view on whether minimum standards—for example, on energy conservation—should be included in the bill?

Ilene Campbell: Much of the focus is on improvements in relation to stock transfer. I have been involved for almost 10 years with advisers to tenants with transfers. The focus should perhaps be on performance standards. In the bill, there is a whole section on the role of the regulator and the powers that a single regulator would have in Scotland. TIS would say that there is a need to do more work on performance standards—or whatever we want to call it—once the regulator is in place. There would be consideration not only of energy efficiency but of repairs and maintenance—all aspects of the service. Part of that would be about how to involve tenants in decisions on regeneration and improvement packages. Local authorities will be part of the regulation, and irrespective of stock transfer, it is crucial that more work is done on those areas.

Robert Brown: To clarify the question, there is an issue about the state setting minimum standards for achievement of certain housing conditions and those being developed by the tenant participation mechanisms that we have been discussing this morning. Are there any views on the best way to go about balancing those two

aspects?

Lesley Baird: We have considered the relationship between Scottish Homes and the Scottish Federation of Housing Associations, in setting standards. We thought that local authorities and tenants working in partnership to define standards was a good model to follow. That would include standards of accommodation, policies, practices and management procedure. It would be done from the ground up, working in partnership.

Elizabeth Gurvin: In Ardler—where there is total demolition—the new houses are being built according to Scottish house building regulations. Everything is wonderful, and the people who have moved into their houses are happy. Our houses are built to lifetime adaptable standards—everyone in Ardler seems to think that that is good.

Robert Brown: You will know that there are some changes in the bill to the way in which repair and improvement grants are funded. The 50 per cent ceiling is being taken away and a means-testing element is being introduced. Do you have any views on that? I suppose that it is to some extent a technical issue, but it is important to the rehabilitation of older houses.

John Carracher: We have not had time to go into the bill in detail, so we have been concentrating on one or two aspects. What you said earlier about stock transfer highlights our concerns. Like Ilene Campbell, we believe that the best standards should be applied, whether or not it is through stock transfer. We want the Government to set standards, but we would hope that it would be done in participation with tenants. As with all participation, there must be room for local flexibility.

The Convener: Is your organisation hostile to stock transfer?

John Carracher: Our organisation stands for choice. If, after getting together and informing themselves on the issues, tenants demanded stock transfer, we would have a difficult job arguing against it. That is not the case at the moment; it is being pushed on people and they do not have a choice.

The Convener: But the issue is not whether tenants oppose the model of stock transfer, but the way that stock transfer is carried out—tenant participation might address that.

John Carracher: There would be an issue if stock transfer were imposed—we believe that there should be no imposition. There has to be choice. We hear nothing but rhetoric about choice, but we feel that people are not being given a choice—it is Hobson's choice.

Ms Sandra White (Glasgow) (SNP): On stock

transfer, everyone round the table wants housing stock to be improved, but it is not set in tablets of stone that tenants will choose stock transfer. Does the bill offer any substantial improvements for local authorities whose tenants do not pursue housing stock transfer?

John Carracher: Again, we have not had time to go through the bill, but we see the general thrust of the bill as being post transfer. We are quite cynical about that. We welcome the fact that housing association tenants will have secure tenancies, but we believe that all tenancies should be secure anyway. We think that that is being done to take away the arguments against stock transfer.

Ilene Campbell: Most council tenants already have a secure tenancy regime. You could argue that giving tenants participation rights is one way to improve things. Over the years, when communities have been involved in plans to regenerate or to consider the long term, partnership has been shown to be the best way to work.

It could be said that if there are more participation rights, the bill does offer something positive. We are keen to examine the guidance on involving tenants in stock transfers. A code will be launched tomorrow, which will give guidance to landlords going through a stock transfer. If there was more emphasis on landlords having to have regard to that guidance, I would say that there were positive things in the bill for council tenants who want to stay.

It could be argued that there are positive aspects in giving local authorities more of a role in development. There might be another view to do with how local authorities feel about having a single regulator. With regard to finance, there certainly does not seem to be an alternative option if local authorities choose not to go down the stock transfer route. There are financial issues.

Brian Adam: We heard the Scottish Tenants Organisation's views on the principle of housing stock transfer. Ms Gurvin has given us an indication that the tenants did not initiate the changes in Ardler. Can you give us a bit of background on how the Ardler stock transfer came about? Was it at the request of tenants in the area? How did they feel about it? In particular, how would they have felt about local authorities having the opportunity to do the major improvements that are currently on-going?

Elizabeth Gurvin: I have been involved since the early stages. We were never asked whether we wanted to be involved in the regeneration and stock transfer—Ardler was chosen. I took it that it was the city fathers who decided that Ardler estate would go down the road of regeneration, stock

transfer and what have you. Early on in the proceedings, many people might have argued that they wanted to stay with the council, but as things have slowly developed—I mean slowly, because things have kept being put off and there have been stumbling blocks—that has changed. At the ballot in December, of the people who were allowed to vote—the tenants—95.5 per cent voted to go to Sanctuary Scotland. If that is the will of the people, you have to go along with it. If they had had the vote three years ago, the result might not have been the same, but things have developed and that is how Ardler voted.

Brian Adam: Were people given any alternative for upgrading the houses? Was it Hobson's choice?

Elizabeth Gurvin: I agree with calling it Hobson's choice. The council did not have the moneys to upgrade the houses. It was doing only immediate remedial repairs. The housing association that was chosen was promising front and back gardens, front and back doors and everything else, so that was what the people voted for.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I want to take that a bit further. How were the tenants involved in developing the scheme that was chosen?

Elizabeth Gurvin: The tenants have been involved in every meeting. We have sub-groups and open meetings every month and executive meetings every fortnight. The tenants were involved at every stage and have gone along with what is happening. There have been things that we have not been happy with and so we have sat down, discussed and argued. Some points we have won; others we have not. We had independent advice from TPAS to start with and then from organisational development services. I feel that if we had had independent advice at the outset, it would have been different. Things were laid out and the independent advice came later. However, the tenants have been involved throughout the procedure.

The Convener: Does John Carracher want to add something?

John Carracher: This feels a bit like the third degree, because of the sun in our eyes.

The Convener: We have not even started yet.

John Carracher: I have some experience of regeneration in my area and I have spoken to people across the country. No matter whether we are talking about regeneration or stock transfer, this is someone else's agenda. While there is a facade that tenants are involved, quite honestly the fact is that tenants are involved in something that someone else wants them to get involved in.

I make no bones about that. Someone sets the parameters and then invites tenants to become part of the exercise. It looks to the rest of the world as if tenants are being consulted, but that is not really the way in which things happen. Things happen back to front. Resources should be provided to allow tenants to gear up, get information about the issues and organise themselves. That would allow them to enter into a proper partnership with the local authority and other agencies to examine the needs of their areas. However, a small coterie of people gather together, set budgets and invite others to participate.

10:45

Cathie Craigie: With respect, John, today is an opportunity for your organisation to participate and to give us evidence that might move the committee to suggest changes to the proposals that are before us.

The other organisations that are present today and other tenants' organisations that I have spoken to have welcomed the first steps that have been taken to promote much greater tenant participation. Is there nothing in the bill that your organisation considers an improvement?

John Carracher: As Ilene Campbell pointed out, there are improvements in the bill, but while the provisions on homelessness make it look as if something is being done to help homeless people, the bill contains problems for homeless people. The provisions on arbitration and the duty on registered social landlords to look after the homeless and so on open up a minefield and do not help the homeless. The homeless will find themselves in a difficult position, as there will be all sorts of problems for them. On the face of it, homeless people are being given extra rights, but what is the point of saying to local councils that they will have a heavier duty to look after homeless people when they will not have any houses to give them?

On tenant participation, the bill does not go far enough—it does not give tenants what we asked for.

Cathie Craigie: If I may come back in on that point, John, the bill's provisions on homelessness, how to house people in future and how to respond when people apply for housing are lifted from the recommendations of the homelessness task force, which had representatives from all homeless organisations. Those representatives have told us that the bill is a step forward.

John Carracher: May I give a brief answer to that point?

The Convener: Yes, after which I will call Ilene

Campbell and then we will move on.

John Carracher: The STO was not invited on to that task force.

Ilene Campbell: We do not represent tenants, but we have worked with them on stock transfers for 10 years. I am not here today to debate the pros and cons of stock transfer; I am here to ensure that positive steps are taken to involve tenants, and I would like to re-emphasise a point about the bill.

Section 59 relates to consultation with tenants. We have a lot of experience of working with tenants on stock transfer. Time scale is a crucial issue for tenant involvement, as time scales have varied in the past. Most local authorities are conducting option appraisal exercises. Some are waiting until that exercise is completed before they consult tenants, while others involve tenants from the beginning. In my view, the correct approach is to say, "This is an idea—let's discuss it." Ultimately, local authorities will be able to transfer their properties only if tenants vote for transfer in a ballot. Section 59 sets the standard: landlords will consult tenants.

The Scottish Executive commissioned TIS to produce a code of conduct, which is being launched tomorrow. It would be good if the bill contained the additional provision of giving legal weight to a code of conduct that has been launched by the Scottish Executive and flags up both that tenants should be involved and how they should be involved. There is no reference to a code in section 59, but the bill could say that landlords must have regard to Scottish Executive guidance on involving tenants and giving them independent advice in the early stages. It would be a positive step forward if tenants were able to discuss the issues from the outset.

Bill Aitken (Glasgow) (Con): I would like to leave aside the issue of participation, which we have dealt with fairly extensively. Under the secure tenancy, people will obviously have greater rights than they had before. Do those rights go far enough? If not, how might they be improved?

Lesley Baird: We welcome the Scottish secure tenancy and we are pleased that all tenants will have a single tenancy agreement. That will be a big document and, understandably, there has been some suggestion of having a smaller one. We want tenants fully to understand their rights and obligations—and the rights and obligations of their landlord. We understand that tenants will be reminded annually of the right to buy; we would like them to be similarly reminded annually of their rights and obligations. Tenants should be involved in the production of those rights and obligations. The document should talk about the standards of information that people get.

We welcome what has been said about carers. People should be given more encouragement and help to allow them to move to a more suitable property. Help with removal costs, and a wider choice of area for their housing, would be of great benefit to tenants.

We are concerned about a reduction in rights with the introduction of the six-month test for cohabitees, which was not present before. We are pleased that harassment, where that problem arises, has been considered in the bill. There are good points on rent arrears and vacant properties. The bill is a good start—I could witter on for ages, but I will stop now.

Ilene Campbell: We welcome any enhancement of rights. We are concerned about the status of Scottish Homes tenants. What will happen to them at the end of the year? The tenancy does not appear to apply to Scottish Homes tenants. If, next year when there is a review of the current position, those tenants say that they want to stay with Scottish Homes—and we are talking about a few thousand properties—what will be the position?

In addition to what is in the bill, Derek O'Carroll has produced a model tenancy that has gone out to consultation. That will obviously need to be adapted, because the bill has changed aspects of the original proposal. What advice will the Scottish Parliament give landlords about the status of that model tenancy? Will the Parliament say that that is the model to be used? Implementing a new tenancy in Scotland is a major job. We do not want chaos and confusion when some local authorities are already running two different tenancies.

Bill Aitken: Ms Campbell expressed some concern about implementation. How would you like this to be implemented? Would you like it to be done as a big bang—doing everything simultaneously—or would you like it to be phased in by landlords over a period?

Ilene Campbell: That has been debated for months. We do not have a view as an organisation, but the view that we have heard from tenants is that if something new is to be introduced, it has to be done effectively and all at the one time. A lot of confusion has been caused over the years. For example, following local authority reorganisation, some local authorities have two sorts of tenancy agreement. If it can be done at the one time, I think tenants will welcome the new tenancy.

The tenancy is certainly an enhancement on the original proposals for a Scottish secure tenancy. Lawyers debated whether, if tenants were unsatisfied with the new tenancy, they could challenge it in the European courts.

We would like the tenancy to be introduced

within a realistic time scale, and we would like tenants to be resourced to meet their landlord to discuss whether they are going to apply the model or whatever they would like to negotiate. Enough time must be allowed for local negotiation, with tenants working together with landlords.

Bill Aitken: Is there any contrary view? From your silence, it appears not.

Ms White: I want to ask about the right to buy and how it will be transferred from the different tenancies that exist at the moment. The new secure tenancy will ensure that right, but existing Scottish secure tenants will have a revised one. Does the bill deal with that adequately? If not, what could be done to improve it?

John Carracher: We have made our position on the right to buy clear. We feel that it is giving away public assets, which we find very strange. The stuff about discounts is also unacceptable. People are getting a discount and their neighbour picks up the debt—they shoulder the burden of someone getting a discount, which is very unfair.

Another problem occurs in mixed tenure estates, where people have bought a property in a block of four and major repair work is then held up. People are also buying multiple houses: they are buying council properties and then moving back into council housing. For many reasons, we want the right to buy to be ended.

Lesley Baird: We alluded to the big bang effect of everyone having the same single tenancy. However, people will still take rights with them. It is important that people understand what they are signing when they sign up to the summary of the tenancy agreement: what tenancy agreement it is, what rights they will have and whether they will have residual, current or new rights. Ilene Campbell's point is important: tenants should be involved in the process of developing from the core the tenancy agreement for their area, which might be different. Tenants must get clear factual information about their rights and whether they are residual or new.

John Carracher: The tenancy agreements are the minimum, and tenants can negotiate improvements to any tenancy agreement. If tenants had the backup of a statutory right to participate in the development of tenancies, that would enhance the tenancies.

Ms White: My final question is about the extension of pressured areas. You all mentioned that if the concept of pressured areas were extended, you would like larger house types to be included. Would you like any other type of property to be included in the pressured areas? Do you agree with the concept of pressured areas that is presented in the bill?

I take it from your silence that you do not agree with it.

Brian Adam: One of the submissions that we have received suggests that larger houses might be considered. The housing mix as it stands may mean that the only affordable houses that are available for rent are tenements. Can you suggest whether we should amend the bill to ensure the availability of a proper range of houses, rather than just flats, or are you content with the bill as it stands?

John Carracher: I am not sure what the question is.

The Convener: Amendments to the bill have been suggested that would change the nature of the right to buy. We are looking for comments on whether those amendments address some of the problems. There has also been discussion in the committee of the possible inclusion of certain types of housing in pressured areas, where the right to buy cannot be applied. However, if the Scottish Tenants Organisation is simply opposed to the right to buy, I presume that it does not have a view on that. Has there been any discussion of how the right to buy might affect the Ardler group?

11:00

Elizabeth Gurvin: Council tenants who move over to Sanctuary Scotland housing carry their right to buy, but they must have been a Sanctuary Scotland tenant for 10 years before they qualify for the full discount.

The Convener: Have the tenants in your area been worried that, when the right to buy kicks in, it might affect your group?

Elizabeth Gurvin: I have never heard anyone complain about that.

The Convener: There has been no discussion.

Elizabeth Gurvin: No. You talked about the different types of tenancy—assured, secure and so on. It is difficult for an ordinary person who gets all that information thrown at them about what is assured or secure and what might or might not be. We agree that there should be only a single social tenancy, which should apply everywhere, both in the private sector and in council housing.

Ilene Campbell: We have lots of thoughts on the right to buy, but we are not here today to represent tenants. In the 10 years that I have worked for TIS, I have worked with a lot of owners. I have also worked with tenants, but most of the tenants we work with are concerned about the effect of the right to buy on local authorities. I work with tenants in an area where half the estate has been sold and the people in the other half cannot carry out modernisation because of the cuts in

grants. Everyone has been concerned about the financial issues. The dilemma for the Scottish Parliament is that there will be an equal tenancy for everyone, yet some people may be excluded from the right to buy. Most tenants would say that they are opposed in principle to the right to buy, but the reality is that it may be a cheaper option.

Over the next few weeks, many of the federations in Scotland will have meetings with their MSPs and will put forward their views in various forms. You will get a response from most of those organisations, outlining their views on pressured areas. There has already been much debate with the SFHA on the matter.

The Convener: We will take further evidence on that.

Lesley Baird: Our board has considered the inclusion of house sizes in pressured areas, but not housing of specific types. We also want it to be made clear that not only rural areas would be subject to pressured area status; urban areas would be included. The pressured areas should not be limited geographically; they should exist anywhere where there are specific issues and problems. If there are few places to let—in a city, for example—people should be able to access housing in their local area, to keep families together.

Karen Whitefield (Airdrie and Shotts) (Lab): I apologise for being late. The Justice 2 Committee, of which I am a member, was meeting at the same time and I had to attend that meeting first.

I want to ask about your experience of consulting tenants. The bill talks at length of how it will ensure that tenants are consulted. You have spoken about the need for them to participate. How could the bill be strengthened further to ensure real participation by tenants in the decision-making process?

Ilene Campbell: We have written various recommendations, taken from a report that we commissioned. The bill will ensure consultation rights for the first time in Scotland, and they will be better than those in England and Wales.

I will not sit here today and say that consultation rights are not important. Not everyone will want to participate; with consultation, an individual can be asked for their views on a proposal that has already been worked out. Participation is something more. Our proposal is suggested in paragraph 4 of the briefing paper that we submitted to the Scottish Executive. The statutory duties of landlords under section 45 should be enhanced to ensure that landlords have a duty to work out and implement a strategy. Asking a landlord to produce a strategy might be fine as a paper exercise, but we think that they should implement any such strategy with regard to

guidance from the Scottish ministers, as much of that guidance will be in secondary legislation.

As we have pointed out in paragraph 4.3 of our paper, landlords must also highlight how registered tenants groups will be involved, as people might not be sure why they are registered in such groups or indeed realise the implications of being registered. Landlords not only need a strategy, they must make it clear how they will involve groups and how those groups will have access to the governing body of the landlords. Furthermore, they must have a clearly worked through programme to clarify the stage at which groups will be involved and what they can expect from their involvement. That is not impossible; indeed, it happens just now in some parts of Scotland. It is really unfortunate that we feel the need to ask that landlords should be legally obliged to participate with tenants, but the reality is that only a few landlords do it well and lots of them do not do it at all.

It is crucial that section 45 stipulates that landlords not only assess resources, but have a duty to provide resources after they take available resources into account. One of the major drawbacks to participation in Scotland is that tenants are not resourced to respond to issues such as the Housing (Scotland) Bill. We feel that those practical suggestions could be included in section 45, to extend the statutory duties of landlords.

Lesley Baird: We want some of the guidelines that have been produced to be included in the bill. For example, the "Partners in Participation" document was worked out between tenant and landlord organisations and organisations such as TIS, TPAS, COSLA, the Chartered Institute of Housing and the Scottish Federation of Housing Associations. For the first time in Scotland, we have a definition of tenant participation that has been agreed at a national level. As a result, there should be no misunderstanding about what we actually mean by that phrase.

The strategy document has been followed up by a code on best value and will be followed by other guidelines—on stock transfer, which is being launched tomorrow; on rural areas; and on local and national strategies for developing tenant participation. Nothing is written in tablets of stone; the guidelines allow for specific need. For example, the needs of tenants in Shetland will be very different from those of tenants in Dundee. The bill should stipulate that landlords will be given those codes to ensure that they comply with existing guidance.

John Carracher: We are concerned that there will be confusion between participation and consultation and we support what TIS and TPAS have proposed on this matter. I was part of the

working party that produced the national strategy for tenant participation. The worry was what would happen to the strategy once it had been published. To date, local authorities have not moved on the strategy; it has no teeth and they cannot be pushed into implementing it, which is why we need the statutory right. The issue is about pushing back the bounds of democracy, not the bureaucracy of local authorities. People are always doing things to and for communities; communities want real empowerment. At the moment, there is an awful lot of talk about empowering communities through stock transfer. We think that that sort of empowerment is limited, if it is empowerment at all. Tenants are empowered by choice and the right to participate. People talk about apathy; there is much less apathy in countries that have a bill of rights, and it would be a big step forward if there were a statutory right to participate, instead of consultation.

Karen Whitefield: Thank you for your helpful suggestions. You mentioned registration, which I would like your views on. Do you think that there might be problems with the proposed system of registration, which will need to define carefully what is required for tenants organisations to become registered? If you foresee problems, do you have any suggestions about the criteria that should be applied for tenants organisations to be considered for registration by local authorities?

Ilene Campbell: We support the proposal to have registered tenants groups because the legal advice that we were given is that if you give people legal rights you have to define who they are. There has to be a system whereby it is clear which groups can register for rights. A registration system in itself should not be problematic.

We suggest that it would be helpful to have an independent registration body so that the registration of tenants groups is not at the will of landlords, if relations between tenants and the local authority or housing association are poor. Landlords will have a duty to register groups. In some ways that makes sense, because they have local knowledge of groups that already exist. Criteria will be set by the Scottish ministers, but that will have to be done separately from landlords.

There has to be scope for registering groups. Realistically, some groups might choose not to register. The problem I see with the scheme lies with the definition of the purpose groups are being registered for. That is the missing ingredient. If groups are to be registered, it should be clear to them what that means and what responsibilities and rights they have. Registering groups should not be too problematic, because there are already mechanisms to register charities, housing

associations and unions, but is it the role of the Scottish ministers or an independent organisation to ensure that there are clear criteria that groups can have recourse to if they are excluded by their landlords?

Lesley Baird: We would like national guidelines that allow for local differences. We also want to ensure that the guidelines are followed. We are particularly concerned about rural areas. Although we are talking about only five houses on Barra, the tenants there have as much right as others to participate. In that particular area, the fact that the tenants live on a number of streets means that the proposed model would not be an appropriate way in which to register the tenants organisation.

There must also be national minimum guidelines, which must be beefed up to take account of rural differences. We were concerned, although I am sure that it would never happen, that landlords would make the criteria so difficult that nobody could join—

The Convener: They would let one join.

Lesley Baird: We are clear that there have to be national guidelines with local differences.

The Convener: Are there any other responses to that question?

John Carracher: We find some of the stuff contentious. There has to be more debate on some of the matters that have been raised because, as it stands, the bill leaves it up to local authorities to decide on strategies for tenant participation. Even under a different scheme, and using a registration scheme, what about organisations—as Ilene Campbell said—that do not want to register and do not want to ask the local authority for money or resources? They still have to be brought into the scheme of things. We have to be careful.

Brian Adam: It is inevitable, whether there is consultation, participation or whatever, that there will be occasional conflicts between tenants, as individuals or groups, and landlords. The bill suggests mechanisms for conflict resolution, which seems to mean that you have to go to law. There are resource implications there. How do you feel about the way the bill addresses conflict resolution? Do you have any suggestions on that matter?

Ilene Campbell: I am not sure how the bill deals with conflict resolution.

Brian Adam: As I understand it, people ultimately have recourse to the law. There are problems with that, however, including the obtaining of legal aid and the disparity between the landlord and the tenants organisations. Should there be an arbitration step? If you cannot answer that question today, you could perhaps address it

in writing later.

Ilene Campbell: Right.

11:15

Robert Brown: I want to pursue the matter of registration. I get the impression that there is nervousness among independent tenants organisations about a compulsory registration arrangement, or one where registration is a necessary gateway. Does that relate to a principled objection to the idea of registration, or are the practical details of how it is done the problem? I have come across cases in which the local authority's view of giving particular bodies control has raised the question of political preferences. Do you have any views on that?

John Carracher: Our thoughts on compulsory registration are based on both practical and principled reasons. The national strategy document says that the landlord must recognise the independence of organisations. At the moment, landlords seem to think that they own you, just because they have given you a couple of hundred pounds.

Stock transfer is a bit like colonisation. The tenants are hauled into meetings and led through a process that somebody else wants to run, and it is usually the landlord's agenda that is pushed, not the tenants'. Speaking from a principled standpoint, I do not think that that is the way that things should happen.

Turning to the practical reasons, I have stated that the problem is partly that organisations have problems with registration. The organisations concerned might not have a constitution. That is fine—they may decide that they do not want one. They should not be pushed into having one.

Robert Brown: Surely the whole idea of constitutions is to have minimum standards for democratic participation and so on. I know of one tenants association in which one guy more or less runs the thing. He decides when the meetings are, including the extraordinary general meetings. It is presumably not unreasonable to have a constitution of minimum democratic standards as a condition of registration. If that was all that registration involved, would there be the same objection in principle?

John Carracher: It should be up to the people in the organisation to decide whether they want the organisation to have a constitution. We purport to live in a democracy. It should be up to the organisations how to organise themselves.

Robert Brown: Is there a different view among the tenants advisory bodies?

Ilene Campbell: We had to carry out research

on this; the information did not appear just because I decided to write it. There was a lot of consultation. We had separate seminars for tenants and landlords. For the proposals to work, there has to be a consensus involving both sides. Solutions cannot be enforced on tenants and landlords.

On registered tenants groups, we appear to be focusing on the mechanism, so I will deal with that issue first. In the consultation exercise, tenants had no difficulty accepting a registration process that would give them enhanced participation rights. We thought that they might have difficulty accepting it: as John Carracher said, some groups choose not to operate with a constitution, which is fine—in a democracy, we are allowed to operate in the way that we wish.

We identified various criteria for a registration scheme. One was operating under a written constitution. Some groups do not do that. I believe that it is crucial that groups are constituted and that they represent the community where they work. Another criterion would be evidence of regular elections; another would be open financial accounts. When groups were asked about that, their representatives tended to say, "We do that anyway." There might be some extreme cases of groups that do not operate by a democratic function, but it would be sad to focus on them, given that most groups operate democratically.

The tenants involved in the research said that they had no difficulty with registering. The issue is about what registration means. What rights does it give tenants?

Robert Brown: You proposed the mechanism of an independent appeals panel or something of that sort, rather than having the final decision resting with the local authority or an appeal being made to the Scottish Executive. Would that mechanism panel satisfy the objections that John Carracher has articulated?

John Carracher: I do not know whether that would cover all the objections; however, we would want an independent body instead of local authorities or the Executive having the power to arbitrate.

Lesley Baird: TPAS requires groups to be constituted because we have had similar experiences with people purporting to represent a community and taking part in major decisions. If tenants are going to be involved in rent setting and capital programmes, it is important that the views of the community—not the individual—are represented. We certainly support TIS's proposals on this matter.

Ilene Campbell: Our initial research document outlines a detailed registration mechanism, which we probably will not have the time to cover.

However, if committee members want any further information on that mechanism, they might find the document helpful.

The Convener: We will take some sweeping-up questions from the committee to end this evidence session.

Brian Adam: How might the bill be strengthened to allow tenants to be proactive and to take the initiative on certain issues instead of simply reacting to what the landlord says? As Mr Carracher has suggested, there should be an element of choice.

John Carracher: Ilene Campbell has already highlighted the fact that tenants have a distinct disadvantage in getting organised in that they do not have the same resources as agencies. As a result, for example, they cannot buy in their own independent advice; instead, Scottish Homes provides a list for them. The agenda starts long before tenants have the ability to get organised. There might be a problem with resources, but resources are the crux of the matter. The statutory right for tenants to participate is crucial.

Lesley Baird: The principles of the national strategy clearly allow tenants to be full partners. They would have the right of access to information, which is sometimes the key to allowing tenants to participate on a level playing field with their landlord.

Brian Adam: Surely that is still reactive behaviour. I am anxious to see whether you think that tenants should have the right to take the initiative as far as changes are concerned.

John Carracher: If you give us the money, we will do the job.

Ilene Campbell: Our briefing paper suggests some practical duties for landlords. Consultation is asking tenants their views on a landlord's proposals; however, we have suggested placing a duty on a landlord to involve all registered tenants groups and other participating groups in the area in negotiations—perhaps annually—about what policies and issues should be discussed in the forthcoming year. We have suggested that landlords should include in any strategy how they will involve tenants in planning and agreeing the policy review agenda and the introduction or alteration of policies. We already know that landlords annually plan what policies and issues they will examine.

The Convener: One of the anxieties about the initial housing stock transfer proposals was that housing associations might have a slightly detached housing department similar to Glasgow City Council's housing department. The current model proposes that, immediately on transfer, there will be local housing organisations with a

minimum tenant participation along the lines of tenant management co-operatives. Does that afford the opportunity for the kind of tenant participation that you have mentioned? As the tenants will be much more involved in forward planning, they will be more locked into decision making instead of reacting to decisions.

Ilene Campbell: One could say that the purest form of participation is to include tenants on the governing body of an organisation, with a co-operative that is fully tenant controlled. One could say that that is the ultimate form of participation, as the management board, which is made up of tenants, takes the landlord decisions. I will not debate that today, as only a few landlords in Scotland operate in that way.

In our consultation, we asked tenant management co-operatives whether there should be exemptions from that the statutory right to participate. The co-ops and housing associations told us, "Well, while we have tenants on the board, there are still the views of the wider community, which should have the right to influence the governing body." It is important that all tenants have the legal right to participate.

The Convener: The co-operative model—

Ilene Campbell: It is a good model.

John Carracher: Convener, you mentioned Glasgow, where tenants have limited empowerment, although it is put across as being total empowerment. We do not think that tenants asked for stock transfer in the first place, so we wonder where their empowerment is. There is a forced, manufactured process, where people are led in the direction in which someone else wants them to go, and the process for getting there is horrendous. People are herded into forums and do not talk to independent tenants groups. Local independent groups are not given the resources or the back-up that they need to deal with the process, which has been called Stalinist. That seems to be the way in which things are happening.

The Convener: Does that mean that you do not agree that the tenant management co-op is an effective model for tenant participation and is better than—

John Carracher: We do not have a problem with tenant management co-ops. Perhaps we need to consider participation—

The Convener: But is not giving that kind of power to a local organisation better than what is currently offered?

John Carracher: We believe that there should be a choice.

The Convener: I am talking about a model of

participation, rather than—

John Carracher: I thought that you were referring to the housing association model that is being pushed in Glasgow.

Brian Adam: I presume, Mr Carracher, that you are suggesting that you would be quite happy if the tenants asked for participation, rather than being invited to participate.

John Carracher: Yes.

Ms White: The Ardler steering group in Dundee appears to be the only group that has been through the process from which participation, housing stock transfer and improvements may arise. Elizabeth Gurvin mentioned the fact that 95.5 per cent of the Ardler tenants voted for transfer in the ballot. How many years of consultation or participation were there before the ballot and the transfer? How long did it take to get to that stage?

Elizabeth Gurvin: We have been involved in the process for three years. The ballot was due to take place in March 2000, but things were going so well that it was brought forward to November 1999. However, things stopped going so well, so the ballot was put back to June 2000 and then to September 2000. The ballot finally took place in December 2000.

People in Ardler really did not have an option, because the estate was being run down and the council could undertake only immediate repairs during those three years. By the time the ballot was held, people wanted their houses repaired and they wanted front and back doors. They had no other choice.

We received these documents and the other information on tenant participation and consultation only on Monday.

Mr Michael McMahon (Hamilton North and Bellshill) (Lab): Mr Carracher, I will go back to comments that you made earlier about being faced with an agenda. I hope that I am not misquoting you if I say that you wanted tenants organisations to get informed, get organised and get into partnership with local government. Do you concede that some tenants organisations are not informed about the local authority's agenda and get organised before they get informed? Are you aware of tenants organisations that have had problems when commenting on the bill because they have had no dialogue with their local authority in order to inform those comments?

John Carracher: I do not think that I said that tenants want to get geared up for a partnership with their local authority. They will need to have a partnership with Government at a national level. There is a bigger dimension to participation and it will involve more than just the local authority. We

are talking about the community as a whole and about being organised in communities. This is about handing back some power to local communities, irrespective of how their local authority acts. There should be a balance of power—[*Interruption.*]

The Convener: I am sorry—we will suspend the meeting while we deal with the stunt at the back of the room.

11:29

Meeting suspended.

11:30

On resuming—

The Convener: Before I go back to John Carracher, I want to say that the committee agreed on which people it would invite to give evidence. Everyone has an opportunity to provide us with written evidence and information and it is most unfortunate that our proceedings have been disrupted as they have been.

John Carracher: I was not very clear about Mr McMahon's question.

Mr McMahon: I am sorry that my question caused such a furore at the back—perhaps I should not develop it any further.

Two local authorities cover my constituency. I have been in dialogue with those authorities and their agenda was not to pursue housing stock transfers. I was therefore surprised when I received a letter from a local tenants organisation asking me to support its campaign against housing stock transfer in the area. Clearly, the people in that organisation were not well informed about the local authority's agenda. Are you aware of any lack in the communication that should ensure that tenants organisations are informed when they get organised to mount campaigns? They should not be ill informed.

John Carracher: I am not sure that they are ill informed. Wendy Alexander has said that the Government's intention is to see public sector housing moved over to the private sector. The tenants are quite well aware of what is going on. You do not get new housing partnership money unless you are looking at stock transfer. You cannot get money to do improvements.

In my area, some councillors will say that they are not in favour of housing stock transfer, but my local authority is still going through a stock options appraisal. Tenants need to be informed of what that means and they need to be geared up. They need to understand the wider aspects and not just what happens locally.

Tenants might want to express a view on what happens nationally. Part of the national strategy for tenant participation is about participating at a national level, and a code of practice has to be worked out for that. Tenants need resources.

There is a political dimension as well. At consultation meetings in my area, people are asking questions about stock transfer and the stock options appraisal; the council—or, at least, the council officials—are saying, "We can't answer those questions, because as far as we're concerned we're just doing a consultation exercise and we're just looking at a stock condition survey." People in the tenants movement then say that it is possible to ask the local councillor for his or her view on stock transfer and to take the matter up with COSLA and the Government. There are two dimensions locally. This is not just about certain practical things.

The Convener: I do not want to be accused of trying to close down any opportunities for tenant participation, but I am very conscious of the time. We are falling behind. Sandra White has indicated that she has a point to make, so I will ask her to make her point briefly and then ask the witnesses whether they have anything to add.

Ms White: It is okay, convener, I will forgo my question.

The Convener: Does anyone want to make a point just to finish off?

Lesley Baird: A huge can of worms has been opened and there are huge areas in which the bill can be beefed up. We would be delighted to work with the Executive on considering alternatives and on how to embrace the national code on tenant participation.

Ilene Campbell: Participation involves debate and dialogue and there will be conflict and disagreement. Tenants—like politicians and housing officials—do not always agree. That is a sign of a healthy debate. Our briefing paper makes some practical suggestions for overcoming problems. There are issues in Glasgow and all over Scotland about tenants feeling that they have not been part of the initial discussion and have not had adequate information. We are proposing that the Parliament should put duties on landlords that will enhance participation rights for tenants, inform them at an early stage and involve them in early discussions before a proposal is made. Those are participation rights and we hope that, given the evidence of the research and the consensus in Scotland, they will be incorporated in the bill.

John Carracher: The STO seeks continuing participation through an on-going dialogue with ministers. We hope that we can lose the feeling that tenants are not being listened to, because that is a big problem.

Elizabeth Gurvin: Finally, I would like to say that the bill disfranchises local authorities from new builds or improvements on a worthwhile scale.

The Convener: Thank you for attending today's meeting. I am conscious that we have had to move on, but I have no doubt that we will continue our dialogue.

11:36

Meeting adjourned.

11:46

On resuming—

The Convener: We will resume to take evidence from the Scottish Trades Union Congress. I welcome Alan Ritchie, from the Union of Construction, Allied Trades and Technicians, and Jackson Cullinane, from the Transport and General Workers Union.

You are both very welcome. We are interested in what the STUC has to say about the Housing (Scotland) Bill. You have the opportunity to make a statement about the bill, after which we will ask questions.

Alan Ritchie (Scottish Trades Union Congress): Good morning. My name is Alan Ritchie, and I am a member of the STUC general council executive and regional secretary of UCATT. Jackson Cullinane is a member of the TGWU.

We thank the Social Justice Committee for inviting the STUC to discuss the future of housing. We all agree that Scotland's housing needs to be improved. However, we do not agree that there is only one way of doing that. The Housing (Scotland) Bill assumes that housing transfer is the only solution and that it will go ahead. Maybe that will happen but, at the end of the day, that will depend on the tenants' decisions.

We are concerned, not with what is mentioned in the bill, but with what is not mentioned. Changing the structure of housing will not only affect tenants; it will have far-reaching effects on communities throughout Scotland. Housing is an area in which joined-up policy is essential. Local authorities are uniquely placed to ensure that housing policy is integrated into the broader social inclusion and equal opportunities agenda. Through local government elections, local authorities are democratically accountable to the communities that they serve and they are uniquely placed to generate community involvement in decision making.

We all agree that substantial investment is needed in social housing, but the method of

financing that investment is the bone of contention. The ability of local authorities to invest in social housing is restricted by the burden of the housing debt and by the rules that were established by the Treasury to govern public sector borrowing. We would like the adoption of the general government financial deficit, which is used by most European countries. That would allow investment in council housing. Borrowing by local authorities could be financed at lower rates of interest than would be possible under the form of community ownership in the housing stock transfer proposals. We should also take into account the projected increase in the cost of administration and the VAT costs that are involved in the capital programme, which would be considerably less if the programme were within a local authority structure.

For example, local authorities do not pay VAT at the moment. After they transfer out, every housing association will be subject to VAT at 17.5 per cent on every nut, bolt, screw and door. That will have a long-term impact on rent levels. We wonder why the Government does not even attempt to examine some of the other economic models that could finance housing, such as securitisation, which has been advocated by the Association of Direct Labour Organisations. The other models have not been up for debate; it seems that it must be the transfer or nothing.

We want to raise concerns about the proposed single statutory regulatory body. Local authority housing could not compete with housing associations that have had far more funding over the years. The previous Government starved local authorities of funds and gave housing associations millions of pounds to develop new build and maintain the existing stock. How could the two compete to produce the same standards?

First, we believe that standards should be raised in local authority housing. We object to the new role of Scottish Homes, in which it would assume responsibility for regulating and monitoring all housing. We recommend that an independent body be created to monitor housing. Scottish Homes awards jobs and contracts to the construction industry, for example. We maintain that construction workers have suffered from Scottish Homes' participation in the contracts. Scottish Homes has hampered employment in the communities of Scotland and has denied many workers their legal rights with regard to employment practices. Young people have been denied apprenticeships because contracts were awarded to the bogus self-employed, which means that apprentices were not employed. We do not want Scottish Homes to duplicate the two-tiered housing situation that was created by the previous Government.

It is important that repair and improvement grants be awarded not only on the basis of costs, but on the basis of best value. The Government has stated that it wants to see an end to cowboy builders and provisions for that should be made in the grants. In other words, companies that are working on houses should be registered with the Scottish Construction Operatives Registration Executive because a SCORE-registered employee will have had proper health and safety training. Most important of all, employees should be employed directly. We do not believe that it is too much to ask in this day and age that all workers be entitled to the minimum benefits that most of us enjoy, including national insurance contributions, pensions, sick pay and holiday pay being paid by the employer. We are not asking for much and we believe that all workers are entitled to that, whether or not they are union members. Until now, many contracts were issued through the grant system and Scottish Homes has not worked with companies that operate in that manner.

The STUC is concerned about the right to buy, because it affects the number of council houses that would be left for those in need. Scotland has a unique housing problem that is different from that in England—that must be recognised. Statistics show us that more than 80 per cent of Glasgow City Council's tenants are in receipt of housing benefit. According to the official council figures, Renfrewshire Council has the highest number of people who claim income support in the UK. The point of having a Scottish Parliament was to ensure that specifically Scottish needs could be dealt with in Scotland. As we said at the beginning of our statement, we cannot make changes to housing without taking into consideration all the effects that the changes will have, particularly on workers in direct labour organisations. The DLOs have made a difference to communities—workers have been given jobs and apprenticeships that have futures and they have been given employment rights.

We want an end to financing of the black economy and the bogus self-employed, because it is not healthy for workers, for taxpayers or for the Government. The Scottish Executive says that it wants social inclusion, employment, good housing, proper health and safety at work and an end to poverty. We want to ensure that a two-tier situation does not develop, in which workers who transfer initially are protected by the Transfer Of Undertakings (Protection Of Employment) Regulations principles, but in which new employees and people who retire do not have that protection and are paid the lowest wages in the worst conditions. We are not talking about an imaginary situation; that is happening where housing stock transfers have taken place in England. The new starts are not getting the same

pay and they are not being offered pension plans or holiday pay.

We all want to see the end of damp housing and poor living conditions. Wendy Alexander stated that if two houses can be built instead of one, it does not matter how that is done. The construction industry is the most labour intensive industry in the UK. If two houses being built means that a dozen workers lose their employment rights or become unemployed, we must ask where the social justice is in that.

If the Executive is to make radical changes to housing, the people who work in building and maintenance cannot be left out of the equation. Scottish Homes' employees are protected within the bill; it states that they will transfer to their new executive role with all their benefits. Those people enjoy up to four times blue-collar workers' wages. No such security is written into the bill in respect of the blue-collar workers who build and maintain the houses. The bill does not mention that, although DLOs may tender for social housing contracts, if the tendering process is not a level playing field, they will have little chance of winning the contract.

A policy of social justice means that workers must have the right to sick pay, pensions and a contract of employment. Young people who are attending school should have the opportunity to take up apprenticeships. We cannot let those jobs go to cowboy builders and their bogus self-employed workers. Local authorities in Scotland have maintained the conditions and wages of employees throughout the tendering process, despite legislation over the past 20 years that no company would allow or tolerate in another business. Those issues should be paramount—the blue-collar workers and low-paid workers must be dealt with now. This is when we should be discussing those issues.

Jackson Cullinane (Scottish Trades Union Congress): I do not intend to add too much—Alan Ritchie has given the committee a comprehensive insight into the STUC's position on the bill.

I highlight the fact that we are here not only to represent the concerns of trade union members and workers who are affected by the Housing (Scotland) Bill, but because many of those members are tenants. As representatives of the STUC, we also have concerns about other implications that the bill might have for local economies.

The stock transfer proposals that have been most highlighted are those in Glasgow. Members must consider that the DLO in Glasgow employs about 3,500 people and that a further estimated 2,000 housing staff within the council would be affected if a transfer were to proceed. A transfer would have a major effect on the local economy if

the job security of those workers was threatened. The DLO has an excellent record in the provision of apprenticeships and quality training.

There will be a long-term effect on the economy of Glasgow. I am using Glasgow as an example that could be mirrored in local authorities throughout Scotland. We are firmly of the view that local authorities should have a continuing role as housing providers and that they should have greater commercial freedom to operate on a level playing field with other agencies.

We are also concerned about the rights of tenants—they should have freedom of choice. It is notable that, during the wind-up of new town housing corporations, tenants were given the option of voting to keep housing within local authority control. We argue that such a genuine choice should be afforded to tenants in this case.

On the right to buy, we are again concerned not only as organisations that represent workers who would be affected by the right to buy; we are concerned about the position of tenants. The case that we make is that the right to buy, coupled with a drastic reduction in investment in housing, has created a situation in which the availability of homes for rent has been drastically reduced. According to the Executive's own figures, housing for rent in Scotland is as low as 32 per cent; the Executive anticipates that it could drop to as little as 20 per cent. For many people, the right to buy is, for several reasons, not really an option. People who are in low-waged, temporary employment and who do not have security in employment are deterred from taking on a mortgage and buying a home. The option of the right to buy is closed to some low-paid people who may have incurred debt in the past because of the system of debt blacklisting, which leaves them no way to obtain a mortgage.

12:00

We argue that—as with the right to buy—people should have the right to rent. That would kick into line the need to invest in housing. During the past 20 years, investment in housing in the UK has fallen to only 3.4 per cent of GDP, compared to the Organisation for Economic Co-operation and Development average of 4.9 per cent. The upshot of that situation, coupled with the right to buy—which has removed the best quality housing from the housing stock—has resulted in a lack of rented housing.

In Scotland in 1989, 70 per cent of existing rented housing stock had been built before 1970; the numbers of new dwellings that were completed each year from 1988 to 1998 fell by almost 75 per cent and 93 per cent of those that were built were in the private sector. The situation in respect of

availability of houses for rent is fairly drastic, particularly in rural areas. Those are the reasons why we are so concerned about the extension of the right to buy and the proposals for stock transfer.

On improvement grants, Alan Ritchie made a very good point about the need for people who are registered and trained to perform the work. Not only would that give workers some recognition of their skills and ensure that they have appropriate health and safety standards, it would reassure the tenants for whom that work is being done that the people who were carrying it out were skilled and capable.

The STUC has long held the view that energy efficiency projects are crucial, not only to eliminate dampness and to raise the quality of homes in Scotland, but to stimulate the Scottish economy and get builders back into work. Although we would like a registration scheme, we welcome the moves to extend the amount that is available for improvement grants, particularly for energy efficiency projects.

The Convener: Thank you for your statements. You have covered many of the points that we wanted to raise. How has the STUC consulted on the bill?

Alan Ritchie: The individual unions have consulted their members within their own frameworks. For example, UCATT is involved in the construction industry and we are the largest representative organisation in that industry. We consulted our branches and the regional council before going back to the general council and feeding in our position—as would the other trade unions. That is the consultation process—all the information is fed in and we adopt a policy. Usually, a policy would go before our conference, but the general council takes decisions between the conferences. The conference has already stated in past resolutions its opposition to the transfer of council housing.

The Convener: I am aware that there were initial proposals for right to buy that have been changed. Have you any sense of whether those changes have made any difference to the unions' positions?

Alan Ritchie: No. We have had a discussion in general council. Some unions have not exactly taken a position, particularly those that are not directly involved in council housing. The unions that are directly involved in council housing have discussed and reflected on what their membership has said. Unfortunately, the changes have not made any real difference to what the transfer of council housing will be about. The problem with the bill is what is left out of it; the proposals do not say what will happen to contracts or DLO workers

in future.

The Convener: Before I allow members to ask questions, I would like to clarify a couple of points. I hear what you say about the impact of transfer on construction workers and I note that you have quoted examples of what happened in the past. In the event of transfer, what could you specifically write into the contracts that would give a level playing field to DLOs in tendering for work? Do you have any evidence that there has been a diminution of the rights and conditions of housing staff, as opposed to construction staff, as a result of previous stock transfers?

Alan Ritchie: A number of things could be done as regards construction workers. One of the resolutions that was passed at last year's Labour party conference, for example, was that all central and local government contracts should state clearly that people should be employed directly, that they should have a national insurance number and that the companies should pay their national insurance contributions and deduct their income tax from their pay. Those are all basic issues, but those things do not happen in the construction industry and there is widespread abuse of those criteria.

Contracts could also stipulate that employees should be SCORE-registered. It is not right that people can work in the building industry without any real checks on their craft status or whether they are qualified. They should also have a day's health and safety training. The construction industry has the highest number of deaths and injuries of any industry in Britain. The second highest levels are in agriculture. In five months, 35 people were killed in our industry. If that does not wake people up and make them say that something must be done, the Scottish Parliament should do something about it.

At the end of November, the Scottish Construction Industry Group—which represents the Scottish Building Employers Federation, the trade unions, civil engineers and architects—met the minister who is responsible for construction and produced a paper that clearly spells out what we are looking for. We want the Scottish Parliament to act on the issue of the bogus self-employed in the construction industry. Unless that can be regulated, we will continue to have a high number of deaths and injuries. Deaths were 20 per cent higher last year than in previous years—there will be a further increase this year and that should not be tolerated. If taxpayers' money is going into a project, it is only common sense that the taxpayer should get value in return for that.

The Government must ensure that people are paying proper income tax and national insurance. We think that that is basic, but it does not happen in the industry. Unfortunately, we have seen

unsuitable contracts being given out by Scottish Homes to housing associations. We met Peter McKinlay and David Orr and asked them to regulate to try to stop the cowboys working, but they said that they could not put the necessary clauses into the contracts. They may include clauses on discrimination, on black and white, on sex equality, but any such clauses would just allow all those workers to be exploited in the same way. That is not good enough. We have to get down to the basics. As a trade union organisation, we believe that we should be dealing with that. It should be stipulated in the contracts that people who work on them should be directly employed.

We should also consider apprenticeships. The increase in the bogus self-employed has meant that young people are not getting apprenticeships in the areas in which they used to get training in the past. We will hit a craft shortage in the industry as a result, which is not good for anybody.

Jackson Cullinane: The convener raised two points—the effect of stock transfer on staff and moves by the Executive on the right to buy. There has been some evidence, but not a lot, of how housing staff have been affected by housing stock transfer.

For example, the transfer over three years of staff from Scottish Homes to Mowlem Construction—which went on to Skillsbase—showed how TUPE offers only minimal protection. The ink was barely dry on the contracts before attempts were made to change the terms and conditions. The process also resulted in significant job reductions. We can provide evidence on that from a range of industrial sectors—including the care sector, where people have been transferred to care homes—in which a similar process has taken place.

That issue is especially relevant today, because one of our major worries is the position of those who might face secondary transfers. In the first instance, TUPE offers minimal protection, which we would like to be extended. Our preferred option is a mechanism that would keep DLO staff employed directly by their local authority for the long term. However, even people who have extended TUPE protection might lose their rights if they encounter a secondary transfer, because that makes it easier for an employer to alter terms and conditions and to get rid of staff.

Alan Ritchie explained the consultation processes in each union. The union that I represent has not had the opportunity to consider the changes to the right to buy. However, in October, our Scottish conference firmly expressed concerns about the extension of the right to buy. I must admit that a school of thought exists that says that some of the changes might be a step in the right direction, but that they do not go far

enough. The Executive could have considered other options: imposing a ceiling on the percentage of stock that can be sold; lease-back arrangements that would transfer stock that was taken out of the rented sector back to that sector at the end of their owners' time in the home; and first refusal for local authorities or housing associations for compulsory purchase when houses return to the open market. We stress that the right to buy will reduce the availability of rented housing stock unless significant changes are made to investment in building homes for rent.

Cathie Craigie: Alan Ritchie highlighted—rightly—the level of service and the apprenticeship opportunities that the DLOs offer. Section 95 allows DLOs to carry out works and, through competition, to become involved in registered social landlords' improvement programmes. Could that provision be amended to achieve some of the goals that you suggested today, such as maintaining the numbers of proper craftsmen and apprenticeships in the public sector?

Alan Ritchie: Section 95 is a step in the right direction, as Cathie Craigie says. The problem is that, unless the DLOs deal with the specification, they will go bust because they will be unable to compete. The companies that will tender will be able to use the bogus self-employed to construct a building with no employees and relatively little to pay in income tax.

A level playing field is required. If the DLOs are to tender for contracts, the companies against which they compete must employ people. It is not just we who say that. In the construction industry, the good employer who employs staff and apprentices finds it hard to compete. Such employers tell us that the only way they can survive is to go down the road that I described. We think that that is illogical. All the tendering processes and the specification contracts to contractors should be examined. If we are to work on contracts that are funded by taxpayers, the social inclusion standards that we expect should be spelled out clearly, because the taxpayer finances 50 per cent of the construction contracts in Scotland.

It does not need a nuclear scientist to work out how to ensure that people are employed directly. We welcome any discussion in the Scottish Parliament or elsewhere on how that could be done. What is happening in the industry is a scandal.

Brian Adam: Currently, DLOs compete for, and win, house repair and improvement contracts. Could you supply written evidence on how successful DLOs are at present at winning contracts? Is there a trend that supports what you suggest?

How will we cope with the projected increase in work that will arise from stock transfer? What impact will the proposed massive investment have on the supply of construction workers? Can the construction industry deliver the construction programmes? We cannot go overnight from the current level of staffing to the required level.

12:15

Alan Ritchie: That is a very good point. We have talked to the local authorities in Glasgow, Edinburgh and Dundee about the strains on the industry that the upturn in work will cause. There will not just be housing construction; other major construction projects will take place at the same time.

We are considering several initiatives from the Construction Industry Training Board (Scotland) and the Scottish Building Apprenticeship and Education Council on how demand can be met. There are already shortages in particular trades. We and the building employers have been trying to recruit as many apprentices as possible. Last year, 1,500 apprentices started in the whole of Scotland, but that is well below what will be needed in construction, or even just in house construction.

There are several matters that we should address seriously. There are areas, even within Glasgow, with high unemployment. Glasgow City Council is considering developing a training initiative to bring workers in. We would support such an initiative. However, we have to ensure that proper training is provided. When people came back from the war—not that I remember this—there were dilutees, who were trained as so-called craftsmen and worked in the industry, but who were looked down on for years after because the training was not up to scratch. Eventually, those people fell out of the industry.

We should find ways of fitting people into the right hole. I do not think that it should be compulsory. If individuals are forced to go to a job under the threat that their bureau money will be stopped, they will not have the right attitude. There has to be discussion, not just on the housing transfer, but on construction in general. It is a very labour-intensive industry, as we do not yet have a computer that can put a brick on top of a brick. We should work out how we can train people from the communities properly and get them into jobs, as general operatives as well as craftsmen.

I said that it would be very hard for DLOs to compete. Fifty per cent of apprentices in the Glasgow area are employed by Glasgow DLO. Through Blindcraft, it is the biggest employer of disabled people in Europe. It employs people directly, mainly from Glasgow. The DLO will find it

very difficult to compete at tender against a company that may sub-contract to a sub-contractor that may sub-contract. We will not know what that company is—it might come from England and bring people up for particular jobs.

We must create a level playing field where reputable companies tender on the same basis. They should be companies that employ apprentices, employ people directly, give contracts of employment, deduct income tax and pay national insurance. Such things are basic, and the trade unions should not have to argue for them, but we are having difficulty getting them included in the contracts.

Brian Adam: You suggest that there is a potential pool of trainees in Glasgow, but the bill will cover the whole of Scotland and is allegedly not only about stock transfer. If there is to be a significant increase in investment in areas with a reasonably successful economy, such as Aberdeen, for example, where will we find the construction staff if those areas do not have significant pools of unemployment?

Alan Ritchie: Some local authorities have already started discussing with us and the Building Employers Federation ways in which that demand can be met, and a number of proposals have been put forward by the Construction Industry Training Board. We believe that the demand will be met.

Some people in the construction industry believe that we will import people from London or wherever, and that we will create an "Auf Wiedersehen, Pet" situation in reverse. That would not be in the interests of Scotland. We should be training people. I am not talking just about the construction of council housing, but about construction in general. We have a problem in meeting the demand. Some local authorities have already got the ball rolling, and are considering how to employ local people. It is a challenge not only for trade unions, but for employers organisations and the local authorities.

There seems to be no logical argument for transferring council housing other than the public sector borrowing requirement and the public spending criteria. If VAT is not paid, the work is done and money goes direct to housing repairs. If Glasgow City Council spends £18 million on housing maintenance, for example, £18 million must be raised in tax. Who will pay for it in the long term? That is the only way to work it out.

Although it is being suggested that transfer is the only answer, there are alternatives. There is the question of the general Government funding deficit calculation in the rest of Europe. There is also the one about the Association of Direct Labour Organisations and securitisation, which we believe is worthy of debate.

Brian Adam: Will you submit to us in writing the ADLO proposals for securitisation?

Alan Ritchie: Yes.

Mike Watson (Glasgow Cathcart) (Lab): The points that you have made about DLOs and apprenticeships and the need for direct labour reinforce what you told the committee last year during the inquiry into housing stock transfers. It is useful to restate that.

I have two specific points. First, you said that the bill included protection for the conditions of white-collar workers—the administrative staff—but that that did not apply to blue-collar workers. Can you expand on that? Secondly, you said that you objected to the monitoring role being ascribed to Scottish Homes, as you felt that monitoring should be carried out by an independent organisation. Can you say why you object to that and which organisation you would want to fulfil that role?

Alan Ritchie: Your first question is on the guarantee in the bill. Scottish Homes has no blue-collar workers, as they were hived off to Mowlem from the biggest and most profitable DLO in Scotland. The bill clearly states that Scottish Homes employees will have guarantees in the transfer. What does it say about the thousands of blue-collar workers? It says nothing. We believe that the bill should make it clear to those people—who are not on great wages, although many of them are the breadwinners of the family—what we are saying, which is that we do not know what their future will hold. That is not correct—we should be spelling out what we will do for the DLO workers.

In the past, Scottish Homes has not been great friends with the local authorities. Local authorities will have to employ consultants to try to advise them on how to comply with the bill. That could be a drain on resources, which is why we think that there should be an independent body to supervise housing. Scottish Homes could be a bit biased in its consideration of local authorities. That might put local authorities in the unenviable position that they will not have the right to choose whether they keep their housing, and they will have to transfer it. That is our fear.

Ms White: Section 15 of the bill proposes that local authorities produce strategies for homelessness. Local authorities are also duty-bound to provide information on homelessness. Have they been given sufficient resources to carry out those extra duties?

Jackson Cullinane: I have to be honest and say that I am not convinced that local authorities have been given sufficient resources to do that. However, we would welcome the general principles—at least, the ones that are contained in the initial consultation paper—as extending the

definition of the homeless to include those who are likely to become homeless within two months and giving homeless people the right to be based in permanent accommodation.

However, one of the worrying aspects is the lack of definition of unintentionally homeless. That was mentioned in the consultation paper, and I need to confirm whether it has been transferred over to the bill. The reality is that many authorities—including local authorities, I have to say—use the fact that someone is in rent arrears to try to blame them for being homeless. There are a number of reasons why people get into rent arrears. The focus should be on trying to help people out of that situation, rather than inadvertently leaving them thinking that it is their fault.

There are implications—especially where the paper talks about short-term tenancies—for people who are fleeing domestic abuse. People in that situation might require a short-term tenancy in order to determine whether they want to make a further move or whether to get to grips with the position that they are in. Our concern is that the tenancy would be seen as a probationary period and would be used as a big stick against people. Again, there is the implication that it is their fault that they are in that position.

There are two issues. First, local authorities require more resources to deal with those extra duties. Secondly, we have to be careful that we do not stigmatise people and blame them for situations that are, to a large extent, outwith their control. Rather than getting into the habit of doing that, we should look at how we can help people out of that position. We have to take cognisance of the flexibility that might be required to deal with particular needs.

Ms White: How will housing stock transfer affect homelessness? The bill mentions that if housing stock transfer goes ahead, local authorities will be able to say to social landlords, "You must take these people on board." If the RSLs say no, the matter will go to arbitration. How will that affect not only the people who are working with the homeless, such as union members, but homeless people themselves?

Jackson Cullinane: There is no doubt that it will have an effect on them. We welcome a statutory duty on housing agencies to provide advice and assistance to homeless people and a duty on local authorities to fulfil their responsibilities to tackle homelessness.

However, the question comes back to the lack of resources and, in particular, to the lack of investment in making homes available. The real problem is not the principle that to tackle homelessness, local authorities should have the right to order homes to become available, but

whether there will be enough homes for them to do that, especially if the right to buy has been extended and both the quantity and the quality of available homes is further reduced.

12:30

Karen Whitefield: My question is about the strategic housing role that the bill will give local authorities that transfer stock. Do you think that the local authorities will be able to take on that role effectively? Should local authorities that choose not to transfer stock—such as my own in North Lanarkshire—also be given a strategic role? Should they be able to take on that role, irrespective of whether they had transferred their stock?

Jackson Cullinane: Local authorities, regardless of whether they transfer stock, should be provided with resources to make available more homes for rent and to tackle homelessness. That is the principle that we would uphold. This is not just a question of who owns a particular house; it is a question of social inclusion and giving people all kinds of options. Our concern is that the option of the right to rent has been minimised. Over the years, an imbalance has grown. The Executive talks about a balance of mixed housing tenure, which sounds great in principle. However, if there is already an imbalance that is skewed very much towards home ownership—which, as I said, is an option that many people find closed to them because of their financial position or their job security—we have to tilt the balance back a wee bit.

In the short term, local authorities in which the tenants do not vote for a transfer should still be given resources to allow them to meet the housing needs of their area. As for whether they should have a strategic role, we come back to the question of resources. It is one thing to give somebody a role in theory but, if they need resources to be able to carry out that role in practice, that has to be addressed. We are a bit concerned that the idea of a strategic role for local authorities implies that local authorities will no longer be housing providers. I think that local authorities have a fairly good record as housing providers. If we need the type of planning that we suggest is required to rebuild housing stock, local authorities should have a continuing role as housing providers, not just as strategic planners.

Robert Brown: I was struck by your comments, for which there was a lot of sympathy round the table, about the bogus self-employed. However, probably through ignorance, I am a little concerned over whether European competition law will lead to inhibitions on what can be done. Some things will be dealt with at a UK level as well. Has the STUC—through its research

department or other means—looked into that issue and tried to find ways round any difficulties with regulations that could inhibit our efforts to achieve what I think is a common objective?

Alan Ritchie: A number of points arise on the bogus self-employed. Kenneth Clarke, during his last months in office, stated that he would deal with the bogus self-employed and that the taxpayer was losing £3 billion year because of them. Unfortunately, it had taken him 19 years to discover that. Gordon Brown adopted the same position and last August introduced the CIS4 certificate. Unfortunately, that is being scrapped in December and we will be back where we started.

As for European regulations, no other area in Europe has the same tax laws for the construction industry as Britain has. In fact, no other industry in Britain has the same tax laws as the construction industry has.

We are not opposed to companies starting up, but on a site where 50 or so people are employed, it is possible that 40 or 45 of them, who should have been employed directly, are classed as self-employed and so are not entitled to holidays, sick pay or contracts of employment. Unfortunately, the Inland Revenue is stretched, but we have tried to get it to visit some of those sites.

There is unfair competition in the construction industry in Britain, in comparison with Europe. We have raised the situation with our European counterparts and we have also raised it in Brussels. We are deeply concerned that there is a hidden subsidy within the industry, despite the fact that we are talking about fair competition.

Robert Brown: We are members of the Scottish Parliament and I am concerned about issues that fall within our powers. I am trying to ascertain whether you have been able to identify issues that we can tackle, perhaps through the bill—although I appreciate that the bill was published only recently—in order to move the agenda on. Can you assist us with that, either today or by providing further documentation? There is a lot of sympathy around the table for the points that you have made, but we have no direct control over European or UK issues. Given your particular expertise, can you guide us?

Alan Ritchie: As I said earlier, the body that represents the construction industry is the Scottish Construction Industry Group, which represents all sectors of the industry, including employers, architects and civil engineers.

Towards the end of November or the beginning of December, we sent a paper to the minister with responsibility for construction, in which we said clearly that these issues should be related to the contracts that are awarded by the Scottish Parliament. The minister has yet to reply, but we

hope that the Scottish Parliament will take the initiative and will implement, through its own contracts, a Scotland-wide approach to how people should be employed. We believe that they should be employed directly.

Robert Brown: On a slightly different, but linked, issue, I presume that the issue of resources lies behind the changes to improvement and repair grants. How big is the budget? Do you have views on the bill's proposed changes to ceilings, cappings and means tests within those grants?

Alan Ritchie: In Glasgow, we recently witnessed old-age pensioners being swindled out of £100,000 by a cowboy builder. While I do not expect tenants, including those who sat at the table earlier, to know about the construction industry, I expect those who give out grants to give tenants guidelines that state clearly that they should not entertain using such cowboys. There will be other McPhees—that was the name of the company concerned—that will exploit people if grants are simply handed out. We must state clearly what we expect of the companies who do the work under those grants.

The Convener: I would like to make Bill Aitken's next question the final one, as we are up against the pressure of time.

Bill Aitken: I recognise and understand your serious concerns about the future of DLOs under the bill. If the bill sounds the death knell for DLOs, would you accept or reject the argument that the situation is one of swings and roundabouts? The DLOs may disappear but a lot more construction jobs—and more work for your members—will be created.

Alan Ritchie: UCATT is the largest construction trade union in the private and public sectors and we look after the interests of our members in both sectors.

Morrison Property Care is taking over the DLO in North Lanarkshire, and we are urgently seeking meetings with the company to discuss the future employment prospects of the people of North Lanarkshire. In Norwich, the company turned round and said to the employees, "Your employment rights are guaranteed, but the rights of new starts are not. We'll not pay them the same as a local authority will." We are trying to get assurances from the company that it will give other people from North Lanarkshire who start working in the DLO the same conditions of employment—that is an important point.

I do not believe that we should give DLOs in Scotland the last rites. At a time when the construction industry has had major problems with the bogus self-employed, DLOs have maintained direct employment, apprenticeships and

employment prospects for disabled people. Those are bonus points. We do not think that DLOs should disappear; they should be defended. If the DLO transfers, the situation under TUPE regulations is weak. We know that the conditions that currently apply within the local authorities might disappear, but I would not say that DLOs are going to vanish and that there will be a lot more construction jobs. The construction work will have to be done by someone.

We ask why we do not ensure that people are employed directly and given the benefits that we have highlighted. When I walked on to a major site in Glasgow—the Buchanan Street project—one of the employees chased me, because we had an agreement with the construction company to ensure that everybody was employed directly. This guy chased me over the site and said, “Do you know that you are making me pay 23 per cent income tax? It is bloody ridiculous.” I said, “But everybody should be paying 23 per cent income tax.” How crazy is the situation when people think that they can get away with that? We should ensure that that is not going to happen.

What company would allow legislation to say, “If you make a profit this year, you cannot take it into next year”? Every company that I know in the private sector makes a loss one year and a profit the next. They are able to take that profit into their bad year, especially if there is a three or four-year contract. DLOs are not allowed to do that; what private company would tolerate that? Despite that, DLOs have managed to preserve the jobs and apprenticeships for the community. Nothing in the bill says that jobs and apprenticeships will be preserved; we would like to see a stronger commitment on that.

Bill Aitken: Would the principle of management buy-outs mitigate the effects on DLOs and go some way towards protecting the ethos that you have spoken about?

Alan Ritchie: One of the problems that we have had with management buy-outs is shown by the experience of the DLO with Scottish Homes. Scottish Homes had the biggest DLO in Scotland—it was one of the most profitable DLOs and started a lot of young people. The management tried to buy it out, but the Government would not allow them to do so, and put the contract out for tender. It took about a year before Mowlem Construction walked in and took the organisation over. Unfortunately, Scottish Homes then changed the contract so that TUPE regulations did not apply. Fewer lads were working on contracts and, when the contract came back up for tender, the lowest common denominator was put in it.

Management buy-outs have not had a good success rate in DLOs. Quite honestly, I do not

think that, in the current circumstances, any DLO would touch one with a bargepole. However, DLOs have been successful. There has been a lot of criticism of them, but auditors’ reports have said that 80 per cent of DLOs in Scotland are showing a profit. Moreover, DLOs employ people directly and employ apprentices to the benefit of communities. The baby should not be thrown out with the bath water. We must ensure that DLOs are preserved.

The Convener: I thank our witnesses for attending and for giving us such full responses to our questions. I am aware that some of the meeting was uncomfortable because the sun was following you across the table. I say that the sun shines on the just, so maybe it was telling us something. We would welcome any further comments that you have to make on the bill in written form. You said that you would highlight the ADLO proposals for us. We look forward to seeing them.

Jackson Cullinane: An issue that has not been raised but that is of specific interest to my union—the Transport and General Workers Union—is that a lot of our members, especially those in agriculture, the caring professions or working as caretakers or janitors, live in tied accommodation. We will miss an opportunity if the bill does not address the position of those people. They face additional pressure in speaking out and looking for improved terms and conditions because, if they lose their job, they effectively lose their home as well. The bill is an opportunity to give those people secure tenancy rights, some security against homelessness and therefore a greater ability to seek the improvements in terms and conditions that some of them deserve.

The Convener: Thank you for those comments and thank you again for attending. We look forward to receiving written responses from you.

Alan Ritchie: Thank you for giving us your time.

12:43

Meeting continued in private until 12:55.

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