

# **SOCIAL JUSTICE COMMITTEE**

Wednesday 31 January 2001  
*(Morning)*

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## **SOCIAL JUSTICE COMMITTEE**

### **4<sup>th</sup> 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:**

Fiona Hyslop (Lothians) (SNP)

#### **WITNESSES**

Dave Alexander (Scottish Federation of Housing Associations)

David Bookbinder (Scottish Federation of Housing Associations)

Fanchea Kelly (Convention of Scottish Local Authorities)

Councillor Michael Mc Glynn (Convention of Scottish Local Authorities)

Irene McInnes (Scottish Federation of Housing Associations)

Robert McNeil (Scottish Federation of Housing Associations)

Mark Turley (Convention of Scottish Local Authorities)

#### **CLERK TO THE COMMITTEE**

Lee Bridges

#### **SENIOR ASSISTANT CLERK**

Mary Dinsdale

#### **ASSISTANT CLERK**

Rodger Evans

#### **LOCATION**

Committee Room 1



## Scottish Parliament

### Social Justice Committee

Wednesday 31 January 2001

(Morning)

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

10:13

*Meeting continued in public.*

**The Convener (Johann Lamont):** While people are coming in and settling down, I welcome everyone to today's meeting of the Social Justice Committee.

First, I ask the committee to agree to consider item 6 in private. We have already agreed to take item 5 in private. Are we agreed?

**Members indicated agreement.**

## Housing (Scotland) Bill: Stage 1

**The Convener:** This morning, we will take evidence for our stage 1 report on the Housing (Scotland) Bill. Our first set of witnesses is from the Convention of Scottish Local Authorities. I welcome Councillor Michael McGlynn, Fanchea Kelly, who is COSLA's Housing (Scotland) Bill adviser, and Mark Turley, who is from the City of Edinburgh Council, and ask them to make a brief statement.

**Councillor Michael McGlynn (Convention of Scottish Local Authorities):** Thanks for inviting us to present COSLA's evidence today. As the democratically elected representatives of communities across Scotland, we are in a unique position and our views have cross-party support. We are aware of the importance of the bill and the scale of the task that is involved in fully scrutinising it. Councils are keen to do justice to the subject because of the substantial likely impact on tenants, homeless people, our communities and councils.

We have submitted a 19-page document to the committee and we will briefly summarise COSLA's main points. COSLA is clear that the new housing duties must fit with the emerging community planning framework so councils can properly take on a coherent leadership role within their communities, with their partners and on cross-cutting issues. We also want to work closely with the Scottish Executive on resourcing the new legislative burdens that the bill is likely to introduce. The impacts on the general fund, council tax and tenants' rents must also be made clear.

10:15

On homelessness, the bill does not attempt to address the fundamental issues of the appropriate supply of housing that will ensure that homeless people have access to good-quality homes. We look forward to that being addressed in the second phase of the work of the homelessness task force. We accept the principles of the bill in relation to homelessness and welcome the fact that it deals with advice, temporary accommodation and joined-up strategic planning. We are pleased that housing associations and registered social landlords will be required by the bill to contribute to solutions to the homelessness problem and we want that to be further advanced during the passage of the bill.

We will work closely with the Executive on the detail of the Scottish secure tenancy and the short tenancy proposals. We believe that a careful, planned implementation will be crucial to allowing

councils and RSLs to get the changeover right for tenants.

We believe that the overriding principle in regard to the right to buy should be to achieve best value from public investment so that individual gain is not at the expense of maintaining a good supply of rented houses. We will pursue a further reduction in discount to get the balance correct.

On regulation, COSLA wishes the housing management inspection role to be sufficiently independent from the operation of the Executive's policy and funding role to ensure that there are no conflicts of interest. We also want there to be a fit-for-purpose form of inspection and a consistency of approach to inspection and remedial action.

On strategic housing functions, we are pleased that part 5 of the bill aims to clarify the duty of the local authority to assess the needs in its area and to prepare a local housing strategy to address the needs in consultation with partner organisations and communities. We are pleased that powers will be available to the minister to fund local authorities to fulfil the local housing strategy and that local authorities will be able to fund housing providers for development purposes. Our member councils are clear that investment must be firmly linked to planning, irrespective of their position on stock transfer.

We have several concerns about the fact that it is proposed that the new executive agency that will replace Scottish Homes will be the regulator, the funder, a partner in local community regeneration delivery, a partner in the preparation for the local housing strategies and the monitoring organisation for local housing services. We have set out 12 questions in relation to that that should be addressed.

On repair and improvement grants, we have had a mixed reaction from our members to part 6 of the bill. We are not convinced that means-testing will produce positive results for the variety of situations that have to be addressed. However, we support the concept of the recently announced housing improvement task force. We are conscious that support for owner-occupiers and for high quality of urban and rural private housing is a major area of housing policy that is not currently widely agreed on. COSLA is keen to contribute to the development of that policy and of future financial arrangements.

**The Convener:** Thank you for that statement, and for providing us with your written brief. Some people who have given evidence have been of the view that the bill is not sufficiently wide in its scope. You have already said that you support the general principles of the bill. Do you believe that its scope is acceptable, or should other aspects have been included?

**Fanchea Kelly (Convention of Scottish Local Authorities):** Throughout the consultation period, we have discussed a number of the bill's aspects. We are aware that the bill does not deal with private sector tenants or fuel poverty, which are important issues. We understand that work is under way on those matters, and we look to the housing improvement task force to deal with some of the issues that are not included in the bill. We want commitment to be made on those matters in due course.

**The Convener:** Do you have a sense of the time scale of that?

**Fanchea Kelly:** Our understanding is that the housing improvement task force could work for a period of up to a couple of years, and that its work will have specific outcomes. COSLA intends to press for those specific outcomes. We are also aware that the task force's work has to link with the property law reform agenda, and that it has to fit in with the timing of that reform.

Another aspect relates to the work of the homelessness task force, which we hope will begin to consider the fundamental aspects of supply. We want the major homelessness issues to be addressed within a similar time frame—in a couple of years. Our view is that the bill should not form the only housing legislation to be passed in that relatively short period.

**The Convener:** What consultation did you carry out with individual councils? Were there differences of view in some areas, or was the general view that which COSLA is expressing today?

**Fanchea Kelly:** We have been holding a wide-ranging consultation. The structure that we have used for pulling together views on the bill stemmed from COSLA's housing conveners forum. That incorporates all councils in Scotland. A bill group was set up from within the forum, consisting of members and officers. That group has worked consistently over a considerable period. We pulled in expertise from different councils, covering particular points of view. Various sub-groups are working on particular parts of the bill.

As far as common views are concerned, COSLA has members across the country, and the issues that are pertinent in the Highlands and Islands may be very different from those that pertain to urban and semi-urban areas. Some aspects of the improvement and repair grant show how the situation in one area is very different from that in others. We are examining closely how the provisions of the bill will relate to people in different areas. The views that we have received are widely representative of the different authorities.

**The Convener:** Do you think that local authorities will have a long-term role as landlords? Some of the discussion around housing stock transfer almost suggests that that local authority role will wither on the vine. Do you think that authorities will focus on a particular section of the social rented sector?

**Fanchea Kelly:** The range of views in COSLA is that community ownership should be decided between councils and their tenants. In cases where that makes sense, it is entirely reasonable. Where it does not make sense, either to tenants or to the council, or where the financial circumstances are unfavourable, the decisions should be taken at the appropriate level, without a time frame being applied to the continuation of the authority's landlord role. At this stage, our view is that that should be an open agenda. Community ownership and empowerment should allow a diverse range of models to be put in place now and to emerge over time.

**Mark Turley (Convention of Scottish Local Authorities):** There is a perception among many local authorities that the bill reinforces the view that whole stock transfer is the only show in town. There is no well-established and robust methodology for councils to decide whether that option is right for them, based on an evaluation of their stock condition, investment requirements, the views of their tenants and one or two other considerations. It is felt that the bill would be strengthened by giving an opportunity in future to consider a wider range of options similar to those that are being pursued experimentally south of the border.

**The Convener:** Finally, do any issues arise in relation to funding the changes with which you will have to contend when the Housing (Scotland) Bill is enacted?

**Fanchea Kelly:** Yes, there are major issues relating to funding. We have welcomed the parts of the financial memorandum that refer to funding to meet specific costs. For example, there is £27 million over three years to meet the new legislative burden on homelessness, and there is some money for tenant participation strategies. However, as we have said in our submission, we are concerned about the resourcing of other legislative duties that the bill will introduce. For instance, we would like to discuss the cost of regulation. It should be made clear that some costs are likely to fall on tenants in rent.

Also, the introduction of a means test for improvement and repair grants could increase the administrative burden to an extent that is not yet clear because the means-testing system has not been fully discussed with us. Such aspects of the bill will lead to extra costs, which will either fall directly on tenants or will have to be met from the

general fund. We need to be clear about those costs before we can properly assess our ability to carry out duties.

**Bill Aitken (Glasgow) (Con):** Where stock transfer is not undertaken by a local authority, do you think that the bill offers a sufficiently robust procedure for ensuring that we tackle the quality of the remaining housing?

**Fanchea Kelly:** We support the common platform of rights for tenants in different social tenures for which the bill provides. Equally, we have supported the proposals for regulation and inspection of the housing management role, as that should be part of the assurance of standards for tenants, irrespective of who their landlord is. The bill is very clear in those areas.

The bill does not address some aspects of physical standards, which might be examined by the improvement task force. We are keen that they should be pursued.

**Bill Aitken:** Outwith the new housing partnerships, the procedures for dealing with energy conservation measures and ensuring that houses are properly heated will be dealt with under the appropriate grant system. Is that an adequate procedure?

**Fanchea Kelly:** Are you talking about grants for improvement and repair?

**Bill Aitken:** Yes

**Fanchea Kelly:** On part 6, we have welcomed the extension of eligibility for grants to applications for energy efficiency improvements. That is entirely sensible. We still have concerns not just about energy efficiency, but more fundamentally about fuel poverty across all sectors. There may be discussions on that at stage 2, but we would like that to be addressed by the improvement task force. There are several fundamental aspects that need to be addressed. Our members have expressed the concern that they have to be able to deliver energy efficiency in all sectors.

There are aspects of fuel poverty that are outwith energy efficiency: affordability, income maintenance and the tariffs of the fuel companies. There is a big agenda that we want to address. We are not yet clear to what extent the improvement task force would consider that, but COSLA is very supportive of the proposals to enhance energy efficiency and lessen fuel poverty across all tenures.

10:30

**Bill Aitken:** Community ownership initiatives could result in improvements on a fairly large scale. Should any additional regulations be introduced to monitor the effectiveness of those

refurbishments and the way in which they are carried out?

**Fanchea Kelly:** In relation to community ownership?

**Bill Aitken:** Yes.

**Mark Turley:** If I understand the question correctly, the proof of the pudding will be in the eating. You would expect that if what you say is true, we will see—through the regular stock condition surveys that are undertaken—a gradual improvement in stock condition in the years to come. In terms of monitoring, the information will be available through existing systems. There are probably things that could be changed in the way that the system works—for example, the valuation system—that could give us greater confidence that community ownership will increase the condition of the stock. The way that the valuation system works at present does not in all cases guarantee huge improvements to the stock.

**Bill Aitken:** What does COSLA consider to be the implications of the bill for the staff of local authorities who work in housing and related matters?

**Fanchea Kelly:** There is a wide range of implications. The bill will relate to a long period; none of us can entirely foresee what changes there will be. Community ownership brings major change for staff, whether through TUPE—the Transfer of Undertakings (Protection of Employment) Regulations—in relation to transfers or through discussions that are under way in councils. We have, however, identified that we do not see community ownership as the only way forward. There are a number of different ways that the bill may impact on staff in regard to skills and training; for instance, we are aware that staff may require training on the development funding role.

The other aspects, which relate to the evidence that you have taken from the Scottish Trades Union Congress, have to do with the wider set of corporate issues for councils, which can be considered in the context of community ownership. There are severe concerns about the future for people employed in the corporate functions and in direct labour organisations—that may be open for discussion in future.

**Brian Adam (North-East Scotland) (SNP):** In your submission you talked about the concept of an index of housing quality. I presume that you mean the levels set for below tolerable standard, the kind of energy efficiency measures that might be required and other related matters. Accepting that we have major problems in both public sector stock and private stock, do you think that that index ought to be in place in advance of any major investment in public and private sector stocks, on the basis that we could end up with works not

being carried out to a sufficient standard?

**Fanchea Kelly:** The index of housing quality is out for consultation. We are keen to pursue with the Executive how that fits with below tolerable standard issues. As we understand it, there are things that we must do, such as BTS, and things that we want to do, such as the index of housing quality. We are not yet clear exactly how the two would relate, or what the legislative base for the index of housing quality would be. I believe that the consultation period ends in April. We want that to be part of the discussion in the improvement task force. There are issues about how all this fits together and how it is resourced that are not yet clear.

**Brian Adam:** Are there not dangers in proceeding with major changes, whether through the grant system for house improvements or any major capital works in public sector housing, against the background of a lower standard than one that might be introduced in the near future?

**Fanchea Kelly:** There are two parts to that question. First, in relation to the private sector, part of the value of the bill in regard to means-testing will depend on how the other aspects are considered through the improvement task force. We might not want to progress that issue on one side until we are sure of what the overall approach will be. As you suggest, we might not be dealing with things to a consistent standard.

Secondly, in relation to the public sector, we do not want to hold up on-going improvements—for instance, concerning aspects of community ownership proposals—because, after two years, there might be a different assessment of what the standards should be. We want those improvements to progress. As Mark Turley has already mentioned, aspects of valuation could be very important to the way in which standards are dealt with. Energy efficiency, for example, could be considered under valuation, which is not included in the bill. That could enhance some of what we currently do in relation to these kinds of proposals.

**Karen Whitefield (Airdrie and Shotts) (Lab):** Can you give us an indication of your overall view on the idea of a Scottish secure tenancy? What might be the advantages and disadvantages of the provisions in the bill for a short-term Scottish secure tenancy?

**Fanchea Kelly:** COSLA has generally welcomed the introduction of the Scottish secure tenancy, because it provides a common platform of rights irrespective of who the social landlord is. We think that that is important. Equally, we are pleased that it is based on the rights of existing local authority secure tenancies, which is the correct approach to take.

Over the coming months, we will work through many details of the tenancy with the civil servants, as the proposal is quite complex. We have expressed strong concerns that the implementation of the tenancy must be right. We are talking about a lot of tenants throughout Scotland—around 600,000, plus new tenants who will come in during the period leading up to implementation—and it is important that the implementation of the tenancy is properly planned.

Because of the way in which the bill is framed in relation to the regulations that allow its commencement, we must have a much more detailed understanding of the way in which it might impact on different areas and types of tenancies, how it relates to stock transfer situations and how it relates to our duties and responsibilities as landlords. We must discuss all those aspects in detail before we can know whether the contents of the bill are as we would want them at stage 2 of its consideration.

The concept of the short-term tenancy has changed fairly radically from the model in “Better Homes for Scotland’s Communities: the Executive’s proposals for the Housing Bill”, and now represents a better approach, although we still have concerns that some details are not entirely as we wish. First, we want more discussion with our members of the way in which the bill deals with anti-social behaviour, to determine whether it is strong enough. Secondly, there are parts of the secure tenancy, such as the right to exchange and the right to repair, that seem to apply to the short-term tenancy. We will discuss the technical aspects with the civil servants in the coming months.

**Karen Whitefield:** You indicated the benefit of a Scottish secure tenancy as a common platform of rights. I appreciate COSLA’s views on that. Several housing professionals suggested to the committee when they gave evidence that there are benefits in the tenancy becoming available to all tenants on one day—the big bang approach. Will you expand on COSLA’s thinking about this? Have you given consideration to the difficulties if the tenancy is not given to everybody on the same day, as it will end up not being a single social tenancy after all, which is the purpose of this aspect of the bill?

**Fanchea Kelly:** COSLA has endorsed the principle of a big bang approach. Our note of caution is that we must be able to deliver it; we want to be clear that we can do that with our tenants. We are aware that the principle behind the big bang is that people should not be on different tenancies, but that must be managed. If that were the situation, we would want to be clear about managing it in the future, but it would not necessarily be impossible to do so.

The big bang raises fairly complex legal issues for us. One is in relation to the adoption of the tenancies for individuals, such as whether they must sign up for the tenancy or whether it can apply to them because it is not a reduction in their current rights. If they have to sign up, that will raise practical issues for us; it would require a big administrative effort. Our understanding at the moment is that they would not have to sign up and we hope that that is right. We will discuss that matter with the civil servants and our lawyers to ensure that we have understood it correctly.

Another example is the stock transfer. When people are transferring—either in small partial transfers, which may be on-going across the country, or in the larger full-stock transfers that are being considered—we want to ensure that it makes sense for people to move to the tenancy at the time of the transfer. Again, we will talk through those issues with the civil servants and lawyers.

**Karen Whitefield:** Given your concerns on this issue, when would it be appropriate for the current legislation on secure tenancies to be repealed?

**Fanchea Kelly:** We do not have a date in mind. Our emphasis is that the practical considerations will take some time to resolve. Our understanding is that we would have to have the order under section 9(2) in place following commencement of the act, so to some extent we need to know the date of commencement of the act before we can be clear about the implementation date for the tenancies.

We are already in detailed discussion with civil servants about those issues. I hope that when we get to the next stage of the bill, we will be much clearer about the implementation date.

**Cathie Craigie (Cumbernauld and Kilsyth) (Lab):** COSLA said in its submission that it will work with the Executive on the right to buy. The two main issues that COSLA is considering are the level of discount and pressured areas. You suggested in your response to “Better Homes for Scotland’s Communities” that the maximum discount should be 33 per cent. The Executive proposes in the bill that the discount should be capped at £20,000. What are COSLA’s views on that aspect of the bill?

**Fanchea Kelly:** The cap on the discount seems reasonable. The maximum discount is different from the cap: the discount could go up to 50 per cent. We think that that is too high and would mean that the principle of overall balance, which we accepted, would not be achieved. We would like that percentage to come down so that individuals do not gain to the extent that they are gaining under the present, relatively high, maximum discounts.

**Cathie Craigie:** Do you have information from

your members about the average level of discount that is expected by a tenant who exercises their right to buy?

**Fanchea Kelly:** I do not have specific figures, but I am aware that the discount can vary significantly from area to area, depending on the nature of the tenant profile—whether there are many long-standing tenants—and on the nature of the property, which affects people's interest in right to buy. Perhaps Mark Turley has figures on Edinburgh.

10:45

**Mark Turley:** No, but we can come back to the committee with that information.

**Cathie Craigie:** Does COSLA hold to the view that the maximum discount should be 33 per cent?

**Fanchea Kelly:** That is certainly our view, which we intend to pursue at stage 2. There are clear examples of where the average discount achieved is significantly higher than 33 per cent.

**Cathie Craigie:** I will move on to the bill's proposal to allow councils to apply to have areas designated as pressured areas, in which the right to buy would be suspended. Would that proposal work? What do COSLA's member authorities think? Do you have suggestions for improving the proposal?

**Fanchea Kelly:** In our written evidence, we were keen to emphasise the fact that COSLA members want pressured areas to be included in the bill. They therefore welcome the proposal. However, we are equally keen to emphasise the fact that such a designation is useful in specific, limited circumstances only. For example, we do not want people to think that designating an area as pressured would fundamentally change the supply problems.

We are aware that Fife Council may look for a designation of pressured area, as may Highland Council. It is probable that quite a few authorities will seek that designation in specific circumstances, but designating as a pressured area a rural area where there is a small quantity of social rented housing and a low turnover of stock is unlikely to have an impact. We want to consider a couple of issues in the designation procedure in more detail as the bill goes through.

While the proposed designation is for pressured area status, we believe that there is a case for re-examining the possibility of designating by house type. We appreciate that there are difficulties with the evidence that might be required, but we would offer the example of ground-floor houses, particularly in cities. There is a high demand for such housing from applicants, particularly those who have medical reasons for seeking it, but the

area in which that housing is located might not be under the same pressure. We have been unable to fulfil those demands and that is why we would like to consider designation by house type.

The procedure for designating pressured areas will also raise some concerns. We are clear that the process should not be bureaucratic and that the degree of evidence should not be unduly onerous lest people do not seek such designation. Pressured area designation should come through the local housing strategy—it should not be treated as a separate issue as it will involve a fundamental, strategic overview of supply. It would, therefore, make perfect sense for pressured area status and designation to sit in the housing strategy, but in practical terms local housing strategies may not be rolled out to all authorities until some years after the commencement of the legislation.

We hope that a minimum period will be set, but it is still likely to be several years. That could give member councils problems with using pressured area status and give rise to problems of misinformation. We would like some form of interim designation of pressured areas to be pursued in advance of the completion of a local housing strategy, to make clear to the public where information on pressured area status may be found.

**Cathie Craigie:** Some people who work in housing have suggested that pressured areas will not work because the electorate will compel councillors not to implement them. What is your opinion on the suggestion that the provision will exist but will not be used?

**Fanchea Kelly:** As I said, the feedback from our members has been that they will use the designation in some circumstances. That decision depends on a strategic view and on evidence. We hope that elected members will be clear about that decision. We do not think that designations will be undertaken lightly. Tenants will communicate with members of housing associations and committees, as well as with elected members on councils, about the issue. We do not expect widespread designation because pressured area status is not an attempt to deal with the wider effects of the right to buy. However, our members have made it clear that the measure will be used in the circumstances that we described.

**Robert Brown (Glasgow) (LD):** I will ask about the right to buy before I move on to other matters. In some areas, such as East Kilbride, Edinburgh and the west end of Glasgow, social rented housing is down to about 20 per cent of all housing. Do you have any views about that and the extent to which an extension of right to buy beyond what the bill proposes could become counterproductive to housing strategies and to

supply and demand?

**Fanchea Kelly:** Robert Brown raises the original issue for our member councils, because of which COSLA did not support the right to buy proposals generally. However, we recognise that councils have worked with the right to buy for many years. It has helped to stabilise some communities. That is why we want to concentrate on the technical aspects of the right to buy, such as keeping the cost floor rule and maintaining the discounts at a level that lowers demand from the right to buy.

In our response to "Better Homes for Scotland's Communities", we said that there is much information and misinformation about the right to buy. The effects of the right to buy are not continuously monitored or evaluated. The bill will change discount levels, so we must have evaluation from a perspective that considers supply overall. In response to "Better Homes", we said that we would like such a study to be conducted continuously after the bill is passed.

**Mark Turley:** The question raises the point that we discussed about housing supply. We would make a mistake if our debate about housing supply centred on the right to buy. In some ways, the damage has been done. Whatever steps are taken and whatever discount levels are adopted will have a relatively modest impact on serious supply problems. COSLA repeats the need for a debate about the tools that are available to tackle supply problems. We should not get too drawn into thinking that the right to buy is the be-all and end-all. I suspect—in fact I know—that whatever the Parliament decides about the right to buy, housing need will still be huge. That is the key point.

**Robert Brown:** The main point that I want to raise concerns regulation and the potential conflict of interest that some people have identified between regulation and other areas of Scottish Homes' operation. What worries do you have about the areas in which the different roles of the new agency could lead to conflict?

**Mark Turley:** More discussion is needed on that area which, as I understand it, is a moveable feast. We are concerned about the role of the new executive agency in relation to local authorities and the regulation of housing management and homelessness functions. Obviously, that is a small consideration relative to the overall development funding role. I would not want a local authority's performance on housing management and homelessness to determine its funding allocations, because they are not directly related.

Another area of difficulty lies in how Scottish Homes relates to local authorities at a local level on regeneration and in the new executive agency doing the same thing. It is fair to say that when Scottish Homes sits down in local regeneration

partnerships, it sees itself as being there to support local authorities. It sees local authorities as the main strategic body. Scottish Homes is there because it is the funder. It has the resources that can assist in regeneration. If that funding role transfers to local authorities, there will be a need for greater clarity on the partnership set-up and on the role—if any—for an executive agency to be involved locally. Many things need to be disentangled.

**Robert Brown:** One can readily see the advantage of carrying over expertise that has been developed through Scottish Homes' relationship with local authorities into monitoring and regulation. Do you have any ideas on the best model? How can the circle be squared?

**Fanchea Kelly:** COSLA's view is that the structure of regulation will have to be tightly defined. Whether that is done through a separate agency—which was one of our suggestions in our response to the "Better Homes" consultation document—or whether it is done through a wider executive agency, it should be clearly defined.

**Robert Brown:** Without a separate agency, will it be possible to have monitoring and regulation? Can that be done satisfactorily by changing the structural arrangements within the executive agency?

**Fanchea Kelly:** That will depend on how the other roles are considered. The crux for us will be the local powers of the new executive agency. The role of the regional offices is not clear at the moment. We also think that there are conflicts in the way in which that role is described in the explanatory note and the financial memorandum. At the same time, the discussion of the new executive agency in terms of the range of roles that we have identified in our paper is quite wide-ranging.

**Robert Brown:** In the bill, the technical arrangements for Scottish Homes are pretty sparse because they will be implemented by statutory instruments in due course. Are you concerned about that—especially in regard to the possibility of a conflict of interests?

**Fanchea Kelly:** Are you asking about the implementation of the new executive agency?

**Robert Brown:** Yes—and doing so by means of subordinate legislation rather than in the bill itself.

**Fanchea Kelly:** The way in which things have been done has meant that the overall role of the new executive agency is very unclear. We have drawn that point to the attention of committees of the Parliament. We feel that the arguments are not widely understood—certainly among our members—and that gives rise to a lot of confusion. More discussion will be needed as the

bill goes through.

**Robert Brown:** Would COSLA be in a position to give the committee an idea of its further thinking on that, in writing, later? This is an important issue with which many of us are struggling. Would that be a possibility, as your committees and sub-committees reach their conclusions on the matter?

**Fanchea Kelly:** We would be happy to do so, as we have raised questions to which there are no clear answers at the moment.

11:00

**Robert Brown:** I have a final question on the homelessness function and the nomination arrangements. I appreciate that the situation varies widely throughout the country, but do you have any views on the nomination arrangements with registered social landlords, housing associations and the like? Do the arrangements work okay, or are there aspects that should be strengthened?

**Mark Turley:** You are right: there is a varied picture across Scotland. People on the ground are concerned that there is greater scope for housing associations to be selective than for councils. Nevertheless, some housing associations take an extremely responsible approach and house the people whom many councils would be reluctant to house. It is not a we-are-right, they-are-wrong situation, but it would be good to bring the service everywhere up to the highest standard.

Our concern is about what happens when the good working relationship that we strive for breaks down. Although we hope that that never happens, we must recognise that it might, and we must have an effective system in place. There is a question mark over whether the relatively long-winded, bureaucratic system that is proposed in the bill will respond quickly enough for the needs of an individual household.

The shift from the model in "Better Homes for Scotland's Communities" has made COSLA concerned that it might be more difficult for councils to enforce nominations on registered social landlords. We would welcome a wider definition of what housing we take into account when considering whether to approach an RSL to make a homelessness nomination. We would prefer a system in which the council can insist on a specific arrangement if it is in the interests of an individual homeless household and have the arguments about the generality somewhere else, afterwards.

**The Convener:** I welcome Fiona Hyslop back to the committee of which she used to be a member.

**Fiona Hyslop (Lothians) (SNP):** Thank you, convener.

Robert Brown raised the crucial issue of regulation. In education, there has been a separation of the roles of policy making and inspection and regulation. There is a danger that the new Scottish Homes will combine policy making with regulation. Page 9 of your submission states that

"the organisational nature and form of the Regulator"

should be established in the bill, rather than separately in a code of practice. It is important to establish at stage 1 of the bill that we want it to be amended to include that. How do you envisage separate regulation taking place? Who would conduct that regulation?

You identify a potential conflict of interests on page 13 of your submission, and Mark Turley made the point about needing the tools to tackle supply. If we recommended that regulation be separated from policy making and funding, what would be the role of local authorities in regeneration? Would that allow the bill to have the tools to tackle supply, which is the big picture of where we want to take housing in the future?

**Fanchea Kelly:** There are quite a lot of questions there.

**Fiona Hyslop:** I have only one opportunity to ask questions, so I thought that I would ask them all at once.

**Fanchea Kelly:** We have said that we want the regulation role to be fairly tightly defined. "Better Homes for Scotland's Communities" says that the bill will contain a section saying that the minister will be bound by a code. We want more in the bill about the structure of the regulatory organisation rather than for it to be left to the code to ensure consultation and discussion, meaning that it could change significantly over time. "Better Homes for Scotland's Communities" suggests that there will be consultation on the proposal for a regulatory committee—on what form it will take, on how people will be appointed to it and on how it will relate to the management structure of the regulator and inspector. We have not yet advanced on that.

A lot of detailed work is under way and COSLA, Scottish Homes, the Scottish Federation of Housing Associations and several other organisations are examining in detail how inspection might work. We are happy that that work is going ahead, but we are not clear about what consultation on the structure of the regulator is to take place. We would like some discussion of that as part of consideration of the bill. We stick with the comment that we made in writing: we want a definition of the structure in the bill if at all possible.

**Fiona Hyslop:** Would separating out the

regeneration role allow more scope for co-operation, or would there still be the potential for Scottish Homes to be less accountable than it is?

**Fanchea Kelly:** We have opened up to those questions because we think that such possibilities exist. We want to stay open to the discussion on that and we want progress to be made on it in order to arrive at a constructive way forward for Scottish housing as a whole.

COSLA has worked with Scottish Homes for a number of years and recognises the expertise that exists. We would envisage the transfer being directly to the Executive or to the new executive agency, if it comes into being, but we would point to the combination of roles with local authorities. That implies some conflicts of interest. We would want clear separation.

There will be various discussions during consideration of the bill and we want to go into them quite carefully. The role of the regulator can be identified and separated. That should be made clear, so that local authorities can get on with the work that we have already identified in relation to the inspection role.

As for community regeneration, we are fundamentally unclear about what is proposed. We do not understand what the role of Scottish Homes would be in the regions, following commencement of the eventual act. We need to know that. There is much discussion about what the support for local authorities might be, as well as about the policy development role—if not the actual policy role.

There are many areas in which local authorities would fully understand the need to demonstrate a better joined-up approach to community regeneration, either on an area basis or with regard to the identification of social justice targets. We are not at all clear about the role of the regional staff. That is fundamentally not right at the moment.

**Ms Sandra White (Glasgow) (SNP):** Good morning, and thank you for your written submission, which has been very interesting reading. I have a couple of questions about the strategic housing function. We all know that local authorities have been producing plans but, under the bill, the arrangements for that will be more difficult, more far-reaching and set in statute. You mentioned that you would welcome a housing budget and would want to know where the housing money was coming from to facilitate the strategies.

Ring-fencing is a bad phrase for local authorities, but do you think that all local authorities should be given money for their strategy budgets and that that money should be ring-fenced?

**Councillor McGlynn:** COSLA's position on that is the same as that of the Scottish Executive. It has been suggested that the Scottish Executive, in its council tax and budgetary demands of local authorities, has removed ring-fencing from local authorities. We support the Executive's position.

**Ms White:** You are very much in favour of the housing budget. Why exactly would you need it, especially given that it is not to be ring-fenced? If we are looking for extra moneys for important budgets for regeneration, and given that the policy memorandum says that

"It is also intended that where a local authority sells land formerly held on the HRA the proceeds from such sales should, in general, be used to reduce residual housing debt",

would it be a better use of the money to give it to local councils so that they can use it through their housing strategy or in whatever way they see fit?

**Councillor McGlynn:** There seems to be a conflict of approach on the part of the Scottish Executive. The budget itself is not the key issue; the democracy of the process is the key issue.

The Executive keeps telling COSLA and local authorities that they will be the strategic planners, producing a community plan and leading communities in conjunction with the Scottish Executive. The budget is really unimportant; it is the principle that is involved that is important. Local authorities spend billions of pounds wisely every year, so I find it difficult to understand why the Executive is telling local authorities that they cannot spend, say, £5 million wisely on development funding. That does not seem to make any sense whatsoever.

What are local authorities going to do with the money if, in fact, they ever receive it? The local housing strategy would be created by the local authority in conjunction with its partners and its communities. There is therefore a monitoring role. There will be national objectives and strategies, which will be fulfilled. There will also be local housing objectives and strategies to fit into those. Local authorities would not be able to spend that money planting trees. There would be quite clear local and national objectives.

When it comes to residual debt, there is currently a policy on debt redemption. We feel that that should be removed and that local authorities should determine for themselves what is best.

**Fanchea Kelly:** The bill clearly specifies that the single housing budget will have a set of criteria, set by ministers, that will lay down carefully what purpose the money is to be used for. COSLA has accepted the single housing budget discussion. In relation to set-aside, we have given the Local Government Committee examples of the very different circumstances of our members, from

Clackmannan to the cities. Debt redemption should be a financial matter that is considered at local level, which would determine how much of all the receipts go into strategic funding for housing.

**Cathie Craigie:** The bill gives local authorities the opportunity to take over the strategic role and the development funding role for housing. Some other organisations, including the SFHA, are concerned about that. Do you see a problem there?

**Mark Turley:** In our view, we already have a strategic role, and that is acknowledged by other partners. We are arguing that it makes sense for the funding to follow that strategic role, and it is difficult to argue logically against that. The SFHA says that it has grave concerns about local authorities administering development funding but, to be honest, until recently, many housing associations also had grave concerns about the way in which Scottish Homes administered that funding.

There is an opportunity to create an atmosphere in which, instead of harping on about who is best, we look for the opportunities that will arise if development funding transfers to local authorities. We will then be able to sit down with housing associations and agree on how the job can be done better.

I do not think that it can be argued strongly that the amount of money involved would lead to anyone having any doubt about the capacity of local authorities to handle the funds. In terms of delivering a strategy, the sum is significant, but in the overall scheme of things it changes a council's budget by perhaps 1 or 2 per cent. The suggestion that it is beyond the capacity of councils to deal efficiently with that funding is unfounded.

**Ms White:** The Executive has published its consultation document. If no conflict of interest arises, it is quite happy for the moneys for strategic functions to be allocated. I am a bit confused about the conflict of interest. Can you tell me what conflicts of interest COSLA believes would arise and, if there is a conflict of interest, how that could be avoided in producing the plans?

**Fanchea Kelly:** Our view is that there is no conflict of interest. Fears have been expressed that councils would spend money on their own stock. The bill ensures that we cannot do that. That should give comfort.

The situation in other areas of development funding is similar to many that arise in relation to community care. The "supporting people" policy, which the bill introduces, envisages that local authorities will be providers, but will also purchase from other providers and commission services strategically. The principles are the same in this case. We think that it is odd that one situation is

regarded as a conflict of interest and the other is not.

That is related to what Mark Turley said about the culture of working with partners in housing associations. Under section 79, the ministers will identify guidelines and criteria for local housing strategies that must be met. We expect that there will be a process for the setting of those guidelines that will include detailed discussion with partners, such as providers and health boards. The bill allows for greater transparency than at present.

11:15

**Ms White:** My final question is this: do you envisage that the strategies will lead to cross-council working on regeneration, in the way in which housing associations sometimes work?

**Councillor McGlynn:** We welcome councils, working together, for example in circumstances such as those that pertain in Aberdeen and Aberdeenshire. It is a good move for councils and their local partners to agree to such flexible arrangements.

**Brian Adam:** You raised concerns about the complexities, cost and time involved in the resolution of disputes. Your paper refers in particular to arbitration and how that might affect individuals in relation to allocation policy. Arbitration applies to various provisions in the bill, however, whether concerned with individuals or with tenant representative organisations. There is concern because it appears that one has to go to court to resolve disputes. How could dispute resolution procedures be improved?

**Fanchea Kelly:** The basic point is that the dispute resolution procedure should be fit for purpose. There are probably several different ways of providing for that in the bill, all entirely valid. Mark Turley has already discussed arbitration, which we are concerned could cause difficulties.

I think you refer to the registration of tenants organisations. There is a process of appeal to the minister if local authorities refuse to register or wish to deregister an organisation. There will also be guidance on criteria for registration. We are comfortable with that proposal, which should work reasonably well.

There is a right of appeal to the court in relation to the means testing of improvement and repair grants. We think that more time should be allowed for dispute resolution at local level that does not involve court procedures immediately, given that the means testing may involve relatively small amounts.

**Brian Adam:** I gather that you intend to make a submission on a range of matters before stage 2.

Could you provide some additional material on dispute resolution in that submission? You also mentioned that you were going to consult your member organisations on how to deal with anti-social behaviour. Could you let us know what your view is on that, as you continue your discussions? I presume that you will be able to do that prior to our dealing with amendments at stage 2.

**Mark Turley:** We can give the committee our view on anti-social behaviour now. The way that the bill is currently drafted is too tight. Councils are determined to tackle anti-social behaviour and the dependence upon an order having previously been pursued is too tight; it will not catch enough. The bill must be drafted much more loosely if those tenancies are to be affected, so that councils can use that section more widely.

**Cathie Craigie:** Some housing sector organisations have suggested common housing registers. You have not dealt with that in your written submission, but it has come up in the evidence that we have gathered. Would a register benefit local authorities or housing associations? More important, would it benefit people on the waiting list for housing?

**Fanchea Kelly:** The bill provides for the establishment of common housing registers; we support that.

COSLA recently received funding from the modernising government fund to deal with the technological and information technology aspects of piloting common housing registers, in discussion with the partner agencies.

We are keen to promote the proposals for common housing registers, but we think that the bill is right in not making them a duty on local authorities. At this stage, the bill must relate to the possibilities so that the infrastructure is in place, but the registers should be part of the discussion between a local authority and the housing associations in its area. A common housing register might be the way to address the proposals that local authorities should have regard to all accommodation in their area rather than only their own. However, it is for the local authority and its partners to decide that.

**The Convener:** Thank you very much for attending this morning, for providing us with a substantial briefing and for giving evidence. We welcome your offer to provide further information to the committee. I expect there to be a continuing dialogue.

I will adjourn the meeting for a few minutes.

11:22

*Meeting adjourned.*

11:28

*On resuming—*

**The Convener:** I welcome the witnesses from the Scottish Federation of Housing Associations. We have with us today Dave Alexander, who is the acting director; David Bookbinder, the Housing (Scotland) Bill officer; Irene McInnes who is a voluntary committee member of Reidvale Housing Association; and Robert McNeil, who is a voluntary committee member of East Lothian Housing Association. I especially welcome the voluntary committee members. I am aware from my constituency of the dividend to the community from the work of voluntary committee members in housing associations and co-operatives. We are aware of the work that is done in those organisations. I will give you the opportunity to make a brief statement, then the committee will ask you questions.

**Dave Alexander (Scottish Federation of Housing Associations):** As the director of the SFHA, I will lead off, and I will bring in two of my voluntary committee member colleagues to add to my opening remarks.

The SFHA welcomes the exciting opportunity to give evidence and to contribute to the Scottish Parliament's first-ever housing bill. The SFHA, with its 192 members, is the voice of the voluntary housing movement. That movement has grown rapidly over the past 25 years. The distinguishing feature of the Scottish voluntary housing movement is the emphasis that it places on community ownership and empowerment. That makes a difference to the way in which decisions are made.

11:30

We welcome the Executive's recognition of the success story represented by the voluntary housing movement, and its commitment to a further extension of community ownership. That principle underpins the Housing (Scotland) Bill. We whole-heartedly welcome the thrust of the bill and the majority of its content. It is because we support the thinking behind the bill and what it seeks to achieve that we remain fundamentally opposed to the part of the bill that flies in the face of community ownership and empowerment. We make no apologies for focusing—in our written presentation, which members have, and in our opening remarks—on our opposition to the extension to the right to buy. That issue has united the voluntary housing movement in opposition to the Executive.

In our view, an extended right to buy would reduce the supply of much-needed rented housing, reducing our collective ability to meet the needs of those with no homes of their own. This

week's homelessness figures remind us just how big a problem homelessness poses for housing policy makers in Scotland. Contrary to the Executive's arguments, an extended right to buy would exacerbate social exclusion by polarising communities and restricting opportunities for vulnerable groups. It would have an adverse financial impact on housing associations and restrict their ability to operate effectively as community businesses. Finally—and most important—we believe that it would undermine the morale and motivation of the voluntary committee members whose time and energy has been central to the success of the voluntary housing movement.

It is on that last aspect that we want to concentrate in the remainder of our opening remarks. We want you to hear the views of the two voluntary committee members who are here. Another 898 members have signed a petition, which we hope to put before Parliament.

Irene McInnes is secretary of Reidvale Housing Association in the east of Glasgow.

**Irene McInnes (Scottish Federation of Housing Associations):** Good morning, and thank you for the opportunity to give evidence. My evidence is fact, based on my experiences as an owner-occupier, as a tenant of Reidvale Housing Association and as a community volunteer for 25 years.

In 1966, I became an owner-occupier in Reidvale. I was married with a young family and thought that that was the beginning of everything. It was a big thing to have one's own house. In 1970, a letter came through the door to tell us that, because the buildings were in such disrepair, houses from Bellgrove to Millerston Street were to be demolished and we were to be sent out to peripheral estates. Having been there as a young child—and worn the tee-shirt—I was not going down that road again. It has devastating effects—my mother had a nervous breakdown as a result of being sent away from her family.

We were fortunate that someone in our community had come across the community-based housing association movement. We got excited—what did we have to lose? Our option was to be sent out to the four winds, and God knows when we would have seen each other again. We decided to take the new concept on board, and we ran up and down the stairs, chapping on people's doors and telling them about this great idea of selling their house and becoming part of the housing association movement. We told them we would make big changes and that there was an opportunity. We said that it was frightening but that it was a challenge we must take on.

Ever since, volunteers from the community have

come together and tackled not only the bricks and mortar of our community but the important social, economic and environmental issues that affect us. If people want a stable community, they must tackle those issues—we do so on the ground every day. We face the facts and deal with the consequences of poverty and homelessness. We are aware that being part of a community-based association is paramount when taking the whole community into consideration.

On the extension of the right to buy, we have no problem with people who want to own their own property. Reidvale Housing Association is surrounded by hundreds of properties that are for sale. We are not taking anything out of the market for people who want to own their own houses. I could buy my flat for £11,000, but for 25 years I gave up quality family time to help a community build and sustain itself for future generations; not just for me, my children or my grandchildren—I am talking about the community 40 or 50 years down the line. I am not prepared to sit back and watch that community get demolished.

If the right to buy is extended, people will buy their houses—they would be stupid not to, as they will get knockdown prices. I do not say that as someone who is against people who want to buy their own property. Someone asked about discount percentages earlier. I could have a discount of 70 per cent on the price of my house. It would be silly for people to refuse that.

There are 359 people on our association's waiting list. Although our waiting list was open, we had to seal it and introduce a points system because it was unrealistic to expect homeless people to wait for 10, 15 or 20 years for one of our houses. The demand for our houses is great. We have 520 flats, but if the right to buy is extended, those flats will be eligible for sale. We have only 1,004 properties and the backlog is massive.

I wish someone would tell me what my role as a community volunteer will be. For 25 years, I worked for the community on a voluntary basis, free of charge. I do not intend to become a glorified estate agent. I want to tackle other issues in our community.

Our funding allows us to provide high-quality services and our aims and objectives are to provide high-quality, affordable, rented accommodation for people who either do not want to buy or cannot afford to buy. Extending the right to buy will take that choice away from the community and from the homeless and will deny them high-quality accommodation. I implore members to rethink that policy.

**Robert McNeil (Scottish Federation of Housing Associations):** I will talk from a rural perspective.

The issue is one of individual rights and aspirations against the rights and aspirations of local communities. In many cases, local communities have been actively involved in individual developments because people believed that those homes would remain available for affordable rent. The community decided what was required to develop and sustain a balanced locality.

We believe that the take-up of the right to buy—and its impact—will be high, particularly in rural villages and in more populous areas where house prices are at a premium and where there is already a high incidence of second homes. Most of the properties that would become subject to the right to buy are relatively new, built to a high quality and located in attractive areas. For example, based on figures from Scottish Homes, Lochaber Housing Association would immediately lose around 20 per cent of its stock.

The incidence of homelessness, including the number of people who live in caravans, can only increase when houses for rent are lost. The Executive recognises that homelessness is a problem in both rural and urban areas—rough sleepers initiative funding was made available to rural areas for the first time in the current financial year.

Much of the land in rural areas is in the hands of a few private owners and developers and there are three difficulties in relation to it. The first is the length of time that it takes to acquire a site—we know that sometimes it takes eight or nine years to purchase land. The second is the willingness of private owners to make land available if the houses are going to be sold at a discount. The third difficulty is location. Many of the remaining developable sites are too remote from existing services to make them viable to house our client groups—that is, the elderly or those with children.

Very few brownfield sites are available in rural areas because of cost. Excessive infrastructure requirements and difficult site conditions often mean that apparently promising sites in good locations have to be rejected on cost grounds. Land prices also impact on some areas. For example, where I live in East Lothian, as recently as 1999 a site was lost in a village called Gifford because the land value alone amounted to £20,000 a unit. Such factors mean that the opportunity to build replacement housing will be extremely limited.

As a potential solution to a serious lack of affordable rented housing in some pressured areas, the provisions might result in short-term improvement, but will not resolve long-term issues. As I said, the issue is about individual rights and aspirations against those of the local communities.

**The Convener:** Thank you. I am conscious—and it is clear from your presentation—that you want to focus on the right to buy, but I hope that you will bear with the committee while we deal with other issues that we agreed to explore with you. We will do that more briefly than we had intended, to give us more opportunity to explore the points that you have made on the right to buy.

What additional burdens and benefits does the bill introduce for housing associations and are there additional costs that are of concern to you?

**Dave Alexander:** There is much in the bill that we welcome, such as the creation of the Scottish secure tenancy and the single regulatory framework, for which we have argued. There will be costs involved, of course. The COSLA presentation referred to the problems associated with the implementation of the new tenancy arrangements, but we think that the benefits of those arrangements are clear. We have no misgivings about those measures.

We are concerned about the arrangements for the strategic responsibility for housing associations passing to local authorities. In many parts of the country there is an excellent relationship between local authorities and housing associations and there we have no difficulties about the strategic responsibility. We see problems in relation to the transfer of development funding in certain areas where there is no history of partnership working. In such cases, there might be costs to the housing association movement, not least because housing associations might miss out on development funding opportunities.

I would like to echo a point made by the COSLA representatives. The bill does not deal with all resource issues. The most important of those omitted is the resources that are available to provide high-quality new and improved housing for Scotland. It is disappointing that, in the most recent comprehensive spending review, there is little provision for an increase in the development funding role of housing associations. I apologise for mentioning the right to buy in passing at this point, but we believe that if housing is to be lost to the social rented sector because of the right to buy, it is vital that resources are made available for the replacement of those houses. However, there is no sign of that increase in development funding.

**The Convener:** If proposals for whole-stock transfer are agreed, there will be a massive expansion in your sector. Would that expansion create difficulties for you? Can you think of circumstances in which new registered social landlords would not become part of your association, or would you expect them to be involved in your organisation?

**Dave Alexander:** The federation's members include all voluntary housing organisations. The definition in the Housing Associations Act 1995 is wide ranging. Already, we have as members organisations formed under the new housing partnership initiative, which have adopted the local housing company model. We have no problems with that in principle. However, we believe that some of the values that are central to the voluntary housing movement in Scotland must be preserved, such as genuine opportunities for community ownership and genuine opportunities for community empowerment. We are concerned that, in some of the proposals for stock transfer that have been put forward, the principles of community ownership are not foremost in the minds of the proposers. We want the central values that underpin the voluntary housing movement to be preserved. Understandably, we have made representations to the Executive on that and related points.

**Cathie Craigie:** I want to address the strategic role of local authorities. In your response, you say that you have grave reservations about local authorities, taking over that role. My experience of working with local authorities is that they have, in the main, good relations with housing associations and other housing providers. I am tempted to ask you to name and shame those that do not, but I will not. What are your grave reservations about the proposed arrangement?

11:45

**Dave Alexander:** Our reservations are not about the strategic role of local authorities. We have made it clear that we support the idea that local authorities should be strategic planners.

**Cathie Craigie:** I am asking about development funding.

**Dave Alexander:** In my earlier remarks, I suggested that there are areas where there are excellent relationships and where a history of partnership has been built up. I would not want to say that we have concerns about the transfer of development funding in all parts of the country. Our concerns are about areas where there is no history of partnership and where, frankly, there may be distrust between local authorities, as strategic decision makers, and registered social landlords, as developers.

The bill provides for local authorities, in their development funding capacity, not to fund their own stock, where they transfer it to a specially created vehicle. We are concerned that, with local authority members sitting on the boards of new registered social landlords, there might be a temptation for the specially created vehicle to be the preferred recipient of development funding

from the local authority. There must be safeguards, checks and balances to prevent such abuse. We are working with the Executive and the Convention of Scottish Local Authorities to try to develop checks and balances, but until they are in place, a number of our members will be concerned about the transfer of development funding.

**David Bookbinder (Scottish Federation of Housing Associations):** It is not that there are difficult relationships between housing associations and local authorities—often, there are good relationships, as we have heard—but we are afraid that local authorities, with their processes and committee structures, are not able to spend money quickly. In the housing association movement, we are proud of our ability to spend money quickly when it is needed. Often, associations will be contacted by a regional office of Scottish Homes in the middle of March to say that it has slippage money and to ask whether it can be spent by 31 March. Associations will then consider whether they can carry out adaptations, for example. Their procedures are set up to spend money quickly and efficiently. Underspend is not an issue in the history of the relationship between associations and Scottish Homes. The money gets spent.

**Cathie Craigie:** So, time delays in the democratic process and the way in which local authorities have to operate are the worry.

**David Bookbinder:** They do cause anxiety. Something has to change to enable local authorities to spend money quickly. There has been a notable record of underspend in the three recent initiatives that have been channelled through local authorities—the new housing partnerships, the empty homes initiative and the rough sleepers initiative have all had underspends, which is not desirable when resources are scarce.

**Robert McNeil:** In East Lothian, we have a housing partnership between the local authority, East Lothian Housing Association and the community. It is successful and delivers what it set out to do, so there are examples of local authorities working closely with housing associations. However, many of my colleagues at the SFHA feel that there are areas where local authorities totally ignore the housing association movement.

**Robert Brown:** Let us return to the question of regulation, which I raised with COSLA. You heard COSLA's answer on the conflict of interests. Broadly speaking, is that concern shared by the SFHA?

**Dave Alexander:** The SFHA recognises the need for a clear separation of the powers of policy making and of regulation, but we are relatively

relaxed about the regulatory role resting with Scottish Homes and do not share the concerns expressed by the COSLA representatives. Scottish Homes currently has development funding and regulation roles, but that has not proved particularly problematic for housing associations over the past dozen or so years, because the arrangements ensure a clear separation of those roles.

**Robert Brown:** Will that situation change as a result of the greater number of bodies to be regulated and the resource implications of that? Given the advantages of the interrelation of information and expertise, what would be the best format for dealing with regulation? Should there be an independent monitoring agency, a committee or a separate organisation within the executive agency?

**Dave Alexander:** We support the principle of an advisory committee governing the regulatory function. We have no problem with Scottish Homes—or the new executive agency—carrying out that function. Along with the other bodies that the COSLA representatives mentioned, we are contributing to the development of a single regulatory framework. Many issues must be resolved in those discussions.

Broadly speaking, we are happy with the proposed framework and glad that a common framework is being adopted for all social landlords. There is still work to be done before the framework that is established is genuinely common. For example, we do not believe that the bill provides for standard interventions across the board. We think that there is scope for further work on that.

**Robert Brown:** Leaving aside electoral systems and other politically charged issues, local authorities would maintain that, because of their democratic accountability, they have a wider mandate in that respect. The bill contains provisions for the introduction of a remedial plan on how the local authority sector deals with problems. Is there any merit in adopting that mechanism for housing associations and registered social landlords?

**Dave Alexander:** There is merit in exploring ways of ensuring that there will be a standard set of interventions across the board. The bill retains the general principles of the interventions on housing associations that have existed over past decades, so there are provisions for the effective winding-up of an under-performing housing association. However, there are no proposals for equivalent measures in relation to local authorities. In the interest of having standard rights and responsibilities across the board, we believe that tenants in the local authority and RSL sectors should have access to the same types of interventions.

**Robert Brown:** I will leave aside the democratic absurdity of winding up a local authority under such circumstances. From your involvement in and partnership with Scottish Homes, can you tell us about your experience of when housing associations have not fulfilled their functions and have had to be wound up? Has that caused difficulties or has it, from a broad housing association perspective, been a satisfactory experience?

**Dave Alexander:** By and large, the interventions that Scottish Homes has initiated in the exercise of its regulatory function have been appropriate. The history of the voluntary housing movement has been a success, as is demonstrated by the relatively low number of statutory interventions. When those interventions have taken place, they have safeguarded the interests of the tenants concerned. We are supportive of the overall framework.

To clarify, I was not talking previously about winding up a local authority, but about transferring management of its housing function.

**The Convener:** What are the implications of the new proposals on tenant participation for tenants and landlords in the housing association sector?

**David Bookbinder:** We broadly welcome the two bits of the bill that deal with the involvement of tenants, one of which concerns the tenancy itself, whereby information and consultation rights for all tenants are strengthened. The chapter that deals specifically with tenant participation has struck a good balance between the responsibility of landlords and the rights of tenants. We welcome the duty on landlords to promote tenant participation, to have a proper strategy, to register tenants groups and to have regard to the views expressed by those groups.

We have had initial discussions with the Executive on resources and look forward to further discussions on how the package of rights for tenants and duties for landlords can be properly resourced. However, we welcome the proposals.

**The Convener:** I would like the remainder of our time to be used for questions on the secure tenancy and the right to buy. However, if any member wants briefly to pursue any other points, please do so now.

**Ms White:** I have a question about homelessness. New legislation is coming through on common registers and extended rights for homeless people, which I hope will alleviate homelessness. In your opening remarks, you spoke about the length of waiting lists and said that there would be no point in putting people on waiting lists for three or four years at a time. The common housing register will be developed, but how do you see it working in relation to

homelessness especially when referrals are made to housing associations by local authorities? Do you foresee difficulties? There may be an open list, but people could be on it for five years. Will the register be beneficial? How could it be improved?

**Dave Alexander:** I will start and then David Bookbinder will add to my comments.

The voluntary housing movement has, by and large, accepted the new responsibilities for homelessness. We are happy with them, although we foresee some practical problems in implementing them. Like COSLA, we are concerned that the bill contains uncertainties as to how responsibilities can be acted on. With that in mind, we are working with COSLA and the Scottish Executive to develop model contracts between local authorities and registered social landlords in their area, to establish a set of protocols to ensure that homeless people are not disadvantaged.

**David Bookbinder:** In the absence of common housing registers—it will take a good while until common housing registers are in place—the bill introduces a right for every applicant to join the housing list of any local authority or registered social landlord. It is important for an applicant to have access to the local authority list, just as it will be important for applicants to have access to the common housing register. Ultimately, the common housing register will be the source of information on all applicants for all landlords in an area. However, in the absence of that register, we face an over-bureaucratic system, under which someone will be entitled to be admitted to a landlord's list. We would prefer the bill to contain a legal right for people to have their circumstances fully and properly assessed—that is crucial. No one should be excluded from having the chance to be admitted to a housing list. However, it is wasteful of resources and raises expectations unnecessarily if we say that, once assessed, everyone has the right to join what could be a long list for a small number of lets.

**Bill Aitken:** I apologise for missing part of your evidence this afternoon; I had to deal with something fairly urgently.

Traditionally—and quite correctly—housing associations have taken a strong line against anti-social tenants. Are the powers in the bill sufficient for housing associations to cope with the anti-social minority?

**David Bookbinder:** We do not think that the bill significantly tackles that issue. Interestingly, "Better Homes for Scotland's Communities" proposed that the bill should give registered social landlords the same right as local authorities to give an anti-social tenant something like a

management transfer. Most of our members felt lukewarm about that proposal, because most housing associations have enough stock only to move a difficult household down the road, which does not solve the problem.

As the committee is aware, many of the problems of anti-social behaviour relate to the difficulty of obtaining evidence or persuading witnesses to appear in court. The bill does not address that. It is not easy to produce proposals on how the bill could do that.

12:00

**Bill Aitken:** Are you continuing to consider that issue?

**David Bookbinder:** Several organisations have examined broader ideas about witness protection and about how the court system can deal with housing cases and anti-social behaviour. Those organisations have reluctantly accepted that the bill is not the place for such measures.

**Bill Aitken:** If stock transfers become the vogue, is not the problem likely to increase? Many tenants will be transferred to housing associations, which will have to deal with many more anti-social tenants—in number, if not as a percentage.

**Dave Alexander:** You are right. Housing associations will be on the front line and will be expected to solve the problems. David Bookbinder rightly made the point that the bill cannot address all the issues. Whoever has responsibility for anti-social behaviour will need to have recourse to a wide range of agencies and interventions. We will work with our colleagues in local authorities and in the Chartered Institute of Housing in Scotland to try to build a higher level of awareness among all potential partners about the appropriate interventions.

**Cathie Craigie:** According to the bill, everyone will have the right to be included on a housing association waiting list. Will that be burdensome for members of your organisation? If people can join several waiting lists, will housing need in an area be accurately reflected?

**David Bookbinder:** One central register is the best way to reflect need. Once common registers are used throughout Scotland—that date is some time away—they will be the main source of such information. In their absence, it makes sense for the local authority, as the strategic body, to hold a central register. It makes little sense for people to join many lists.

One of our members told us that it not only sends out renewal notices to everyone on its list—as we would expect all social landlords to do—but it conducts prospect interviews with people on the list, to review their situation and their chances of

obtaining housing. If a list contains a sensible number of people, compared with the number of lets that are available each year, such a task is manageable. Some of our members have only two or three lets a year; some have more. It will be time-intensive for people with little or no housing need to sit at the bottom of a list, where they will receive little benefit. That makes little sense.

**The Convener:** We will now discuss secure tenancies and the right to buy.

**Brian Adam:** Given that the perceived strength of the housing association movement is due to the dedication, commitment and enthusiasm of its voluntary members, I was alarmed by Irene McInnes's evidence. Is her view widely shared among volunteer members?

Dave Alexander suggested that he had some concerns about community ownership and stock transfer and about the impact on the housing association movement of big changes. Will he elaborate on that? I presume that his concern revolves around dedication and commitment, as it does not appear to be tenant-led.

**Dave Alexander:** I can confirm that the concerns expressed by voluntary committee members are near universal in the housing association movement in Scotland. Those concerns have been expressed by voluntary committee members in every part of the country, in urban and rural Scotland—the same concerns have been expressed from Shetland to Dumfries and Galloway. As I said, we want to present a petition to Parliament, which is supported by the vast majority of the associations that will be affected by the extension of the right to buy as well as by voluntary committee members who oppose the measure. Opposition to the measure has united the voluntary housing movement as no other issue has done during my fairly long period of involvement with the movement, so I can certainly confirm that it is a universal concern.

**Irene McInnes:** I came here today to speak from my heart, because I speak for nearly 900 community activists and volunteers. It has taken us 25 years to take on board the massive problem of rehousing and to give individuals and communities the opportunity to have access to high-quality housing at a low price.

We have tackled the issues involved in setting up a whole community, making that community sustainable and helping it to come through the process and grow. We have tackled issues from birth to death. We have neighbourhood centres where we have set up support systems such as mother and toddler groups, facilities for pensioners and youth clubs. We have set up money advice centres for people with financial problems—lawyers go in to give legal advice. We have set up

an organisation called RAPA—the Reidvale Adventure Play Association—which has a purpose-built building for children with severe disabilities and able-bodied children, because we recognise that we have to start to tackle discrimination against people with disabilities at a young age. We are proud of our sheltered complex, which has won awards—we went abroad to find out about innovative ideas that we could bring back for that. We also have local undertakers and doctors in our communities. We cope with everything from birth to death. We know the problems, because we deal with them on the ground every day.

As a volunteer, I feel extremely threatened. I have been a community development worker in the housing field, so I know the threats that we face. I am not being disrespectful to the local authority, but this is payback time for community organisations. If the local authorities want to work in partnership with us, we will work with the devil himself if it is for the benefit of the community. We have shown the light, we have led the way, we know how it is done, we have proved that it can be done and we have evidence to show that.

I am also a member of Molendinar Park Housing Association, which is diverse. We have various tenures: housing for rent, housing for shared ownership and housing for sale. We have won prestigious awards and work in true partnership with the community and with planners, architects, builders and artists to provide high-quality, affordable accommodation. We have tackled all the sectors—rented, shared ownership and houses for sale. We feel that we are victims of our own success. People now want to come in and take over. Will they listen to the people of the community? So many times, they have not listened to us. We are fearful of what the future will bring for volunteers and for our communities.

**Brian Adam:** Can you elaborate on the broader point about the implications of stock transfer that you hinted at earlier?

**Dave Alexander:** My point was simply that it would be difficult to replicate the successful voluntary model in an organisation where the scale would be completely inappropriate. Some of the stock transfers that are being considered involve tens of thousands of houses. We want to ensure that there are genuine opportunities for community ownership and decision making. That would allow us to replicate the benefits and real advantages that Irene McInnes mentioned.

**Brian Adam:** Are you suggesting that some of the intention behind some of the proposals is not genuine, and that the motivation is not the same as that which has driven the existing practices?

**Dave Alexander:** I think that the Executive is genuinely committed to community ownership; we welcome that. The problem is that some of the proposals do not allow the principle of community ownership to be realised.

**Karen Whitefield:** I want to follow on from some of the evidence that Irene McInnes gave—very passionately—about the work that has been carried out in the Reidvale area. I represent a part of Lanarkshire in which roughly 68 per cent of the population live in rented accommodation. Most of those people rent from the local authority and most have not exercised the right to buy, although they have it. You have said that you have the right to buy, but have so far chosen not to exercise it because you see the wider benefits of not doing so. What research have you carried out that has convinced you that people will take up the right to buy when it is extended? Will not people continue to be like you—public spirited, as are the people of Lanarkshire? They have been quite happy living in rented accommodation.

**Irene McInnes:** We have already sold 110 houses. We have had numerous applications to buy our houses and flats. Nobody has a crystal ball; nobody can tell us what will happen in future. We are sure that people will exercise the right to buy in our area because properties there are highly sought after, particularly in our part of the east end. There is a long list of applicants who want to move into our area, which is near the Merchant City and is ideally situated for the city centre. House prices have rocketed in our area during the past few years. Of course the properties will be bought. If the tenants themselves do not buy them, their families can buy them; they will then sell them to the highest bidder, and the flat in question will be lost to us forever.

**The Convener:** Does that mean that your area could be defined as a pressured area? If so, would that accommodate your concerns about the right to buy?

**Irene McInnes:** I do not think so.

**Dave Alexander:** We have major concerns about the pressured area procedure, as our written evidence has suggested. The principle of exempting areas on the basis that their housing stock is under pressure is sound, and we support that. However, the practice raises concerns, which have already been alluded to in the questions that were put to the COSLA representatives. We are worried that local authorities might be initially reluctant to make an application for such designation. We have already heard COSLA say that it envisages the procedure operating only under very specific circumstances. More generally, the burden of evidence that is required or expected to support a pressured area application could act as a deterrent. We are not convinced

that the pressured area designation procedure will work.

I wish to add something in response to the earlier question on the impact of the right to buy and on what we would expect were it to be extended. Every year, between 2 per cent and 3 per cent of the housing stock in the housing association sector that is eligible for right to buy is sold. That is the figure that the Executive has used to project the future impact. However, the houses that are likely to become eligible for the right to buy under the new provisions are, by and large, built to very high standards and are in attractive locations. We would expect much higher rates of sale to take place among those houses.

Under the current arrangements whereby housing association tenants have the right to buy, there are huge differences between different areas, even within one local authority area. In the west end of Glasgow, 16 per cent of the housing stock that was eligible for the right to buy has been sold in the past three years. That is exactly 100 times the rate in Easterhouse. We would therefore expect the uptake of the right to buy to be greatest where the pressure on the housing stock is greatest. Those areas would not necessarily be accorded adequate protection under the pressured area procedure.

**David Bookbinder:** We need to be clear about what pressured-area status suspends. It does not suspend the right to buy of those who have it for their current homes; it suspends it only for new lets and re-lets. As the COSLA representatives said, in areas where there is a low turnover—which could include rural villages and popular inner-city areas—pressured-area status would have very little effect, even if applications were made.

**The Convener:** A lot of members have indicated that they want to speak. I want to ask one brief question. I will then let in everybody who has indicated that they wish to come in, and I will be flexible at the end. However, I am conscious of the time.

Is it an option to do things the other way round—to have no right to buy, but instead an unpressured areas policy? That could involve a right to buy for the purpose of stabilising communities.

12:15

**Dave Alexander:** When the then Scottish Office consulted on its green paper, before the bill or the Scottish Parliament existed, we responded by suggesting that the right to buy was a policy that had had its day and which should be withdrawn. We also said that, in many areas, there would be advantages in the existence of a contractual right

to buy, which could operate according to local circumstances and the needs of the community. In certain areas, there is a need to extend home ownership opportunities and the right to buy can be an effective mechanism for doing that. To extend home ownership opportunities on the basis of a statute that applies throughout Scotland, and then to seek exemptions from that in accordance with pressured-area status would be, in our view, the wrong way to go about things.

**Fiona Hyslop:** I am interested in the idea of an opt-in to the right to buy, as opposed to exemptions for pressured areas. Edinburgh provides a pertinent example. The city's social rented sector accounts for only 17 per cent of housing stock. It has already met the Government's targets for 20 years' time. It could be argued that the whole of Edinburgh would become a pressured area. The problem with that is that, if the right to buy and the rationale behind it are to achieve single social tenancies, the whole city could be out of kilter. How could that be?

One of the arguments for extending the right to buy is that the single social tenancy would apply across the board, to numerous tenants with different tenures. In your experience of stock transfers, has the absence of the right to buy for new tenants caused any problems for those who seek a yes vote in ballots?

**Dave Alexander:** In many parts of the country, there have been overwhelming votes for stock transfer into community ownership, in the full knowledge that only transferring tenants have a preserved right to buy. In our view, it has not been an issue that that right to buy has not been perpetual and open ended, and has not applied to new tenants as well as to the existing tenants. The tenants who are considering their options are interested in the quality of service, in repairs and in the level of rent. Those things can all be guaranteed under the contract of sale; the right to buy is a relatively insignificant factor.

It is important to point out that the housing association movement has been instrumental in promoting home ownership opportunities through other mechanisms such as shared ownership, or through working in partnership with builders and developers to create real opportunities for people from low-income groups to become home owners—Molendinar Park Housing Association is one example. It is not as if housing associations have not been active in promoting home ownership; they have, and in ways that have not prejudiced the right to rent, which we consider to be of paramount importance.

**Fiona Hyslop:** If the right to buy turns out not to be essential to getting people to vote yes in stock transfer ballots—that is not my view, but people are entitled to think that—and if a single social

tenancy that, at first, seemed to include a fairly comprehensive single right to buy, was then affected by pressured-area status with a variety of rights to buy, there would be no single right to buy. With the so-called concessions on pressured areas and so on, there will be a variety of rights to buy; there will be no uniform right to buy. Why should that be the central feature of the single social tenancy? Is there a case for maintaining the preserved right to buy and existing rights? The new arrangements might open up a can of worms, not least with regard to the European convention on human rights. Is there a problem in having a variety of different types of right to buy in the single social tenancy?

**Dave Alexander:** We made the point in our written submission that there was no policy imperative to include the right to buy as part of the new tenancy arrangements. Even before the concessions were introduced, there were numerous exceptions: for certain groups of housing; for people who have specific needs; and the significant exception of charitable associations. There were already exceptions to the universal application of the right to buy. We believe that it was not necessary to introduce a standard right to buy across the board to deliver the worthwhile objective of a single tenancy arrangement.

**Cathie Craigie:** I have a couple of specific points for Irene McInnes. Are there just over 1,400 houses in your association?

**Irene McInnes:** No, 1,004.

**Cathie Craigie:** What percentage of those 1,004 currently have the right to buy?

**Irene McInnes:** About 25 per cent.

**Cathie Craigie:** How long has the association been in existence?

**Irene McInnes:** It has existed for 25 years.

**Cathie Craigie:** Have the 25 per cent that have the right to buy been there since—

**Irene McInnes:** Sorry, at the moment we have 1,004 tenants in total: there are 520 assured tenancies and 110 tenants have bought.

**Cathie Craigie:** So 104 tenants currently have the right to buy?

**Irene McInnes:** No.

**Cathie Craigie:** Do 1,004 tenants have the right to buy?

**Irene McInnes:** No. Five hundred and twenty of our tenants are assured tenants, so they do not have the right to buy.

**Cathie Craigie:** I thought that that figure was to be added on.

**Irene McInnes:** No.

**Cathie Craigie:** I was trying to find out—if you do not have the information for me today, you can give it to the committee later—how many of your existing tenants have the right to buy and how many tenants have exercised it over the years. That would give us an idea of the take-up of the existing right to buy.

**Irene McInnes:** It has taken 25 years to develop the area through the development programme. The housing stock was not as attractive in the early days; it is now very attractive and tenants want to buy.

**Cathie Craigie:** When the Social Inclusion, Housing and Voluntary Sector Committee visited the Queen's Cross Housing Association, which has some very desirable housing in the west end of Glasgow, we asked a similar question. Quite a high percentage of that association's tenants had the right to buy, but only a small number had exercised it.

A third of tenants in the housing association movement have the right to buy, but there has been a small take-up. Are there reasons for that? Is it because, as Irene McInnes suggested, people have more interest in the wider community?

**Dave Alexander:** I do not agree that there has been a relatively small take-up. The take-up has been very high locally. I quoted figures from the west end of Glasgow and contrasted those with Easterhouse. Although the average rate of take-up is only between 2 and 3 per cent per annum, locally the impact is much higher. Robert McNeil will confirm that the impact on rural communities is potentially devastating. There are huge differences within the urban areas; the local impact has been very damaging.

**Cathie Craigie:** I am trying to get a picture of the situation. Have associations suffered net contractions in their level of stock because of the right to buy? Have associations been put into financial difficulties because of the right to buy, and—to pick up Irene McInnes's point—have associations lost volunteers because of the right to buy?

**Dave Alexander:** The west end of Glasgow is getting a lot of publicity, but two of the associations in the west end of Glasgow are experiencing viability problems and are considering ways of countering those problems. The two associations are Partick Housing Association and Meadowside and Thornwood Housing Association.

**Cathie Craigie:** What size are they?

**Dave Alexander:** Partick Housing Association has more than 1,000 houses and Meadowside and Thornwood Housing Association has fewer than

1,000 houses, but both are typical of the community-based housing association model that operates in many parts of Scotland. They are experiencing a serious viability problem because of the right to buy in the past, let alone what will happen when the right to buy is extended.

Another example is in Cumbernauld, where there is a newly created registered social landlord in the new town. The problem of new towns was mentioned earlier. I did some work with the Cumbernauld Housing Partnership on Saturday, and it has experienced from its beginning erosion of its housing stock. It is worried about what will happen.

**Cathie Craigie:** I must come in, because the witness mentioned Cumbernauld.

**The Convener:** No, wait a minute, Cathie.

**Cathie Craigie:** I must refer to the previous question—

**The Convener:** Cathie, I will let you in if you have a question.

**Cathie Craigie:** Fiona Hyslop asked whether the right to buy is an important issue when people consider stock transfer, and you said that it is not. I challenge that. I have been involved in transfer of housing stock in Cumbernauld to the community-based housing partnership, and I have also been involved in stock transfer from a former development corporation to a local authority. The right to buy was very high on the agenda of the tenants who were transferring. Can you therefore tell me how you arrived at the conclusion that it is not important?

**Dave Alexander:** All tenants have a preserved right to buy and at no point has the SFHA suggested that that right should be taken away. For tenants who will vote in a ballot, the right to buy is part of the package. That was the case in Cumbernauld and elsewhere.

**The Convener:** I said that I would accommodate all members who indicated that they wanted to come in, but everybody has indicated that they want to come in—apart from Bill Aitken, who has been extremely disciplined. I am conscious of the time, so I ask people to consider whether the points that they wish to raise have been covered. We have more business to deal with after taking this evidence.

**Brian Adam:** Given that a 2 to 3 per cent yearly attrition rate is broadly in line with what happens in local authorities, there is nothing peculiar about Reidvale's housing stock. However, I was especially impressed by the argument that housing associations adopt an holistic approach and that they do not merely manage houses; they build communities. What evidence do you have that an extension to the right to buy would impact

on that approach?

**Irene McInnes:** Think about it: if people are going to buy flats, they are going to sell them, and they are going to move away. The sustainable community will not have been sustained. There will have been a shift in the community. The ethos of the community-based housing association movement is to provide high-quality rented accommodation.

We came across this problem in the 1970s, when houses were sold and the people who bought them could not afford the upkeep of buildings that were getting older and older. The stock in Reidvale is old, and major repairs will have to be done. In Reidvale, some owner-occupiers have not been able to pay for repairs, or have had difficulty in paying. We are going to go down the same road again in 25 or 30 years' time. I will probably not be here then—although I am not going to reveal my age—but people will face the same scenario that I faced 25 years ago. Houses will be in disrepair because owner-occupation will have taken over and those people will not be able to afford to pay for repair of the buildings. Our biggest fear is that we will go back down the same road.

We have proved that renting works. People should be able to choose to live in rented accommodation. They can buy a house anywhere, but how many places are available for rent these days? The number is getting smaller and smaller. We can involve people who come into the rented sector in the community. I do not say that owner-occupiers are not involved in the community but, in our experience, our strength has lain in the rented sector—in people working together to build a whole community. If property is sold off, communities will move on. Activists from our area have bought houses and moved on.

**Robert Brown:** I will pursue the question of the social policy objective, particularly in areas where there have been many sales, and the possibility that the convener raised of opting in rather than out, which I think is an important perspective. Forgetting the disadvantages—maintenance, multiple ownership and so on—the perceived advantages of the right to buy are the discount for tenants and stability in some areas, which is perhaps not universal. However, it is difficult to see what other social advantages there are. What do you think the social policy objective is?

12:30

**Dave Alexander:** I will not answer for the Executive, but from our perspective. There are advantages in having opportunities to rent and buy in the same locality; people can move between renting and ownership as their family and other

circumstances change. We support fully a balance of tenure in any locality.

**Robert Brown:** That is the central point. In areas such as Edinburgh, East Kilbride, and the west end of Glasgow, owner-occupation has reached 80 per cent. Are there advantages to the continuation of the right to buy in those areas?

**Dave Alexander:** The crucial issue in those areas is, as Irene McInnes said, how to sustain communities by providing opportunities to rent. There are areas in both rural and urban Scotland where the opportunities of the most disadvantaged and vulnerable members of communities are being denied, and will be further denied by any extension of the right to buy.

**Robert Brown:** Leaving aside your opposition to the extension of the right to buy, do you think that a case can reasonably be made for ending the right to buy in such areas, because it is no longer relevant as a social policy tool?

**Dave Alexander:** The right to buy is a very crude social policy instrument which, by its nature, cannot take into account local circumstances. We could discuss further the adequacy of the pressured area designation, but if we are correct in saying that that will not provide adequate protection, the right to buy is not a particularly locally sensitive tool. If community ownership and empowerment are to mean anything, they must start from the principle that communities should be able to determine what housing solutions are appropriate to them.

**Ms White:** I have three short questions. First, do you think that the right to buy will exacerbate homelessness? Secondly, will it affect your willingness to continue to work as a volunteer in Reidvale? Thirdly, should there be a right to rent rather than only a right to buy?

**Dave Alexander:** The causes of homelessness are complex, and it would be unduly simplistic to pretend that there is a strict cause and effect relationship between the right to buy and homelessness. However, it is undeniable that the ability of landlords to meet the needs of homeless people is affected by the availability of affordable rented housing, so the right to buy has an impact on routes out of homelessness. We have made that point to the Executive through the homelessness task force and in other ways.

**Irene McInnes:** What was the second question?

**Ms White:** Would you stop your volunteering work in Reidvale if the right to buy were extended?

**Irene McInnes:** In truth, at the moment, yes—I do not see myself as a glorified estate agent. What need would there be for volunteers? If we were sustaining equality and giving people true choice in rented accommodation, many others and I

would stay and continue to try to improve the quality of service. I do not know how I would feel if the right to buy were extended. I feel betrayed because 25 years of my time, as well as the time of many other people, has been spent showing how community involvement can change people's lives for ever. There is nothing to stop people coming into the rented sector, receiving support from the community and going on to buy—that is an advancement.

**Robert McNeil:** I echo much of what Irene McInnes has said. A big factor, especially in the Edinburgh area, is that more and more young people aspire to owning their own property, but cannot afford to do so. Those people are becoming homeless; where will they go?

I agree that there should be a right to rent. I would do away with the right to buy, but that is not within my power. More rented accommodation must be made available, especially to young people. Edinburgh is fortunate in having many places in flats and so on, but such places do not exist in West Lothian, East Lothian and Midlothian.

**Karen Whitefield:** My question is for the SFHA. What evaluation have you carried out of the effects of the right to buy? If you have a paper on that, could you forward it to the committee? In that evaluation, did you consult tenants as well as committee members?

How did you gather and evaluate evidence for the briefing that you submitted to MSPs, which describes the right to buy as an unnecessary policy? In that paper, Mr Bookbinder highlights possible abuses of the extension of the right to buy and the effects that such abuses might have on communities—he suggests that there will be underhand dealings and that homes will be bought by drug dealers. What is the evidence for that?

**Dave Alexander:** I will answer on the evaluation of the impact of an extension of the right to buy. When the Minister for Communities first suggested an extension of the right to buy, we carried out, on behalf of our members, an analysis of current experience. From that analysis, we produced the contrasting figures for Easterhouse and west Glasgow. We identified local impacts to a much greater degree of precision than the Executive could have done. We identified the likely impact of an extended right to buy. We will share that paper with the committee—we first submitted it to Parliament in January, but we can certainly give it to you again.

It is obviously difficult to say what the likely uptake of an extended right to buy will be. The Executive's research suggests that between 2 per cent and 3 per cent of the housing stock would be lost under an extended right to buy. We have considered what houses are likely to become

subject to the right to buy. The sorts of housing that is snapped up under the right to buy are those that will be covered by the right to buy by virtue of the extension. Those are small-scale, high-quality developments that are often cheek by jowl with home-ownership initiatives, which increases their future marketability. That is why we suggest that the extended right to buy will have a greater impact than the Executive has suggested.

**David Bookbinder:** Our members have given us various examples of abuses of the right to buy. Those abuses are not illegal acts, but they are examples of milking the system. They include families buying on behalf of their children. We know of a case of a son who funded purchase of a house by an elderly parent. The elderly parent then transferred ownership to the son. The son charged her rent, for which she claimed housing benefit that was higher than what she paid as a tenant. There is a variety of such cases, which are not illegal, although they are abuses of the system that will happen more often if the right to buy becomes more common.

We have received evidence from members in some areas that right-to-buy sales have led to houses falling into the hands of drug dealers, who bring to an estate problems that did not exist previously. That cannot be stopped—it is not illegal for people to sell their assets. However, that problem will worsen, just as the problem of people being unable, or refusing, to do their repairs when they become owners will worsen. The right to buy will be extended long before the problem of people in common blocks refusing to pay their share of a repair is tackled.

**Karen Whitefield:** Do you agree that drug dealers are as likely to live in rented accommodation as they are to live in owner-occupied property that was once owned by a housing association or local authority? It is not that those abuses do not take place, and you are right to flag them up, but you must be responsible when you do so.

**David Bookbinder:** The impression that we get from our members is that a drug dealer can move into a house without interference from a landlord, which is a distinct advantage for the dealer. Drug dealers live in all types of tenure, but the examples that we have been given leave us with the clear impression that the fact that a property is owner-occupied makes a difference to the security—or lack of intervention—that the householder thinks that he or she will enjoy.

**The Convener:** I thank the witnesses for their attendance and for their written submission and comments.

They indicated that they will come back to the committee with further points and we will welcome

continuing dialogue with them, not only on the right to buy, but on a broad range of issues. I ask the witnesses to let the committee know whether there are other areas in which the housing association perspective is important, and that we did not have the chance to explore with them. That would be useful.

**Irene McInnes:** I have left some information that members may want to read.

**The Convener:** Thank you.

## Annual Budget Process

**The Convener:** We must deal with a final agenda item before we move into private session.

I assume that members have read the paper that is before them on how we should handle the budget process. It is proposed that we should appoint an adviser to assist us in our consideration of the annual budget process. Is that suggestion contentious? If so, we would have to discuss it before—

**Bill Aitken:** That suggestion is not contentious.

**The Convener:** Do members agree?

**Members** *indicated agreement.*

**The Convener:** In that case, do members agree with the recommendation that the clerks, the Scottish Parliament information centre and the convener draw up detailed terms of reference, a person specification and other information?

**Members** *indicated agreement.*

12:42

*Meeting continued in private until 12:56.*



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