

SOCIAL JUSTICE COMMITTEE

Wednesday 29 January 2003
(*Morning*)

Session 1

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SOCIAL JUSTICE COMMITTEE

2nd Meeting 2003, Session 1

CONVENER

*Johann Lamont (Glasgow Pollok) (Lab)

DEPUTY CONVENER

*Mr Kenneth Gibson (Glasgow) (SNP)

COMMITTEE MEMBERS

*Robert Brown (Glasgow) (LD)

*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)

*Linda Fabiani (Central Scotland) (SNP)

*Mrs Lyndsay McIntosh (Central Scotland) (Con)

*Karen Whitefield (Airdrie and Shotts) (Lab)

COMMITTEE SUBSTITUTES

Sarah Boyack (Edinburgh Central) (Lab)

Ms Sandra White (Glasgow) (SNP)

*attended

WITNESSES

Hector Currie

Richard Grant (Scottish Executive Development Department)

Des McNulty (Deputy Minister for Social Justice)

Paul Stollard (Scottish Executive Development Department)

Ms Jean Waddie (Scottish Executive Development Department)

CLERK TO THE COMMITTEE

Jim Johnston

SENIOR ASSISTANT CLERK

Gerald McNally

ASSISTANT CLERK

Craig Harper

LOCATION

Committee Room 1

Scottish Parliament

Social Justice Committee

Wednesday 29 January 2003

(Morning)

[THE CONVENER opened the meeting at 10:00]

Houses in Multiple Occupation (Licensing)

The Convener (Johann Lamont): Welcome to this meeting of the Social Justice Committee. The first item on our agenda concerns licensing of houses in multiple occupation. We welcome Hector Currie, the author of "A Review of the First Year of the Mandatory Licensing of Houses in Multiple Occupation in Scotland". We are pleased to have the opportunity to discuss with you the issues that you have raised in your report.

I remind members that we should concentrate our questions on the content of the report. Mr Currie, would you like to make a brief statement before we move to questions?

Hector Currie: I have been advised that I may take up to 10 minutes to skip through some of the findings of the research.

The results of the research are provisional, because they relate only to the first year of the scheme. It will be more than three years before we know the full impact of the scheme—positive and negative. The findings should not be viewed as a final verdict on the scheme. What we have found for the first year may not apply in the second, third and subsequent years. What we have said about the large houses in multiple occupation that are covered by the first year of the scheme may not be applicable in full to smaller HMOs, such as three-person HMOs, that will be caught by the scheme from its third year onwards.

The evidence that we have about market impacts was obtained anecdotally from officers and key stakeholders. The conclusions that we reached about market impacts were based not on quantitative analysis of market movements, such as properties moving out of the market, but on the views and experiences of those involved. At some point, proper research needs to be carried out into the actual impact that mandatory licensing is having, rather than the personal views of professionals, no matter how experienced.

The first year's performance was poor. Only 16 per cent of the applications that were received in the first 12 months were approved in that period.

Seventeen out of 32 local authorities had approved no applications in the first 12 months. That may be explained by the fact that no houses occupied by six or more persons fell within the scheme, but there may be other reasons for it. I will come on to those.

We have managed to obtain data for the next six months, which were technically outside the remit of our research. During that period, there was a considerable improvement. Whereas 206 applications were approved in the first 12 months, after 18 months 710 applications had been approved—an increase of nearly 250 per cent. That is a sign of the scheme's becoming more familiar to officers and more efficient, despite the problems that I will later describe. There was a significant upturn after the first year. Whether that will continue is another matter.

From the experience of the different contributors, there was no evidence that in its first year mandatory licensing has had a significant impact on the supply of HMO accommodation. There was also no indication that it is having a significant impact on rent levels. That point was made not just by local authorities and landlords, but by some of the key organisations that we interviewed. However, there was widespread concern that in future three-person HMOs may suffer from the impact of the scheme and exit the market. Fear was expressed that there will be a decline in the number of small HMOs once the scheme is applied to them in two years' time. That evidence is suppositional, but it reflects a widespread, although not universal, feeling.

The relationships between local authorities and tenants were terrible. They were poor in most local authority areas, with the exception of Edinburgh where there is a dedicated service with experienced staff to deal with private tenants. I could find no leaflets dedicated to tenants' interests, although the whole purpose of an HMO scheme is to meet the needs of the tenants. Information for tenants was usually incorporated as a minor paragraph in leaflets for landlords, which were often just uptakes of the code of guidance that was designed for local authorities. During their property inspections, local authority officers had virtually no contact with tenants, except by chance, although one or two authorities were the exception in targeting contact with the tenants. Tenants' knowledge of licensing was not bad, but it came from their landlords, not from the local authority.

I turn to some of the issues that could be seen as having been problematic, at least in the first year of the scheme, notwithstanding questions about the operation of the Civic Government (Scotland) Act 1982. There was some good promotion work by some local authorities but, on

the whole, local authorities' promotion work was poor. The publicity was poor, involving poor material that was not widely distributed. There was much criticism from landlord applicants about the lack of information that they were given at the outset, when they were approached, regarding the specific standards and procedures that were to be adopted in the early period of the scheme.

The landlords whom I interviewed had all been through the licensing process. They tended to have larger portfolios, consisting of maybe 10, 40 or 50 properties, although some owned only one or two properties as a sideline activity. They generally, but not universally, supported the principle of licensing but were very critical of its implementation. Generally, their concerns were about the lack of clarity among local authority officers regarding who was in charge and the lack of clarity about the standards that were to be applied, especially the level of fire safety that was being demanded. They said that officers lacked flexibility in the application of standards, that they were too rigid and that they were scared to deviate from what the guidance set out. To some extent, they were unhappy with the fees, but—surprisingly, given the hoo-ha about the fees in some authorities—they were more concerned about the upgrade costs that they had to pay to meet the standards that were being required of them. Those costs ran to thousands of pounds, especially, but not exclusively, because of the fire safety issues.

On a more positive note, landlords whose properties were in the second year of a scheme had seen an improvement in the efficiency and effectiveness of local authorities in doing their job. Officers were clearly learning the ropes better. Maybe they were being a bit less scared about deviating from the narrow path of what was required and relating more to the individuality of properties.

I turn now to some of the issues relating to the local authorities and their organisation. It was not surprising that every local authority set up a joint working party prior to the introduction of the scheme, to work out policy, practice and working relationships between the different types of officers. However, it was surprising that, despite the problems that emerged quite early, especially in the big cities, authorities—other than in Edinburgh and Glasgow—often disbanded or suspended the groups or the groups met infrequently to deal with issues. In other words, once the scheme was started, the formal grouping of officers—possibly including external officers from the fire service and the police force—was dispersed and people worked through informal arrangements. That is fine when things are going well, but things were clearly not going well in the first year. It therefore seems remiss that

authorities had not sustained the valuable joint working groups that they established at the outset.

An important area was standards. Most local authorities adopted the benchmark standards in the guidance, some of them with minor or significant variations. The main variation was in the tendency to set higher fire safety standards than those recommended in the guidance. That was a result of fire brigades' comments. It seemed from the interviews that fire brigades, not local authorities, were driving fire safety standards for HMOs. From talking not to councillors but to senior officers, it seemed that councillors did not want to override fire-masters' views. They would not challenge whether a fire-master had got the standards right, which local authorities were advised only to adopt formally as appropriate for HMOs.

Most landlords accepted the need for adequate fire safety, but they questioned the level that authorities set. That reflects the concern that some levels exceeded the recommended standards and were driven by the fire-masters' perception of risk in such properties.

We asked every contributor, but particularly the local authorities, about exemptions. Few wanted any change in the list of exemptions. Only a minority of authorities supported exempting the homes that are run by the Abbeyfield Society for Scotland Ltd. They saw no reason why such properties, if they were old, should be excluded any more than a private landlord's old property should be. Hardly any authorities supported exempting very sheltered housing schemes, which were a bone of contention with the Servite Housing Association and Hanover Housing Association, which felt that it was over-onerous and unnecessary duplication to license them on top of the other requirements for very sheltered housing schemes.

No authority supported the exclusion of Women's Aid refuges. A few supported the exemption of three-person HMOs—two-bedroomed flats—but most wanted to keep them in the system. However, private sector owners of HMOs almost universally favoured removing three-person HMOs. That does not mean that they wanted anything else to be taken out, but they did not feel that the full weight of licensing that they had experienced with their large properties was appropriate or necessary for three-person HMOs.

About a third of councils supported extending the time scale for licensing, which reflects the fact that the required number of approvals was not going through the pipeline. That was because of the complexity of the procedures that were being followed and because some councils were becoming engaged in investigative work to find owners and make them apply. Glasgow and

Edinburgh were moving down the prosecution route, which was time consuming. Each year, the threshold drops, so more properties come within the scope of the system, at least in theory.

From the conclusions that I drew, the general critique of the scheme was that local authorities have significantly under-resourced the scheme—that has not been mentioned yet. No extra funds were provided for the scheme's introduction, so local authorities had to ensure that fee income was reasonable and could cover the costs that were incurred. A major question is about the effect on local authorities' efficiency and their ability to get going and to sustain the increasing effort required to deliver the scheme's benefits.

Local authorities lacked solid knowledge of the numbers and locations of HMOs in their areas. That might have been less true of larger HMOs in cities, but few—if any—authorities had engaged with the coming licensing of three and four-person HMOs. Where are those HMOs? They are not on databases. The registration schemes that some authorities operate have tended to tackle larger HMOs and perhaps those that take four people. It is difficult to know whether everything has been licensed successfully when we do not know the number of HMOs or where they are.

Some authorities, such as those in Edinburgh and Glasgow, are tackling the issue with street survey-based work—I imagine that to be expensive. That involves knocking on doors and targeting areas or wards where HMOs are expected to be located. That is quite a demanding process simply for identification. In a dynamic market, some landlords are here today and gone tomorrow.

The scheme has struggled to license landlords who have sought to evade it. I am sure that the authorities could talk about that. I understand that that problem continues in Glasgow. The scheme has been effective and has engaged with respectable owners who have been willing to act lawfully and be licensed. Those owners have been quite resentful that the scheme has been able to engage with them but that other landlords have avoided it successfully. They will ask why they should bother to relicense when the authority has not even managed to license some landlords the first time round. Engagement with the landlords who do not wish to enter the system is an issue. Local authority officers will know plenty about the problems of trying to resolve that dilemma.

10:15

Another concern is whether, on certain points, the benchmark standards in the guidance are over-demanding. They could be said to be so demanding that no organisation, whether non-

profit making or profit making, would meet the standards in its first round of inspection.

I have made some comments about whether the code of guidance should be reviewed. It could be improved not only by, for example, providing local authorities with better guidance on how to relate to tenants but by revisiting the fire safety standards, particularly for small HMOs. There should be a clear relationship between the standards and the risk assessment—or the risk that is assumed—for small HMOs.

Overall, the scheme has had its successes and benefits. It has raised standards, protected tenants and given leases to those who have not had them, but it has not been able to do everything as quickly as everyone would have hoped. The question is whether, two or three years down the line, we will have a much more positive view of how the scheme has unfolded.

The Convener: Thank you. You indicated that the scheme's first year was difficult, but that some improvement has taken place. Is that improvement due to people beginning to manage a bad system better, or are the problems not really all that bad and just need to be sorted out? Do you have an optimistic view of the system's benefits once all the teething problems and resource problems are sorted out?

Hector Currie: I have an optimistic view of what the benefits would be if the problems—particularly the resource problems—were sorted out. Some of the problems of organisational relationships are sorting themselves out. For example, in the first year there was quite a lot of conflict between the fire brigades and the local authority officers. I do not know whether that has come through to you—perhaps you get a sanitised view of the outcomes. For example, in Glasgow, for quite a period, the fire brigade and the local authority could not agree on the fire safety standards. They therefore could not process applications for about seven months in year 1.

That dispute was resolved and that relationship issue is in the past—the standards were set and the local authority got on with the job. However, other issues exist, such as whether the authority will continue to run the scheme in deficit and subsidise the cost of licensing from other budgets or whether it will ratchet up the fees, which might well have consequences for the willingness of other landlords to come into the system. Some issues will resolve themselves and others will not.

The Civic Government (Scotland) Act 1982 is in the background. Having been a supporter of licensing for many years, I thought that the scheme was one effective way to achieve it. Remember that it was brought in as a discretionary scheme by a Conservative

Administration in 1991. Lord James Douglas-Hamilton introduced it and seven councils took it up. It was considered to be a good way forward. However, when it became mandatory, every council in Scotland had to have a scheme, which had to be rolled out over three years going down the number-of-occupants scale. A question exists about whether that was the most appropriate vehicle for taking matters forward.

It is hard to say whether more landlords will come into the scheme as we go down the scale. Although we do not know the number of four-person and three-person HMO properties, the general assumption is that more of them are around than big properties. The task is bigger. The volume of work should increase considerably simply to put all the cases through the pipeline if they come in.

If those landlords do not apply, major investigative work will be needed to find them, challenge them to apply and seek those who continue to evade the licensing. It emerged in the research that the procurators fiscal required quite an onerous level of evidence before they would seriously consider taking a case to court to make an example of some bad landlord, as some of the local authorities wanted, to make others realise that licensing was serious and not a game that was being played. I do not know whether any authority has yet achieved a successful prosecution, despite the scheme being in place since October 2000.

The Convener: The core question, as you suggested earlier, relates to the fact that we are not picking up on unscrupulous landlords. Good landlords are participating in the system and other landlords are being picked up because they are being regulated in other ways—for example, because they supply very sheltered housing—but rogue landlords are not being picked up at all. Does that mean that HMO licensing is not the right weapon for dealing with unscrupulous landlords or do you think that it will become better in that regard at a later date?

Hector Currie: With any system, legislative or otherwise, it would be difficult to pick up the unscrupulous landlords who are determined not to comply with the regulatory requirements of Government. Perhaps introducing a dedicated HMO act or ratcheting up the penalties that those who were successfully prosecuted would face might help, but I do not know.

Glasgow decided to prosecute some landlords. Because the level of proof that is required is expensive to attain, the council spent a lot of money doing so. However, the landlords voluntarily entered the scheme at the last minute, just before the cases went to court. The council got them into the system, but only with frustrating expense.

We do not know how effective the first year has been. Have those who should have come into the system in year 1 subsequently come into the system? Have the five-person HMO licences that were to come into the system in year 2 done so or are we piling up a greater number of landlords who are refusing to enter the scheme? When we get them in a few months' time, the returns will show whether there has been a growth in the rate of application as well as in the number of refusals and other information. It is difficult to know, however. My concern is about what will happen when three-person HMO licensing is introduced. We are talking about two-bedroom flats being licensed for three people.

The question is whether the landlord of that size of property is on the same wavelength as a professional landlord. Do they think that it is worth paying the fee and upgrading their properties to the required level—for fire safety purposes, for example—for the low rent that they receive compared with a landlord with a 10-person HMO, who has a significant income that could more easily absorb the higher costs at the outset?

Cathie Craigie (Cumbernauld and Kilsyth (Lab): When you were conducting your research, did you do any research on the kind of people who live in HMOs? Are they generally in work or are they on housing benefit? Are many of them students?

Hector Currie: We took a small sample of tenants, but the make-up of the sample varied. I conducted face-to-face visits with tenants in Edinburgh and Glasgow, and conducted interviews by telephone with landlords in those cities and in Inverness, Dumfries and other places.

In Edinburgh, I saw more students than I did in Glasgow, even though I conducted research in the west end of Glasgow. There were working people, and there were one or two examples of male unemployed people who had health problems, which meant that they were never going to be back in employment—a classic aspect of the multiple occupancy sector. In some ways, they liked the simplicity and anonymity of a bed-sit for living out the type of life that they wanted to live.

From our general understanding of it, the private rented sector accommodates a whole range of people, including some very vulnerable people—who are there either by choice or by necessity. An agent in Edinburgh got me to visit a property in Dublin Street. The agent wanted me to see it as a licensed HMO. The rent was about £2,000 a month. It was let through a company to three young people, and was under-occupied. There is a market in the cities for affluent young professional people who can pay high rents.

Then there are the people in between: students, young professionals who do not find themselves at the top end of the market and working people. It is quite a mix. That is one of the private rented sector's strengths; in a sense, the social rented sector is more selective in who gets in, as it is under great pressure. Provided that people can pay the rent, they can get into the private rented sector.

Cathie Craigie: You raised the issue of being able to identify HMOs. I pursued the Executive about different council departments sharing information and data among themselves. For example, if there were a multiple application for housing benefit from one property, you could bet your boots that the house was being let to more than one family. Have you investigated that sort of situation?

Hector Currie: I am not sure whether you are getting at the issue of access to other data files that could be covered by the Data Protection Act 1998.

Cathie Craigie: Yes, I am.

Hector Currie: The research found that every practice under the sun was being adopted by local authorities. Some officers were clear that they could not access the data—that they were not privileged to it. Other authorities said that they had received agreement to access the data. Others said that they got the data informally—they said, "We just ask for it off the record and we get it." There was no clarity about who was going about things correctly. The authorities said that they were looking to the Executive to tell them what the right way was to get the information.

Even with the information, authorities would be dealing only with the housing benefits sector in what might be called the lower end of the market, and they would not find out who the people living in HMOs but outwith the benefit regime were. There are also limitations to do with council tax registers. There is no easy answer for the sector. If there was one, we would know where those people are, how many of them there are and the extent to which turnover affects the situation.

The data go back years. The census should help, but we have to consider carefully how the census defined multiple occupancy so that we know what we are dealing with. The scheme's definition of an HMO covers all tenures, including local authority hostels, various sheltered housing schemes run by housing associations and bed-and-breakfast establishments run by private landlords with 30 people living in them. We need to know what we mean by the terms that we use.

Cathie Craigie: I have a further question on three-person and four-person HMOs. You have told us that there is evidence—if not concrete

evidence—from professionals in the field that people often give up renting out such properties and move away from the sector. Can you add anything to your earlier comments? Furthermore, have you found similar evidence in relation to people who rent out five-person and six-person HMOs?

Hector Currie: This is not a cop-out, but I would say that there was a limit to the time, remit and money for this piece of research. Some large landlords might not have had any small properties. One large commercial residential landlord in the west end of Glasgow has been in the business for 30 years—I can remember that landlord from when I was a student. The organisation said that it had been in the business for 30 years and would not be moving anywhere just because of a licensing scheme. That landlord was dedicated to the student population and, whether students had big flats or small flats, it was not going to get out of the sector.

Some of the larger landlords with bigger portfolios who did not deal with small two-person and three-person properties simply said that they feared that the owners of such properties would not want to engage with the scheme because of the cost implications of upgrading.

10:30

I interviewed by phone three owners of three-person properties whose numbers I got from Glasgow City Council's register. Two of them were parents who were looking after properties that they had bought for their student offspring, who had left university and gone abroad. They had not appreciated that they would ever be brought into the scheme and were wary of the implications. However, they said that they would bide their time and see how it would affect them.

One sharp operator in Glasgow—who also had another business—was buying ex-council flats in the city centre, just north of Queen Street station. He had four or five properties that were good-quality, modern, ex-council flatted accommodation. His approach was, "Not on your life am I licensed. No way." He said that, if it came to explaining the three persons who were living in a property—I do not know whether he was just trying it on—he would get two of them to say they were gay. That would mean that the property would be a two-family property and therefore ineligible for licensing. What tenant would disagree to that if saying no would mean that they were out of the property? However, he was a minor property landlord, and not typical of the middle-class owner who has bought quite an expensive property and is now in the letting business although they have no clue what the business is about in legal or licensing terms. I wonder what

that type of owner will do when the scheme affects them.

The University of Edinburgh expressed some concern about such situations as the landlady with two lodgers. There is still a need for that type of accommodation, which has a caring aspect to it: it suits first-year students who are not mature enough to take on self-contained accommodation. In such situations, somebody who rents out two bedrooms will face HMO licensing because the two students are separate from the landlady's family, making three families altogether. A licence would be needed and the fire safety standards—and everything else—would kick in. Concern was expressed, understandably, over how such landlords or landladies will react when the scheme impacts on them.

We need to do more research. I am not looking to do it myself—I have just about had my fill of the subject. However, a grip needs to be taken of the scheme further down the road, to see exactly what has happened. It is all very well talking to people and looking at market movements and changes. However, there will be a limit to those changes, as the Executive knows, and it could be useful to get beyond people's impressions.

Mrs Lyndsay McIntosh (Central Scotland) (Con): I am fascinated by what you have been saying. You spoke about local authorities establishing joint working groups, most of which were disbanded or suspended. In your opinion, what has been the effect of that?

Hector Currie: Officers operated through informal working arrangements when the groups disbanded. They would contact one another by phone or e-mail and try to arrange joint inspections, getting the fire officer on board to do an inspection at the same time. As far as I am aware, Glasgow City Council and City of Edinburgh Council did not suspend their groups. However, authorities that had never before been involved with licensing just jumped into the scheme. They did not even know where the HMOs were—they had never had a registration scheme and they did not set up a discretionary licence scheme because they did not feel that there was a need to do so. They did not address a tiny part of the private rented sector in their areas because they felt that they had many, more major, housing problems in their areas to address.

The authorities that set up joint working groups and then disbanded them would have been less able to overcome the emerging problems. That is not to say that they would not have overcome them; however, it would have taken longer to do so. They did not have a forum for getting the officers together around a table to say, "We have really got to sort this out. What are we doing? Building control are saying one thing, fire are

saying another. Where on earth has housing got to?" That is one of the issues. Housing departments played a negligible role. With five exceptions in the whole of Scotland, housing departments were minimally engaged with licensing—in some authorities, they were not engaged at all.

Mrs McIntosh: That is stunning.

From the research that you undertook, there appears to be no unanimity across local authorities about who should be the lead partner in overseeing the scheme. Earlier, you said that some local authorities wanted the Executive to provide guidance.

I am not asking you to judge anyone, but where do you think that the most effective arrangements were adopted? You can decline to answer if you like.

Hector Currie: Although I come from a housing background, I think that there is a need for housing departments to lead the effort. The environmental health departments would be quite capable of leading a team, but they have to recognise that certain team players have to be involved. The fact that there is variation in leadership across Scotland is not important, but the quality of the leadership and the conceptualisation of who should be involved are. Leadership must not freeze out certain players or let certain departments, such as the housing department, sidestep their responsibility to get involved.

A divided leadership can cause problems. Traditionally, local authority licensing departments had a central role in granting every type of licence that the authority could grant, such as those for street traders, taxis and window cleaners. However, the HMO licensing scheme is of a different order and involves a great deal more work. The lack of experience in a lot of authorities led to certain licensing departments believing that they should control the whole process. However, when the applications came in to be approved at committee level, they simply had to take their place in the queue. Tensions were caused when licensing departments said that they were going to run the show because they had always run every licensing scheme. The technical officers in building control and environmental health said that, as they had taken the applications through the rest of the process, they did not want to lose control at the stage at which the applications went to a committee. They were annoyed because, for example, they did not necessarily always get quick feedback on the outcome of a committee's decision. The question of leadership is important, not because a certain professional officer is the leader, but because of the problems caused by such divides.

Linda Fabiani (Central Scotland) (SNP): When we took evidence from an officer from Glasgow City Council—I think that he was from that council, but the beginning of this evidence-taking process seems long ago—I asked about examples of things that a bad landlord might do, such as placing bars on the windows. The officer said that, because the rules came not from primary legislation but from an order under the Civic Government (Scotland) Act 1982, they did not change the council's ability to have such landlords remove the bars and that the fire service had the relevant rights in relation to such situations. Given the increase in the number of officers and the publicity around the introduction of the scheme, is there any evidence that such bad practice is being tackled?

Hector Currie: No. The research did not go as far as inspecting properties. I would probably not have been competent to do that. However, I understand that the position that was outlined to you is true. You do not need the licensing power under the 1982 act to deal with the fire safety issue because section 162 of the Housing (Scotland) Act 1987, which deals with providing for a satisfactory means of escape from fire, allows a notice to be served legitimately on any HMO, provided that it has been identified. The authority must seek—and the fire brigade must offer—an advisory report on the appropriate response to the requirement to provide a satisfactory means of escape. The authority then serves that report on the owner.

Linda Fabiani: Although nothing has changed, I wonder whether officers may get into the habit of noticing such matters and requesting inspections because they are out checking HMOs. That goes back to the issue of joint working between the fire service and the council.

Hector Currie: It is for officers to identify those issues. Authorities such as Glasgow City Council and the City of Edinburgh Council, which have sent officers on to the streets to find HMOs, will identify issues relating to standards when they decide whether a property is an HMO. Once they have added a building to their list, they send out an application form that states, "We understand that you are operating an HMO at this address." In the process of identifying HMOs, officers will pick up information about what they see on the ground.

Many years ago—in the 1980s—I was an officer in Stirling. We had good working relationships between the police, the Department of Health and Social Security, the fire brigade and the local authority, and information was shared. In respect of data protection, those were more innocent days. However, one can expect officers who have good working relationships to share information and build up a database of problems and properties.

The crucial point is knowing where HMOs are, and we must be worried about how authorities have that information if inspection levels are low.

Linda Fabiani: I have heard anecdotal evidence of, and read articles about, officers being very prescriptive when they check HMOs. That seems to be causing a great deal of bad feeling. There is a view that officers assume that they will find bad things and that something will have to be done about them. Abbeyfield homes and sheltered housing schemes are meeting many separate standards. They feel aggrieved that, despite what they have achieved and been approved for, they are required to do more. Is the guidance very prescriptive, or does it allow a certain amount of discretion? Is how one is treated dependent on which officer turns up?

Hector Currie: The Executive emphasises that the guidance is not prescriptive. The guidance applies not just to how inspectors go about their business but to the standards, which are only recommendations, and is seen as summarising good practice. The Executive has taken account of what worked and did not work in the discretionary scheme that seven councils—including the major cities—ran under the Civic Government (Scotland) Act 1982 (Licensing of Houses in Multiple Occupation) Order 1991.

When local authorities are working with non-prescriptive guidance, differences in implementation can arise between officers and between authorities. If we want local authorities to exercise local control over policies and their implementation, rather than have the national Parliament dictate to local government, we must accept that there will be variation. At issue is whether variation delivers the goods or whether it undermines what we are trying to achieve nationally and locally.

A number of landlords echoed Linda Fabiani's comments about rigidity and prescriptiveness. In my view, the scheme is so new that officers were scared to deviate either from the guidance or from their approved policy, which is often essentially the same as the guidance. It was safer to play exactly by the rules because they did not know enough about the scheme and, in the early days, they did not make concessions here and there. The committee would have to ask officers whether they accept that description of their approach and whether their approach has changed.

Landlords also felt that different fire officers made different demands. Some landlords were told that they needed to have smoke detectors in cupboards under the stairs, regardless of whether they contained an electricity meter. The logic of that defeats me, but no doubt the fire officers concerned could tell us why it was necessary. Officers did not want to depart from the rules, but I

hope that that will change as they become more secure and confident in their job.

Properties vary in what needs to be done to them to ensure that they achieve the standards and in the extent to which that is feasible. Some authorities were critical because they felt that some of the standards—although not all of them—were for new buildings. Given that the great majority of the properties were pre-1919 HMOs and tenement flats, there was a limit to what could be achieved. Flexibility is needed to ensure that such cases are treated sensibly. An example of flexibility might be a fire-master requiring sprinkler systems in tenement flats as an alternative to a secondary means of escape. At times, there is no easy answer, even when people are trying to be flexible.

10:45

Mr Kenneth Gibson (Glasgow) (SNP): I commend you on the quality of your report and the excellence of your presentation.

An element of frustration seems to be arising from the inconsistencies that have developed in the relationship between fire-masters and council officials. You have just mentioned an over-enthusiastic recommendation that a fire-master might make, but who do you think should ultimately decide such matters? In your presentation, you said that there was a seven-month hiatus in Glasgow when the officials and the fire-master could not agree. Who should be able to decide in such situations?

Hector Currie: Perhaps at some point down the road the Executive should come to a clear position on what the national fire safety standards should be. However, that cannot be done under the present scheme.

We all know that HMOs—particularly the bigger ones—are high-risk properties. England knows that, too: we have hundreds of thousands of HMOs, but England has many more. The risk issue that relates to the fire safety standards primarily involves fatalities and casualties caused by fires in HMOs. However, we do not seem to have good information in which we can be confident about the number of deaths from fires in HMOs in Scotland. We need to be clearer about the situation. I am not saying that no one has ever died in a fire in an HMO because we know that that has happened but, every week, we hear of people dying in single-family dwellings that are not in the private rented sector. Risk has to be associated with a proper understanding of the type of property and the occurrence of fatalities and casualties. At the moment, we cannot do that in Scotland. If we understood the risks properly, we would have a better understanding of what the

standards should be. That should not simply be left to the fire-master.

Mr Gibson: We have to get the balance right. The fact that the fire-master will obviously be seeking the most stringent standards might drive out of the market people who rent out three-person HMOs, when they come into the scheme, because the changes that would be required to meet such high standards might be prohibitively expensive.

Hector Currie: The issue is to do with getting the standards right and making them commensurate with the risk. One would have no time for a landlord who said, "To heck with fire safety, I'll just take the rent."

The guidance for HMOs for six people and under set a recommended standard for smoke alarms that relates to circulation areas, but the research found that fire-masters would not buy into that standard. Fire masters wanted a smoke detector hard-wired into every bedroom, circulation area and kitchen. They prevailed because people are scared about the one situation that might go wrong, regardless of how many will not. People do not want to be blamed for not listening to the fire-masters' recommendations, so they ratchet up the safety standards to the highest setting.

People with responsibility must get together. The fire service has a responsibility, but it is not the only responsible party. Perceptions about the lifestyles of people who are not in nuclear families are used to justify higher fire safety standards. Perhaps we need to unpack the presumption or ideological view that such people would be less protective of and helpful to one another if a fire broke out. People could be brought together to examine fire fatalities in Scotland.

I wonder whether the definition of an HMO in the statistics of the Office of the Deputy Prime Minister—which are United Kingdom statistics that are collected about fires in all types of premises—is, in effect, an English definition and whether it is suitable and appropriate to our needs. If a person were to die in a fire in a flat—whether in the private sector or in the council sector—that could be occupied by a single person or a family and which was in a building that was seen as consisting of flats in multiple occupation, that fatality would be classed as a fatality in an HMO, although the flat would not be an HMO flat. It would be useful to explore that issue further to know where we stand. We could then consider more clearly the types of property and people we are dealing with.

I know that one cannot go to the n^{th} degree to try to reach a standard for every type of property and occupancy, but perhaps we could be more subtle

and refined than we have been. There has been a good first attempt, but we may need to become more subtle quite quickly, as three-person HMOs are soon to come under the scheme. People will either get out of the market or they will spend the money.

Karen Whitefield (Airdrie and Shotts) (Lab): We touched on the issue of trying to identify rogue landlords. Some local authorities, particularly Glasgow City Council and the City of Edinburgh Council, discussed with you the difficulties that they encountered when trying to have an HMO owner prosecuted for evading the licensing scheme. Did they give you any indication of how the scheme could be improved to make prosecution easier?

Hector Currie: The local authorities felt aggrieved that it was so difficult to collect the evidence, including corroboration, that would be required for a prosecution even to be considered. I think that they would have liked less onerous evidential demands placed on them. There is another problem: where is the protection for tenants if they want to talk about living in an HMO, but think that they could be out of the flat the next day for having told the truth? Less onerous ways of proceeding could fall foul of the standards of evidence that are required for a successful criminal prosecution. Although they would be desirable, they could be difficult to sell to procurators fiscal at the Crown Office.

The report mentions the need to know a criminal justice registration number—I used to remember the details of the process better—and one of the forms to be completed requires the authority to supply the date of birth of the owner before the case will be taken on. I do not know how that problem has been overcome in Glasgow, but Glasgow City Council raised the issue when it first became aware that that information was required before a case could be taken forward. If the landlord is absent and out of the country, how on earth can a case proceed? There is no easy answer to that. A high standard of evidence is required for a criminal prosecution.

Karen Whitefield: Your report states:

“the Guidance makes brief acknowledgement to the link between licensing and a wider private rented sector strategy but offers no details of how such a link should be expressed.”

What measures could be put in place to strengthen the link between licensing and the wider private sector strategy?

Hector Currie: Licensing is essentially a regulatory activity; it is an engagement by the state to seek to raise standards and provide protection for tenants. That is legitimate and understandable, but there is another side to

looking at the private rented sector. The sector has a value and an essential role in a number of our housing markets, particularly in the cities, but not universally; rural rented housing, tied or otherwise, is significant and important in that context.

We should identify the positives of the private rented sector and support good private landlords—the committee might even wish to see the private rented sector grow. The past behaviour of landlords in this country has led to a view that the private rented sector is an unacceptable sector of the housing market. We still live with the language of *Rachmanism* and we have seen more recent examples in England of appalling landlordism, but there are lots of decent, ordinary landlords going about their business. They might not know every ounce of the law, but at least they ensure a basically legal and respectable form of housing provision. One would want to promote that side of the sector.

We have one of the lowest percentages of private rented housing in western Europe and there is no reason why it should not be seen as a growth sector, within inevitable limits. Local housing strategies can improve the perception of the private rented sector by sustaining it and helping it to expand to a beneficial level. In addition, those strategies would have a role in dealing with the regulatory imposition of standards and the enforcement of rules about how private landlords should operate and, possibly, in closing private landlords down when they do not operate properly. Issues will emerge from the housing improvement task force in relation to the development of local housing strategies, which will give greater emphasis to the role that the private rented sector could play in the future.

We should see both sides of the coin. We are often preoccupied with one—I can understand why members with constituency problems of anti-social behaviour in private rented properties see only one aspect—but there are two sides and that is what the strategies should bring out. Historically, local authorities have not engaged with the private rented sector in their housing planning processes; they just do not see it. Now they will have to see it, but they must see a rounded picture of it. They must deal with the bad, address the good and promote the sector more.

Robert Brown (Glasgow) (LD): There has been quite a bit of discussion about benchmark standards and the problem—arising, perhaps, from human nature—of getting authorities to be a bit more flexible. Is there a solution to that, given people's quite understandable tendency to err on the safe side?

Hector Currie: One answer would be to revisit the standards themselves and to inject more

flexibility into the differentiation of different types or sizes of property. Again, that should be done within limits; you could go to the n^{th} degree and create an appalling mess of standards. Visiting properties to refine and distinguish them better than we have previously would allow more flexibility and could perhaps allow housing officers to express their views with confidence.

On the other hand, that might still mean nothing for housing officers. Officers can have very positive views about the private rented sector, but at times they have very negative views. They sometimes see the sector only in terms of its failings and its badness because they are always dealing with the problems. It would take training and attitude change to make them think differently about what they should do, and the most onerous approach is not necessarily the most appropriate one. There should be a combination of building in more flexibility and diversity in the approach to the standards, and asking officers to consider whether they always have an acceptable professional attitude. If they do, they must be able to express their views with a bit more discretion, where appropriate, without the fear that an MSP or a local councillor will come down on them like a ton of bricks.

Robert Brown: To build on that thought, it seems to me that there is a distinction between the identification problems that we have touched on—who the HMO landlords are and which houses are affected—and the issue of enforcement. It strikes me that a scheme that is similar to the taxi licensing regime, under which a taxi badge is given and a licence comes later, might have some merit, particularly for three-person and four-person HMOs. Perhaps we should suggest identification and licensing of landlords as suitable. That would be a good starting point for three and four-person HMOs. Such a scheme could be linked to improving management practices. Three and four-person HMOs are often in tenements where there are non-HMO properties, so because tenement law reform is coming down the line, we should try to encourage management potential in buildings that go beyond the HMO sector. What do you think of that alternative approach?

11:00

Hector Currie: There is no harm in trying to increase the professionalism of private landlords, both small and big. As I said in answer to the question about local housing strategies, training and education for landlords and agents in the private rented sector would be a useful and positive component of such strategies.

We could improve management through a targeted approach if we knew where the landlords

were. However, if we want to focus more on improving management, we should home in immediately on the properties that they own. If we deal with the properties first, we might improve the management.

Robert Brown: That is essentially my point. The committee has detected a sense that a large bureaucracy is being erected for registration and inspection. Despite what you say about standards being improved, your report suggests that it is too early to say that that is happening to any great extent. The bureaucracy does not home in on the difficult landlords who cause major problems and, to that extent, it misses the target. The issue is how we can become better at hitting the target.

Hector Currie: The problem with trying to address management among landlords is that landlords who evade the system are unlikely to attend a training course or to follow guidance on better management of their properties. They want to go about management in their own way. With a broad scheme that covers everything, the problem will always be that we will capture more than we need to capture to achieve our objectives. From the ministerial statement, one can see that the roots of the scheme are in trying to deal with the problems in the private rented sector that cause such trouble to tenants, but no matter how comprehensive the scheme is, some landlords will not enter it. That is why we need an approach that targets individuals.

I have read proceedings that reveal MSPs' concerns about landlords who take no responsibility for the anti-social behaviour of their tenants, although they could take court action for repossession because of a breach of contract as a result of anti-social behaviour. With one-off or two-off situations, a broad-brush licensing scheme for a whole district is not the way to tackle the problem. We must develop powers that can focus on, and which have the capacity and flexibility to deal with, one person. We need to be able to say, "We'll deal with this person, but we're not interested in those people because there are no problems with them."

Robert Brown: My final question is about the relationship between planning permission and licensing. I have heard complaints, particularly in relation to the planning regime in the west end of Glasgow, that people get HMO licences and, even though planning permission is put on hold, they carry on regardless. I mention that against the background that one objective of the scheme is to try to manage the number of HMOs. Do you have any guidance on that rather confused situation and the difficulties that arise from it?

Hector Currie: The situation is confused. Our research showed that different authorities go about planning in different ways. Some authorities

require planning permission to be given before the licence is considered; others do things the other way round and approve licences before the planning application is submitted. The Executive can produce guidance on that, but as long as the two systems of enforcement run in parallel, they will clash. Glasgow City Council will be in a mess if it approves a lot of licence applications—which will cost the owners a lot—and then, because of planning policy, refuses planning permission. That is not a tenable situation.

I do not know how to get round the problem. We have set two hares running at the same time. It is understandable that Glasgow City Council's planning policy is aimed at controlling concentrations and problems, but an authority that is not so occupied with that might not have such a clash or might find a way round it. A problem is looming for the cities because there are strict planning and control policies for HMOs, although at the same time council committees are approving HMO licence applications.

Robert Brown: Glasgow City Council takes the view that it had no option but to approve the licences, notwithstanding the failure to process the planning permission.

Hector Currie: That is right. Glasgow is not the only council that has taken counsel's—or at least an in-house solicitor's—opinion on that. Councils must deal with two separate pieces of legislation that do not interact. The opinion is that, as the Civic Government (Scotland) Act 1982 powers are not related to the planning legislation and vice versa, there is no reason to take them together. I do not disagree with that opinion. A political and policy problem is looming for local authorities.

The Convener: I thank you for your statement and your responses to our questions. I am sure that I speak for all the committee's members when I say that I found your evidence to be very useful indeed. We have run a bit over time, but that is because significant issues have been flagged up.

11:06

Meeting suspended.

11:15

On resuming—

The Convener: I welcome Des McNulty, the Deputy Minister for Social Justice. The committee will ask him questions about the issues that have been flagged up in the first evidence-taking session. The minister may make a brief statement.

The Deputy Minister for Social Justice (Des McNulty): I am pleased to be at the committee to give further evidence on the licensing of houses in

multiple occupation. As the committee is aware, the topic has been under consideration for some time. I hope that members will forgive me as I am relatively new to the subject—I will be able to say that a few times.

The evidence that the committee has heard this morning has underlined that the matter is complex. Although it is relatively easy for people to identify what they want done, it is much more difficult to find legitimate and appropriate means of doing it. Although what has been done so far through the licensing scheme has had some benefits and evidence is emerging—in the report by Hector Currie and in reports from local authorities subsequent to Hector's research—that aspects of the scheme are bedding in, some fairly major issues must still be addressed. That is why I have not come back before now with a response to some of the issues that the committee has raised. Once we begin to examine the issues, tinkering at the edges or addressing one issue without looking at the full range of issues is probably not helpful.

I want to come back with specific changes to the scheme, particularly in relation to issues associated with exemption, but those need to be thought through and talked through carefully with people who are involved with putting the scheme in place. One of the characteristics of the scheme is that it was perhaps introduced without fully adequate preparation. That is one of the points that come out of Hector Currie's work. I hope that in modifying the scheme we do not repeat that and that we end up with something that everybody involved believes is enforceable and effective and that it does exactly what it says on the tin. We should all share that objective.

I am happy to take questions.

The Convener: Everyone would accept that we want the scheme to be as effective as possible and, because it now exists, no one would suggest that there should not be a scheme. The Executive has gone down that road, but what if the scheme does not achieve the intended policy objectives? Would the Executive, rather than tinker at the edges of the scheme, hold on to it while contemplating the possibility of introducing primary legislation that would address problems in the private sector that are broader than HMOs, but which include issues that are flagged up through HMOs? I am anxious that we might spend years trying to make a system work, when perhaps we need now to step back and try to make the system as workable as possible, because we cannot do anything else. Perhaps the honest thing to do is to take a step back and ask whether we need to start again. Some organisations within the private sector have argued that regulation of the private sector should encompass HMOs, rather than focus entirely on them.

Des McNulty: I will say something similar to what I said in response to the members' debate that Johann Lamont initiated on the matter. There is recognition that some issues need to be addressed in the context of the private sector more generally, only some of which relate to the issues about HMOs that we are discussing today. We will consider all the options, including primary legislation, in identifying how to take forward those issues.

It is obviously for the new Administration, following the Scottish Parliament election in May 2003, to consider its legislative priorities. I do not think that anybody is at this stage in a position to make a commitment on where the issues that we are discussing will sit in the overall profile of priorities. The committee and its members have flagged up issues about the activities of private landlords and, no doubt, those issues will feed into consideration of legislative priorities. That said, even if in due course we introduce primary legislation, the experience of introducing and implementing the scheme has concentrated our attention on issues that the primary legislation would need to address.

The scheme has had some significant benefits. We have used the Civic Government (Scotland) Act 1982 as a legal mechanism. That has placed us ahead of what has been possible south of the border on regulation of HMOs. We have used the mechanism that is available to us. What we have learned from doing that is set out in considerable detail in Hector Currie's report and in briefing material that I have read from officials. We are trying to concentrate those pieces of work into a number of issues that we want to take forward and see being addressed.

I do not see a fundamental discrepancy between improving the scheme to make it work better and the issue of whether we might want to introduce a different kind of mechanism through primary legislation. Some of the things that might be introduced in the context of primary legislation might be extensions or enhancements of the existing arrangements. Other aspects that are not part of the existing scheme might be introduced within the broader context. We have learned a lot from the process of introducing the scheme and we believe that the scheme is getting better as local authorities explore the powers that they have under it, but we also believe that the scheme highlights other issues that need to be addressed. We want to take stock of that systematically, and to come forward with something that we believe is better. We have not come to a conclusion on whether that should be in the context of enhancing and improving the existing scheme or in the context of introducing new primary legislation. In my view, there is no fundamental discrepancy

between considering the issues in those two contexts.

The Convener: Do you accept that many of the issues that Hector Currie flagged up today were problems with bad private landlords rather than with bad private landlords renting out particular kinds of properties? HMO licensing is not able to get at the bad landlords. It might be more logical and sensible to address the matter through legislating on the private sector to deal with all private landlords who are a problem. In that context, the Executive will deal with problems that are not currently being addressed through HMO licensing.

I am anxious that having decided to go down this road—and because we want people to be safe in their homes—the Executive and others will work inordinately hard to make the scheme work, but will not necessarily achieve what they set out to achieve through the scheme, and having gone down that road will be reluctant to stop, go back and say that something else should perhaps have been done.

Des McNulty: The introduction of the licensing scheme has had significant benefits because it has, at least, established a framework for improving standards in HMOs and it has been a mechanism for addressing some other issues about tenancies.

The Convener: With respect, the scheme set standards for people who had already established good standards in very sheltered accommodation but, as Hector Currie said, it does not deal with the standards in properties that are owned by landlords who are not interested in and do not want to know about standards.

Des McNulty: I will address those issues. The work that has been done to improve standards has been worth while doing in and of itself. As the scheme rolls out and more landlords or HMOs come under a licensing scheme, I think that there will be a general impact on standards.

One of the problems that Hector Currie identified with the scheme is that some bad landlords—or rogue landlords, if you like—are not putting themselves forward for licensing, which is an enforcement issue within the existing scheme. How can we produce the best enforcement arrangements? We want to discuss enforcement of the scheme—indeed, we have already done so—with key local authorities, particularly Glasgow City Council and the City of Edinburgh Council.

You asked about how we should deal with rogue landlords more generally.

The Convener: We are not dealing with them through HMO licensing.

Des McNulty: We are dealing with them to some extent. HMO licensing offers us an opportunity and a mechanism to deal with them. You asked whether that is the best way to deal with them, or whether some other legislative framework should be introduced to deal with landlords or the private sector more generally. I have not reached a firm view on that and it has not been properly considered. Perhaps Richard Grant wants to say something about it.

Richard Grant (Scottish Executive Development Department): Hector Currie examined the first year of the scheme and it is clear from his research that the first people to apply under it were those who were most alert to it and were probably among the most responsible landlords. Since then, the scheme has come on quite a lot further. At the beginning of the year, we received figures from 16 local authorities, including Glasgow City Council, the City of Edinburgh Council and Dundee City Council. Some 4,000 applications have now been submitted under the scheme and almost 1,200 applications have been approved.

We are reasonably confident that, according to Hector Currie's research and research that was undertaken by Shelter, when people get in the scheme, pretty good standards are applied. However, it is a matter of getting people into the scheme. It is much more difficult for local authorities to tackle rogue landlords who are HMO landlords, but I think that they are starting to tackle them. We know that the number of cases in which enforcement action has been taken has increased, albeit that there is no magic wand to wave that will tackle the problem.

On primary legislation, the committee might want to know that the housing improvement task force has considered regular accreditation and regulation in considerable detail and that the issue will form part of its report. Sub-group C of the task force considered the issue and the report has been approved. There will be considerable discussion about the matter and about different forms of regulation, but we are clear that none of those—whether targeted at HMOs or the private rented sector—is easy to apply. We have discovered that in some detail in applying the scheme.

It is fair to ask whether the right target is the HMO sector or private landlords. We started off with HMOs, because bodies with which we deal in respect of tenants and housing problems—such as the Scottish Council for Single Homeless and Shelter—were concerned that HMOs should be the priority. Obviously, there are good HMO landlords in the social rented sector and the private sector. In general, local authorities that have administered the scheme still find work that

needs to be carried out. When we carried out the consultation on exemptions, authorities' view was that the scheme should extend to cover all types of HMOs. That was the reason for the focus on HMOs.

Karen Whitefield: You mentioned exemptions, which is an issue that has exercised the committee in the past. Can you update the committee on the outcome of the consultation exercise on exemptions to the scheme?

11:30

Des McNulty: We have not reached a conclusion about the appropriateness of additional exemptions, but we have listened carefully to the views of organisations such as Abbeyfield, the university authorities and the committee, which identified a number of categories of HMOs that might be appropriate for exemptions.

One issue that emerges from Hector Currie's research is local authorities' concern about the impact of the extension of exemptions on the systematic management of HMOs. The existing rules provide powers for a self-certification scheme to be examined. In discussion with Communities Scotland, which regulates a number of the agencies, including Abbeyfield, we might be able to consider the use of existing processes of maintaining adherence to standards through systems of regulation—there is an Abbeyfield standard—as a basis for self-certification. That could also be applied in the university sector. Such a scheme would avoid organisations constantly applying for licence renewals.

A number of technical details and issues of principle must be sorted out before we introduce such an arrangement, which is why we have not produced detailed proposals. However, some form of self-certification, whether it is administered by the local authorities or by another party—possibly Communities Scotland—or through a mechanism that the universities devise, might offer a way forward. That would mean that the burden of excessive regulation, which is a particular concern of Abbeyfield, would be diminished and would ensure that appropriate standards are maintained. We do not want to establish differential standards in the sector—we must ensure that building standards, fire regulations and so on are all properly adhered to. If we get the approach right, it might offer us a route forward. I am actively considering such an approach.

Karen Whitefield: Do you have any idea about the time scale involved? Abbeyfield has raised concerns since the implementation of the system and it is keen to see some light at the end of the tunnel.

Des McNulty: Many Abbeyfield homes have gone through the licensing process. We will try to ensure that something is in place before they have to go through the process for a second time, which in most instances, will be three years after initial registration. That is the real deadline and, although it might not be particularly tight, it is important to put a scheme in place as quickly as possible. When we complete discussions on how such a scheme might be developed, we will move as speedily as possible.

Karen Whitefield: What were the results of your discussions with Scottish Friendly Housing? As a result of those discussions, will you consider exempting co-ownership HMOs, which was suggested in the committee's submission to the consultation?

Des McNulty: It might be useful if Richard Grant reported on those discussions, because he was involved with them directly.

Richard Grant: We have certainly had discussions with the Scottish Federation of Housing Associations and with Communities Scotland about that specific proposal in the consultation paper. Co-ownership HMOs are a small group. In effect, we are saying that they might get caught in the system, but there is a case for exemption, because they look more like joint owners than a landlord-tenant situation. The question of whether we exempt them is for the minister to decide.

Our discussions with the SFHA have concentrated more on very sheltered housing associations. That organisation's initial thought was that we should exempt bodies that are already partially regulated, and we have discussed that with the SFHA. All the proposals for exemptions have been discussed in some detail.

More broadly, we found relatively little enthusiasm for any exemptions among many consultees. I listened to Hector Currie reporting on the position of local authorities, and we heard broadly the same from the local authorities that replied to us, but the responses that we received went much wider than just local authorities. Bodies such as the Abbeyfield Society for Scotland and Scottish Women's Aid said, "Yes, exempt us", but there was not much support for exemption outside of that group. That is the factual position.

Karen Whitefield: It could be said that some local authorities do not have any responsibility for such areas, although they would like to be more involved. There is a case for some independence for those organisations. They are quite small in number, and will be small in number in each local authority area, so their case might not be pressing. However, that does not detract from the fact that there seems to be a case for exemptions when it

comes to particular co-operatives or Abbeyfield, for example.

Des McNulty: I intend to move fairly quickly on the co-ops. As far as Abbeyfield and the broader issue is concerned, the route forward might be to begin to examine self-certification. That will take a wee bit longer to achieve. We will endeavour to work closely with organisations such as Abbeyfield to try to find a solution that meets its requirements, while ensuring that the standard of accommodation is properly sustained.

Karen Whitefield: Given the result of your consultation exercise—that in October 2002 two thirds of local authorities favoured no change to the time scale for reducing the occupancy threshold—will you repeat the exercise for the proposed reduction to three-person HMOs in October 2003, with a focus particularly on private rented accommodation?

Des McNulty: The decision on that has not yet been made. A number of priorities are attached to what we are trying to do. It is important that the scheme is seen to work more effectively. There are signs that there are significant changes in the way in which the scheme has been operated, in particular by some of the city authorities, which have a particular interest in HMOs.

We will be guided by what authorities want, up to a point, but at the same time we have to ensure that we negotiate with them to ensure that they are addressing our concerns about the present operation of the system, in particular the issues to do with enforcement. A process of discussion is to be embarked upon with the local authorities about the roll-out of the scheme, set against the effective management of the scheme as it stands. It is sensible at this point to keep that as part of a generalised discussion, and not to commit beyond that.

Cathie Craigie: From the evidence that we have heard this morning, it seems that the implementation of the scheme varies among local authorities. In some areas, the scheme benefits from close work among different departments, but in others it appears that departments do not talk to one another. In some areas, there is confusion about what powers fire-masters have and how they should influence decisions. Has the Executive given any consideration to issuing new guidelines on how local authorities should operate?

Des McNulty: One of the things that we are considering is reworking of the guidelines based on the research that has been done and the work that has come in. The direction in which we want to go would be geared towards more effective management practice. As you say, there is variable practice among local authorities; there is good practice in some areas, but other authorities

are perhaps not so good. Some authorities moved ahead relatively quickly, but others have been slower in taking up the scheme.

There are different organisational practices within councils, depending on the structure of the council and the relative priority that is placed on tackling the issues. Greatest priority has been given to the matter in cities such as Edinburgh and Glasgow, where there is a lot of pressure to make progress. In reworking the guidance, we must identify best practice and then make best practice the route that we encourage all authorities to go down. We must bear it in mind that there will be big differences in the nature of the problems that authorities in Scotland will have to address, so the guidance cannot be too prescriptive; it must fit the requirements of Shetland and Glasgow, for example.

It is not a question only of tightening up the guidance. We must also engage in dialogue with the authorities on the specific problems that they face, whether those problems relate to enforcement, to dealing with different categories of landlord or to the links between planning policy and licensing policy, which is working out in different ways among the authorities. The initial scheme has been introduced, but how it is operated throughout Scotland is a bit of a patchwork quilt. There are indications that some authorities are making it work more effectively than others.

We are trying to learn from best practice and feed that into the guidelines, but we are also engaged in a dialogue with the authorities, so we are focusing on the specific issues that they have to address locally. It might not be appropriate to put such matters into guidelines, because some local authorities are more directly affected by certain issues than others are. It is difficult to give a simple answer, but we are reworking the guidelines and seeking to learn from what has happened.

Cathie Craigie: I appreciate the complexities of the scheme. Hector Currie's evidence underlined the fact that politicians such as you, me and other members sometimes need to keep out of things a bit and let the people who are responsible for delivering the service on the ground get together to iron out the difficulties. Who is currently responsible for reviewing the guidelines and suggesting new guidelines that are flexible enough to protect the people we seek to protect—those who rent in the private sector, particularly in houses of multiple occupation—and to allow local authorities to provide a service that meets the accommodation needs of the communities that they represent?

Des McNulty: I shall let Richard Grant respond to that question, because he has been managing the process.

Richard Grant: Members might recall that we produced the original guidance by means of a joint exercise with representatives of the Convention of Scottish Local Authorities. Various professional bodies were also involved, including Shelter and the Scottish Council for Single Homeless.

Hector Currie's work is useful in that it has identified the areas that we might look at again when we refresh the guidance. We want to take the matter forward on a joint basis and we await the Executive's decision about where we are going on exemptions and so forth. We have a twin process that involves consultation and research.

11:45

Ms Jean Waddie (Scottish Executive Development Department): The Scottish HMO network group, which was set up by the local authorities, is a group of local authority officers. The group brings together the people on the ground who are managing delivery and it has been helpful in sharing best practice and allowing local authorities to see how others are dealing with problems that they are experiencing. The group will have an input when we come to rewriting the guidance.

Robert Brown: I think that you were sitting in the public gallery when I raised with Hector Currie the issue of the relationship between planning and licensing. The issue is broader than the HMO licensing, but is the Executive looking to tidy up that problem so that local authorities are legally entitled to hold off the approval or implementation of a licence until planning or other issues have been dealt with? An air of disrepute surrounds HMO licensing because landlords can drive a coach and horses through the process by going ahead with only one of the permissions.

Des McNulty: It might be useful for Richard Grant to give the legal background after which we can discuss the policy approach.

Richard Grant: When we introduced licensing, we saw it as a means with which to unify a number of areas. I do not have the guidance to hand, but it suggests that, if local authorities require planning permission for HMOs—I might return to that, because it is an issue in itself—it should be obtained before they decide on a licence.

Robert Brown: Are local authorities legally entitled to insist on that?

Richard Grant: No. I am sorry—I was about to come on to that. Some local authorities considered the issue and took their own legal advice. In the light of their comments, we took further advice. The legal opinion seems to be clear: the two processes are separate legal processes that cannot be made interdependent in the way that we

want them to be. The giving to local authorities of legal entitlement to insist on planning permission is an improvement that we would have to introduce through primary legislation, but we cannot do anything about the problem at the moment.

It is a particular problem for Glasgow City Council, because it requires planning permission for flats in multiple occupation. Not many other local authorities do so and we do not have authoritative figures, but the issue seems to have arisen in the Glasgow context. We know, for example, that the City of Edinburgh Council does not require planning permission for people to operate an HMO in a flat. The problem arises in the case of flatted properties because planning permission is not needed for a house unless the landlord is operating an HMO of six or more people. Logically, it would be better if planning permission and licensing could be related in the way that the member implied, but the legal advice is that that cannot be done at present.

Robert Brown: I appreciate that the minister cannot give us a commitment today, but I am asking him to take up the matter with colleagues. The issue is broader than that of HMO licensing, which we are discussing today. It does, however, have significance for HMO licensing.

Des McNulty: One of the advantages of the social justice portfolio is that it includes HMO licensing and planning. I take the point that, because of two different regulatory frameworks, we are isolating two areas that do not interface particularly well with each other. There is an argument in this case for using primary legislation, but I am not sure whether that should be in the context of a planning bill or some other legislative process that addresses the problem of bad private landlords. I am not clear what the best vehicle for doing that would be. I am clear, however, that it would be better to bring the planning and licensing arrangements more effectively into line with each other.

Robert Brown: I was reassured by the minister's statement that he would engage with local authorities on the scheme's effectiveness. He said that the number of applications was 4,000 and that 1,200 had been approved, which is a small percentage. What is the best estimate of the percentage of the cohort that has reached the application stage?

Richard Grant: The 16 major authorities have received 4,100 applications and issued just under 1,200 licences. Forty-one refusals have been made and about 190 applications have been withdrawn. I presume that those cases involved doubt about whether the properties qualified.

Robert Brown: That is not my point. What percentage do those 4,000 applications represent

of the number of applications that should have been made?

Richard Grant: I am sorry; I did not catch that before. We do not know the precise answer. As I have explained to the committee, we do not know the total number of HMOs in Scotland. The number has been estimated from time to time and from various sources, such as the 1991 census and local authority records, but the figures are rough and ready.

We included the information in the 2002 Scottish house condition survey. It was not in the 1996 survey, so we could not base calculations on that, but we will be able to calculate the figures from the 2002 survey. In the regulatory impact assessment, we said that about 10,000 private sector HMOs will be involved once we include three-person HMOs, but I do not hang my hat on that figure, because it is a rough-and-ready estimate.

Robert Brown: The Executive has a commitment to encourage local authorities to target problematic landlords. To what extent have local authorities done that? We have heard a bit about the lack of prosecutions and difficulties such as the slowness of the prosecution system. Many of us feel that the bureaucracy is big. Is it homing in on the people on whom it needs to home in?

Des McNulty: Richard Grant might be able to add some detail, but I think that the early concern—which emerges from Hector Currie's report—was that the uptake of licensing was slow. In the past six months, the pace at which landlords are entering the system has accelerated. The figures are rising more quickly than they did in the first 12 months. Some authorities—particularly Glasgow City Council—are taking up the enforcement action process and I think that 16 cases are in the pipeline. It is hoped that a successful enforcement action will be a demonstration and will accelerate the process.

We are keen for local authorities to undertake investigation and enforcement action to pursue unlicensed HMOs and for them perhaps to focus on HMOs with a record of complaints. That is for local authorities to develop. The evidence is that authorities are taking up such issues. The authorities in Glasgow and Edinburgh, in particular, have been more energetic in identifying HMOs and considering action, using the arrangements, than they could have been before the scheme was introduced. Slowly, the scheme is being used more effectively, but it is clear that there is some way to go before it meets people's aspirations for it.

Robert Brown: There is clearly a big job to do to register the houses that should currently be registered and to enforce standards. Before you move on to tackle the smaller houses, is there a

case for holding off extension of the scheme, to concentrate on the houses that should be in the system at the moment and to identify flaws in the prosecution scheme—which has not yet gone far down the line—and feed that into primary legislation? You already have quite a large number of houses to manage. Perhaps that should be done more effectively before you move further down the scale.

Des McNulty: To some extent, I have already given an indication on that. At this stage, the priorities have to be considering how the scheme can be rolled out and made more effective, and how the number of licences can be increased. That can be more targeted, so that we deal with enforcement where it is most urgently required. We have to examine streamlining the process, so that organisations such as Abbeyfield societies and the universities have a simpler system to deal with. I have indicated a route that we might wish to explore. What you are suggesting is the direction that we want to discuss with local authorities, and that will be reflected in the way in which we take forward guidance. However, a lot depends on how local authorities use the regulatory and licensing powers that they have. There must be a process of encouragement, rather than dictation, from the centre.

Richard Grant: On whether we should exempt three-person HMOs or suspend the implementation of the measures on them, neither of the two big local authorities that have the main problem are in favour of either of those propositions. We know that from the consultation, and to some extent that was a surprise. Glasgow City Council is particularly unhappy about the idea. It does not think that the level of risk is lower in three-person HMOs than in HMOs with more people. It is worried about more difficult landlords evading the system by reducing the size threshold. The council sent me information about the notices that it has been serving on HMO owners requiring the removal of bars, which it has been doing following a tragic fire. It has served 93 notices, and 43 of those were served on owners of three-occupant flats. That is just a bit of factual information.

Robert Brown: I have one final point, which relates to hostel-type accommodation, which is a particular issue in Edinburgh. Has further thought been given to whether such accommodation should be covered by the scheme?

Richard Grant: The basic answer is that it depends what the hostel accommodation is used for, and whether it is essentially visitor accommodation or provides people's main residence. If it provides main residence, hostel accommodation should be included within the scheme. Last time, when Hugh Henry was here,

there was some discussion about backpackers hostels, which we subsequently discussed with City of Edinburgh Council. Backpackers hostels, for the most part, are probably outside the framework of the scheme, because they deal with visitors and people who use them for just a few days. If people are concerned about standards—and in some cases there are concerns—the effective enforcement route is different. Hugh Henry took up that issue with ministerial colleagues some months ago.

Mr Gibson: Given that Robert Brown has stolen a lot of my thunder on enforcement, I will switch to costs and fees. As the minister will know, there is a lot of concern about variations in the sums that are charged for licensing across local authorities. Indeed, they have often differed by as much as a factor of 10. The people who make applications are concerned that the costs are not justified. We all agree that subsidiarity is important—I do not think that the Executive should set fees from Edinburgh—but to ensure equity, should parameters be set for fees, so that the process is seen to be fair the length and breadth of Scotland?

Des McNulty: That issue recurs in the relationship between the Executive and COSLA. As Kenny Gibson and I share a background in local government, we are aware of the issues from sitting on that side of the fence, so to speak. It is difficult to argue that any of the fees that are currently being charged are unreasonable.

In respect of authorities such as Glasgow City Council or the City of Edinburgh Council, there was little in Hector Currie's research evidence to suggest that there is a huge tide of people out there who say that the fees are unreasonable. From memory, I think that his report recorded two such instances—one in Glasgow and one in Dumfries. It is important that, where fees are charged, they bear some relationship to the costs with which they are associated. We could explore the issue in the guidance to local authorities.

There are issues around whether the cost of inspection and enforcement should be borne through the fees or another route. Local authorities have raised that issue with us and we will continue to discuss it. The way in which the system works and how local authorities establish their charges must be, first and foremost, a matter for them to decide. At this stage, I do not have evidence to support the imposition of a regime from Edinburgh, which would, in any case, be strongly resented by local authorities, especially those that sought to operate HMO licensing schemes.

12:00

Mr Gibson: I note the minister's comments about Glasgow City Council, but in February 2002,

in its response to the committee's report, the Executive said that it was

"surprised and concerned by the relatively high level of fees charges by the council in comparison with other local authorities".

The minister said that he cannot disagree with what Glasgow City Council charges, but the Executive's response of less than a year ago seems to suggest the opposite. When Brian Kelly of Glasgow City Council gave evidence to the committee, he said that the council was running the scheme at a loss. What is Glasgow City Council doing that is so different from other local authorities? Why does its scheme cost so much? One way round the problem would be to give guidance on inspection standards, so that landlords know what to expect, wherever their properties are in Scotland. They could also see exactly how local authorities are able to justify their charges.

Des McNulty: My understanding of the fees regime suggests that, typically, higher fees are charged by the larger authorities, particularly Glasgow City Council and the City of Edinburgh Council. There are one or two anomalies, in that some of the smaller authorities seem to be charging relatively high amounts. Those instances are of interest. The question that arises is how authorities of a similar size can justify charging different fees.

It can be argued that Edinburgh and Glasgow are special cases in respect of the fees that they charge for HMO licensing, although I would argue quite strongly that they need to be able to justify the fees that they charge. From what Kenny Gibson said, Brian Kelly's argument was that Glasgow City Council does not charge enough, yet other people say that it charges too much. There is a clear discrepancy in the evidence and we need to find out what the reasons for that are. Councils need to justify changes that they make to their fee structure on the basis of proper costings.

Mr Gibson: The question is fundamental; we must not duck and dive on the issue. Fees have to be seen to be realistic and reasonable. I noticed in an article on HMOs and licensing that Glasgow will charge £1,700 to licence HMOs of up to 10 individuals but £3,700 for HMOs of 11 individuals upwards. Those landlords have to pay an additional £2,000. What extra work has to be carried out? Does the team have to do twice as much work for one extra person?

For lay people, it is not hard to see why there is resentment and why people are saying, "This is nonsense." Clearly, if you are a landlord with an 11-bed property, you will think seriously about reducing it to 10 beds. That might reduce the availability of decent rented accommodation in the city.

Des McNulty: I picked up that point in the report as well, but I do not think that we can or should generalise from one-off incidents, which that was. Clearly, Glasgow has a method and has imposed a ceiling, which I suspect was imposed—

Mr Gibson: Arbitrarily?

Des McNulty: I suspect that it was imposed relatively arbitrarily. I am sure that Glasgow City Council might have some justification for picking the figures that it did. We hope that there will be an evaluation of the impact of the method that Glasgow City Council used to establish three bands—other authorities wish to go down that route—but that is clearly a matter for the council. Banding comes up in other contexts, as we see with council tax. There will be elements of perceived unfairness whenever bands are established. I hope that common sense will provide an effective system.

Cathie Craigie: I have a point about Glasgow City Council's evidence. Most committee members were convinced that Glasgow had calculated carefully the fees that were to be charged, and that they reflected the cost of administering the scheme, taking into account the landlords who were ducking and diving and trying to avoid registration and licensing, which Kenny Gibson talked about.

A point was made about landlords who have managed to evade licensing for a period of time and who come in and apply for a licence, which then starts from that date. Glasgow City Council suggested that there should be a retrospective element, so that the date a licence starts is the date that the scheme came into effect. That would cut down the cost, because it would mean that landlords who have been evasive are not carried at the expense of responsible landlords. Have you given any thought to that?

Richard Grant: Whether that is possible depends on the provisions of the Civic Government (Scotland) Act 1982. In fact, I have not heard of the idea of post-dating the start of a licence to the date at which the landlord should have applied, rather than the date at which they did apply. That is probably not possible, because the legislation is couched in such general terms, but it will either be possible or not. It is a straightforward question.

Cathie Craigie: It seemed like a reasonable approach.

The Convener: There was a perverse incentive to be as reluctant as possible, and no credit was given to folk who were speedy in applying. If the 1982 act does not allow the proposal to be implemented, that is another argument for considering primary legislation.

Linda Fabiani: My question is a general one, but it relates to the guidance, which I was glad to hear is being revised. I have a couple of points. Hector Currie's report highlighted a few things that we knew, for example the fact that the introductory promotion had its difficulties—there is no point in going back over that. However, he also found that there is a great lack of information in the guidance for the tenants of HMOs.

In revising the guidance, will the minister consider giving more guidance to local authorities on promoting the scheme among tenants, so that tenants do not have to work out the system themselves from the guidance for landlords? Would that create the potential to catch up with some bad landlords? If tenants of HMOs were told that they had the right to live in a licensed house that meets certain standards, they might approach local authorities and ask authorities to inspect identified HMOs. Are you considering that?

Richard Grant: Linda Fabiani raises two issues. If local authorities are unaware of more difficult landlords, complaints are one way of getting to them. Tenants are one possible source of complaints, but some tenants would be concerned about their security.

Hector Currie highlighted the need for better information for tenants. The initial focus was on physical conditions rather than tenancy management. The licensing scheme covers physical conditions, tenancy management and whether the landlord is a fit and proper person. It is fair to say that the guidance concentrates on benchmarks for physical standards.

It is more difficult to be explicit about tenancy management standards. The guidance stresses the importance of having an adequate lease and all local authorities cover that. The City of Edinburgh Council, which Hector Currie mentioned in his report, goes to some trouble to talk to tenants to find out whether other problems exist. We would need to discuss the approach you suggest with people who are directly involved in implementing the scheme. The proposal would increase the cost and might add to the bureaucracy, but it might be valuable.

Des McNulty: I will return to best practice. The City of Edinburgh Council has a comprehensive inspection programme. People go round trying to find HMOs and leaving leaflets for tenants on the operation of the scheme. Perhaps other authorities could consider that. I take the point about publicity and focusing on tenants' rights within the framework of HMO licensing. One problem is accessing the groups of tenants that particularly concern us. Perhaps we could do that by talking to the universities or to other people who have contact with people who are likely to be tenants of licensed or unlicensed HMOs.

Linda Fabiani: Hector Currie's research showed that a few authorities have altered the benchmarks for physical standards. Will you take that on in the revised guidance? I know that local authorities must have control and autonomy, but I worry that, as the scheme continues, standards might creep down. Will your guidance be prescriptive about the minimum standard that must be applied, so that any variations are to people's benefit and are above that minimum standard?

Richard Grant: As a general principle, we want to set broad benchmark standards and we want local authorities to apply them sensitively. Hector Currie's research identifies a concern about the application of inappropriately high standards. I am not sure whether any evidence suggests that local authorities have lowered standards.

Linda Fabiani: I am not suggesting that; I am suggesting that, 10 years down the line, that could happen creepingly.

Paul Stollard (Scottish Executive Development Department): Most of the evidence that we have received shows that local authorities are nervous about using the discretion that the benchmark was meant to give them.

Linda Fabiani: That is understandable at this early stage.

Paul Stollard: Local authorities have tended to apply the benchmarks without discretion and too rigorously. When that is compounded by several fire-masters asking for even higher standards than the benchmarks, the result is considerably higher standards. Hector Currie mentioned fire detection in every room and even in cupboards under stairs—it is hard to think of a logical reason for that.

The benchmark standards for fire safety ask for a risk assessment to be done by the landlord—the person who is applying for the licence—which will then be checked by the local authority. It should be stressed that the landlord carries out the assessment and the local authority only checks it; we should not imply that the local authority does everything plus any extra things that it can think of.

During the summer, we were in detailed discussions with the eight fire brigades, the Scottish HMO network group and local authorities to agree on common codes of practice. That happened under the auspices of the network and CACFOA—the Chief and Assistant Chief Fire Officers Association. The technical work came to a halt in the autumn because of CACFOA's concern with other matters, and the other priorities of their technical staff. However, that might be useful in bringing the two groups together, and we would like to develop that further.

12:15

Mrs McIntosh: I want to talk about data collecting and monitoring. The report highlights the generally poor state of data collection and monitoring systems adopted by local authorities in respect of the operation of the scheme. The minister spoke about that earlier. I noted that he said that he is in dialogue with local authorities and that he seeks to learn from what is happening. Given that there has been criticism, what evaluation and monitoring systems does the Executive have in place to ensure the successful implementation of the scheme?

Des McNulty: Richard Grant can talk about the detail, but it is important to say that the act of introducing the scheme has given us far more information than we ever had before about what is happening in the HMO sector. The information is perhaps not comprehensive across the range of HMOs, because people must come forward to get a licence, but the licensing process means that we have a system that records licensed HMOs and the 4,000 people who applied for them. Information about those people is significantly better than what we had before. Alongside that, authorities have been investigating whether the operation of the scheme has encouraged those in charge of enforcement procedures to develop their own recording systems. To say that the data are poor is misleading, because they are better than they were. Even since Hector Currie undertook the research for his report, the quality of data has improved significantly.

Mrs McIntosh: Nobody could disagree with that. There has to have been a step forward from where we were before.

Des McNulty: Perhaps Richard Grant can give you more information about the monitoring that is under way.

Richard Grant: We arranged from the outset to collect regular statistics on the scheme, which are published each year in Scottish housing statistics. The local authority sends us a return on numbers of applications, how they are being processed and the types of properties that are included, so we have that basic information. We also receive a lot of qualitative information on how the scheme is operating from our contact with local authorities, in particular with the departments that attend the benchmark groups on implementation, which are run by local authorities.

We have commissioned research in which Hector Currie and Heriot-Watt University are involved. We will receive from the Scottish house condition survey 2002 much more detailed information on the HMO sector than we have had before. At some stage, we will no doubt want to evaluate the scheme further, but at the moment

we have an initial response, so it is best to stand back and let the scheme get on rather than send further researchers out each year to do more work.

The Convener: I thank the minister and officials for attending the committee and dealing with the questions. This is obviously not the end of the process, and I expect that the committee will reflect on what you have said in our legacy paper for whomever will sit on the committee after dissolution.

Housing (Scotland) Act 2001 (Shared Tenancies)

The Convener: Item 2 is on the Housing (Scotland) Act 2001 and the rights of registered social landlord and local authority tenants living in shared dwellings. Members will remember that the committee agreed to consider the issue at its meeting on 15 January. The issues are outlined in the paper that members have in front of them. You will note that it includes a recommendation to write to the Executive in the first instance. Do members have any comments on the paper?

Mrs McIntosh: The recommendation seems like a good idea.

The Convener: Are members happy with the paper?

Members *indicated agreement.*

Monitoring the Impact of the Housing (Scotland) Act 2001

The Convener: Item 3 concerns stages 2 and 3 of the research on monitoring the impact of the Housing (Scotland) Act 2001, which, of course, is an excellent idea.

We have the Executive's response to our seventh report in 2002, which was on that subject. We have been asked to consider the Executive's response and to agree that the issues therein will be referred to in the committee's legacy paper. Is that agreed?

Members *indicated agreement.*

The Convener: Before I close the meeting, I remind members that, on Wednesday 5 February, there will be a private meeting with the moderator of the Church of Scotland and Dr Peter Kenway of the New Policy Institute, on the report, "Monitoring poverty and social exclusion in Scotland".

Meeting closed at 12:20.

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