



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

Wednesday 28 April 2010

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**LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE**  
**12<sup>th</sup> Meeting 2010, Session 3**

**CONVENER**

\*Duncan McNeil (Greenock and Inverclyde) (Lab)

**DEPUTY CONVENER**

\*Alasdair Allan (Western Isles) (SNP)

**COMMITTEE MEMBERS**

\*Bob Doris (Glasgow) (SNP)

\*Patricia Ferguson (Glasgow Maryhill) (Lab)

\*David McLetchie (Edinburgh Pentlands) (Con)

\*Mary Mulligan (Linlithgow) (Lab)

\*Jim Tolson (Dunfermline West) (LD)

\*John Wilson (Central Scotland) (SNP)

**COMMITTEE SUBSTITUTES**

Brian Adam (Aberdeen North) (SNP)

Margaret Curran (Glasgow Baillieston) (Lab)

Alison McInnes (North East Scotland) (LD)

Margaret Mitchell (Central Scotland) (Con)

\*attended

**THE FOLLOWING GAVE EVIDENCE:**

Alex Neil (Minister for Housing and Communities)

**CLERK TO THE COMMITTEE**

Susan Duffy

**LOCATION**

Committee Room 6



# Scottish Parliament

## Local Government and Communities Committee

*Wednesday 28 April 2010*

[The Convener *opened the meeting at 10:00*]

### Housing (Scotland) Bill: Stage 1

**The Convener (Duncan McNeil):** Good morning and welcome to the 12<sup>th</sup> meeting in 2010 of the Local Government and Communities Committee. As usual, I remind members and the public to turn off their mobile phones and BlackBerrys.

Item 1 is an oral evidence session with the Minister for Housing and Communities, and Scottish Government officials, for stage 1 of the Housing (Scotland) Bill. I welcome to the meeting Alex Neil, who is the Minister for Housing and Communities and, from the Scottish Government, William Fleming, who is head of the tenant priorities team; Yvonne Rollins, who is a policy manager in the social housing quality team; Linda Leslie, who is the bill team leader; Valerie Sneddon, who is a team leader; Stephen Sandham, who is a team leader; and Colin Affleck, who is a policy officer.

Minister, you may make some introductory remarks, if you so wish.

**The Minister for Housing and Communities (Alex Neil):** Thank you very much, convener. As you see, the team is fairly big, but this is a big subject. I just wish that we at this end of the table had votes.

The bill's overarching purpose is to improve the value, supply and conditions of housing in Scotland, and it is part of the Government's response to the housing challenges that we face, particularly in providing enough affordable good-quality housing for rent. The scale of the challenge is illustrated by the fact that in Scotland there are 10,000 households living in temporary accommodation. Although that number is now stabilising, we should remember that in 2002 there were only 4,000. Between April and September last year, councils assessed 21,644 households as being homeless. We will not be able to tackle these figures or meet the 2012 homelessness target simply by increasing new-build supply, important though that is.

We must also make better use of the existing supply. In that respect, the bill will help in a number of ways. Its reforms to the right to buy are projected to reduce sales by 21 per cent, which

could mean that over a 10-year period up to 18,000 houses—the equivalent of more than three years' worth of new-build supply in the sector—that would otherwise be lost would be saved for social renting. Without the reforms, there would be no prospect of building more than 3,000 new council houses this year and next.

Those real benefits are made all the more valuable because other means of safeguarding and improving supply are coming under increasing pressure. It would be irresponsible to ignore the contribution that such moves can make in the present climate, one aspect of which—and that some people appear to have overlooked—is that the stock of social housing in Scotland is at a 50-year low. At the last count in 2009, there were just 594,000 houses in the social rented sector. We have not seen such a low figure since 1959, when Harold Macmillan was Prime Minister. The Government's priority is to protect the remaining stock, so that is what the reforms are intended to do.

Provisions to modernise regulation will complement those measures and ensure that we get the best value from our social housing. The new independent Scottish Housing Regulator will drive up performance by encouraging and challenging all landlords to match what the best landlords are already achieving for their tenants and other service users in the social housing sector.

Other provisions, alongside the social housing provisions, will help to improve conditions in the private rented sector. We need that sector to play a greater role in meeting the country's housing need, but it can do so only if families can be confident that it offers them decent-quality accommodation, and if neighbourhoods and communities are satisfied that proper safeguards are in place against poor landlords. Ahead of a separate bill on private sector housing that we hope to introduce later this year, we have taken the opportunity that is provided by this bill to act quickly in a number of discrete areas.

The bill's provisions have been developed through extensive consultation and discussion with stakeholders. Those began with "Firm Foundations: The Future of Housing in Scotland" in 2007 and continued with consultations on the draft bill and on the private sector provisions. In drafting the bill that the committee is considering now, we took account of stakeholders' responses to the consultations and what they said to us in public meetings that were held throughout the country last summer. I have also followed what stakeholders have been saying in their evidence to the committee, and I have been encouraged by their support for the principles of the bill. I know that some are keen to see various detailed

amendments, and I have established a sounding board as a forum for continuing our discussions with key stakeholders and for identifying amendments that will strengthen and improve the bill at stage 2. I look forward to working with the committee and stakeholders in producing an act that will improve the value, supply and condition of our housing.

**The Convener:** Thank you, minister.

**Mary Mulligan (Linlithgow) (Lab):** Good morning to you all. I apologise to the minister and my fellow committee members for the fact that I may need to leave before the end of the evidence session, depending on how long it goes on. I will begin with a question on pressured area status. Why does the bill propose to move the timescale from five years to 10 years?

**Alex Neil:** We need to improve the effectiveness of the pressured area status measures, and it has been made clear in the evidence that has been received so far that a number of areas require the additional period. Pressured area status is designed to make a significant contribution to solving the severe shortage of housing—particularly housing for rent—in those areas. In some areas, five years is proving to be too short a time.

**Mary Mulligan:** So, there is no specific reason for setting the period at 10 years.

**Alex Neil:** We have been told by councils, which are currently responsible for requesting that ministers approve proposals for designated area status, that they would prefer a 10-year period to a five-year period.

**Mary Mulligan:** I think that pressured area status is a good move, as it offers local flexibility in relation to areas and types of housing. I also think that it offers more flexibility for local authorities that have issues with receipts. Is that how you see it? Do you have concerns about local authorities' ability to take receipts, should the measures on the right to buy be agreed to?

**Alex Neil:** Pressured areas are pressured because there is a dire shortage of rented housing in them, and our primary motivation in reforming the right to buy is to address the housing need that I outlined. In Scotland at the moment, we have 200,000 people on the waiting lists for rented housing. We also have 40,000 households who will in two years have to be treated as a priority and be guaranteed permanent houses. Therefore, we are motivated primarily, although not exclusively, by the requirement to address housing need.

The debate on the economics of the right-to-buy reforms—I emphasise the fact that the bill will reform, not abolish, the right to buy—is

multifaceted. A lot of the debate, some of which has been misinformed, has focused on capital receipts, but we must also look at other aspects of the economics. For example, if a house is retained in the rented sector, either by a registered social landlord or by the local authority, both the asset and the rental income are retained. Over 30 years, the average rental income can be up to £53,000 at today's rents, which provides capacity for investment. As Mary Mulligan knows, a council can either invest using rental income, and thereby turn it into capital investment on a year-to-year basis, or it can use it to support prudential borrowing. We must also consider that aspect of the economics.

A third aspect of the economics of the right to buy is the replacement cost. If we do not make more housing available to rent through reforming the right to buy, we will have to build even more housing. As Mary Mulligan knows, we are at present building a record number of new social rent houses in Scotland, but we need to do much more; the reform of the right to buy is part of that. At today's prices, the replacement cost of a house that is taken out of the sector is £120,000.

A final point is that, in recent years, the average outstanding debt in the council sector when a house is sold, and after the receipt has been received, is £5,500. If council houses are sold at a discount, the tenants who are left paying rent and have not exercised their right to buy have to subsidise and pay back that outstanding £5,500 through their rents. Therefore, the right to buy is unfair to remaining tenants and puts an additional burden on them. We are looking at the issue from a fairness point of view, too, although we are looking at it primarily from housing need and economic points of view. That is where we are coming from.

**Mary Mulligan:** I can hear murmurings, so I am sure that some of my colleagues will go further into the economics of the changes to the right to buy. My question was whether pressured area status is a more effective tool for retaining stock where it is needed than is a blanket reduction in the right to buy, which is what the Government suggests.

I am interested in the minister's point about rents being a way of raising funds. Unfortunately, in the past three years, rents have increased substantially, which is an issue that we will need to explore later—although it is not dealt with in the bill, so I will not go into it now.

Witnesses at last week's meeting said that, as an addition to the bill, they would like it to ensure that an assessment of additional support needs is provided for all those who are classified as being homeless, in order to ensure that the required support is provided. I give you an opportunity to

respond to that suggestion, which goes beyond the current bill.

**Alex Neil:** I am sympathetic to the general point. In many areas, that already happens. For example, North Ayrshire Council, which Mary Mulligan knows is a Labour-led local authority, is well ahead of the game in trying to ensure that people who are homeless receive support not only in tackling their homelessness, but in tackling the reasons why they have become homeless. The homeless person could be a young person who has fallen out with his or her parents, has left home and has no money, no furniture and no friends or family ties where they are settling, so they need support. Other people have mental health or addiction problems and need support. North Ayrshire Council provides support that I think is exemplary. When a young person presents as homeless to that local authority, one of the first things that it does is offer a mediation service between the young person and his or her parents. That has been fairly successful. I need to double-check this, but I think that the latest figures are that as many as half of those young people end up going back into the parental home after the mediation. That is a good example of the holistic approach that we should take to helping people who find themselves homeless.

I agree in principle with Shelter's point that homelessness is often the symptom of many other, and sometimes deeper, problems.

**Mary Mulligan:** North Ayrshire Council is a good example. I hear your point about being supportive of the principle of Shelter's proposal. However, the proof of the pudding will be in resourcing such provision. There are concerns that not all local authorities are in that position, or do not spend the kind of money that is necessary to get there. The minister has not been able to answer recent questions about supporting people funds. We have no way of knowing what local authorities are spending on such provisions and, without that information, we cannot say whether Shelter's proposal could be resourced properly. Do you have any proposals to identify what supporting people funds are being spent and how that would support Shelter's proposal?

10:15

**Alex Neil:** The important thing is that the services are being provided and that we achieve the outcomes that we are trying to achieve. We have a joint working party with the Convention of Scottish Local Authorities, the Scottish Federation of Housing Associations and others. We have been looking in depth for a year or so at the issues that remain outstanding across Scotland and which need to be addressed if we are to achieve the 2012 homelessness target, which includes the

wider support issues. We talk to local authorities regularly and we ensure, through COSLA, that a strategy is in place that takes a holistic approach, irrespective of which fund it comes from. Frankly, I am not fussed where the money comes from, as long as the service is provided as and when it is required, and to the standard that is required. That is what we, with our local authority and RSL colleagues, are determined to ensure happens.

**Mary Mulligan:** I suppose that my concern would be that that is clearly not happening in some places. We will perhaps come back to that.

**Jim Tolson (Dunfermline West) (LD):** Good morning, minister.

**Alex Neil:** Good morning, Jim.

**Jim Tolson:** You have outlined some very good points in relation to the bill, particularly about right-to-buy issues. As I am sure your advisers have mentioned to you, we have taken evidence from a number of sources on that aspect of the bill, including from RSLs, tenants and residents representatives and many others. I certainly concur with the Government's proposals on the right to buy, because there is a huge crisis in provision of affordable housing in Scotland today.

However, many of the witnesses who have come before us feel that the Government's proposals for reform of the right to buy simply do not go far enough. I want to tease out what other points you have considered in relation to the right to buy. For example, Shelter suggested in its evidence that only the modernised right to buy should remain and that the huge discounts that some people have received should not continue. Has the Government considered that? You made an important point earlier about the fact that there is a £5,500 strain on existing tenants for properties that are sold off. Are the bill's proposals on the right to buy overly complex? Would it be simpler, as our witnesses have suggested, to ban the right to buy altogether? I am interested to hear your comments on that.

**Alex Neil:** This is the first time in a long time that I have been accused of not being radical enough. I note that the main complaint about the bill from nearly every group that has given evidence to the committee is that we are not going far enough on the reforms to the right to buy. Very few of your witnesses have said that we are going too far. In a sense, maybe I need to be more radical. If the committee thinks that we should go a bit further in some respects, we will consider that. We will take guidance from the committee in that regard. We made a manifesto commitment that we would adhere to the existing rights of sitting tenants on the right to buy—both those who have the preserved right-to-buy entitlement and those who have the modernised right-to-buy entitlement

for their current houses. As you will know, we keep our promises, so we have no plans to bring forward an overarching measure to abolish the right to buy. We think that the bill strikes the right balance in terms of the proposed reforms, although some people have argued that perhaps we could or should go a bit further. We certainly would not support at this stage a measure to abolish entirely the right to buy.

**Jim Tolson:** I appreciate that, minister. That certainly puts on the record your position.

The tenants of RSLs that have charitable status cannot exercise the modernised right to buy until 2012. The bill contains no provision to extend that suspension beyond 2012. RSLs are rightly concerned that, without further protection, houses that we could save through the reformed right to buy—you outlined figures earlier—will be lost from the RSL sector when people have the opportunity to begin purchasing them from 2012 onwards. Has the Government looked at that area and would you consider further reforms and an extension of the protection for RSLs in that regard?

**Alex Neil:** The first thing to say is that, if an individual RSL believes that removing the suspension from 2012 is not appropriate in its case, it can make a request to the Government not to go ahead with implementation of the right to buy for those houses. Under the current legislation, it will be up to each RSL to make a case to the Government along those lines. We do not have any plans for a blanket reform of the 2012 proposal, if I can use that shorthand, but if the committee thinks otherwise—the evidence that it has received has been very much in favour of a more radical approach—we will listen to what it has to say.

**Jim Tolson:** For my final question, I will give you an example so recent that it is from last night. I visited a block of flats in my constituency and, of the nine flats in the block, five have been purchased in recent years under the right-to-buy legislation. In comparing that mixed-tenure block with the block next door, there has been no real maintenance of the communal areas—there have been no agreements between the house owners and the council as the owner of the building. What reforms would you introduce to help to ensure that when there is mixed tenure, be it in a housing estate or block of flats, people are protected and communal areas are maintained? A lady told me last night that the communal area in the block had not seen a lick of paint in more than 40 years.

**Alex Neil:** First, I do not know whether there is a factor in that block. If there is not a factor, its residents perhaps need one. The local authority could take over that role.

The second point is that, under the Housing (Scotland) Act 2006, local authorities already have significant powers to deal with such situations. From my constituency mailbag and surgeries, I know that some local authorities do not exercise those powers as robustly as they perhaps should. I am also conscious that the 2006 act covers repairs and maintenance in these circumstances, but not improvements—and, of course, one man or woman's repairs may be another person's improvements. I am not saying that we should do this, but we may need to consider extending the provisions of the 2006 act in respect of communal areas to cover both repairs and improvements. There would then be no doubt. However, local authorities already have substantial powers to deal with such situations and it is up to them to exercise those powers.

**Jim Tolson:** Thank you, minister.

**The Convener:** I want clarification on the modelling that may or may not have been done on your modest changes to the right to buy. Has any modelling been done on abolishing the right to buy and the benefits that you would claim for that? Has there been any modelling on suspending from 2010 the right to buy for the relevant housing associations? Those are some of the proposals that have been put to us by the housing lobbies. You are aware of the evidence that we have received from the Tenants Information Service and housing associations, which are broadly content with your proposals. There is a difference between the tenants' perspective and that of the housing lobby.

**Alex Neil:** There are two or three points in that. First, I would not call the reforms "modest" because over 10 years they could save up to 18,000 houses to the rented sector. That is equivalent—

**The Convener:** How many of those houses can you guarantee us this morning, minister?

**Alex Neil:** One can never give an absolute guarantee. We reckon that the minimum figure is around 10,000 and the upper figure is 18,000. You asked about modelling—

**The Convener:** Why do you use the upper figure?

**Alex Neil:** I said "up to". That is the factual situation, and I deal in facts.

**The Convener:** I am sorry to interject, minister, but you never mentioned the figure of 10,000 until a moment ago. You presented the changes as a saving of 18,000 jobs—

**Alex Neil:** Not jobs.

**The Convener:** Houses. You talked about 18,000 homes being saved.



**Alex Neil:** I said “up to” and that is our position. The record will show “up to”, and that is what we have always claimed—a figure of up to 18,000 houses. We have always given the minimum and upper figures.

We have been building a record number of social houses this year and last and, if we eventually achieve the 18,000 figure, it will be equivalent to three and a half years’ build. That is a very substantial contribution. Measured against the build rates for the first eight years of the Parliament, it is an even more substantial contribution, so the measures have a potentially significant impact.

The convener referred to the housing lobby, which includes tenants and their representatives. I do not think that any housing bill in this Parliament has been consulted on more than this one. Going right back to the lead-up to “Firm Foundations”, we have done tenant surveys and spoken on an unprecedented scale to tenants’ representatives. We have taken the bill through the regulation sounding board. We also have our own sounding board, which includes a number of organisations that represent tenants, every one of which, if it has a criticism, says that we are not going far enough. They all support the reforms.

**The Convener:** I refer you to last week’s evidence from the housing association representatives and the Tenants Information Service. I do not know whether it has been brought to your attention that there is a clear difference between their views and those of Shelter, the Chartered Institute of Housing in Scotland and other bodies, on abolishing the right to buy. I can see the minister’s passion on the question. From your point of view, there is a great case that between 10,000 and 18,000 homes can be saved for the social rented sector. If that is the case, what modelling has been done? How many can be saved if you abolish the right to buy, if you suspend it for housing association properties from 2010 or if you put everybody on the amended right to buy?

**Alex Neil:** The total abolition of the right to buy is not Government policy or intent.

**The Convener:** Minister, I asked whether any modelling had taken place.

**Alex Neil:** I am about to explain the position, if you will allow me to do so, convener. I was saying that the Government’s policy is not to abolish the right to buy entirely, so we have done no modelling on total abolition. We have clearly done modelling on the figures that I quoted about the potential impact of the reforms that we are making: the figures have come out of that modelling.

We have examined, and will continue to examine, the overall picture on the right to buy. In

the past 10 years, a declining number of people have exercised it anyway and, in the past two years, only 0.3 per cent of social rented houses have been subject to the right to buy. Therefore, the number of people who are exercising the right to buy has gone down to as close to zero as it has ever been.

**The Convener:** You have asked the committee to consider the evidence that it has had from Shelter and other organisations about applying the reformed right to buy across the board. You say that that might be a good idea but you have not done any modelling on that, either.

**Alex Neil:** No. We have modelled the impact of what we propose. We have modelled other scenarios, but they did not include total abolition of the right to buy because that is not our policy. I also point out that the forecasts for the number of people who will exercise the right to buy and houses that will be sold change enormously because they depend on the market value of properties, which changes from area to area and even within a local authority or RSL area. It is difficult to be precise about that, so the results of our modelling show ranges of outcomes rather than specific outcomes.

**The Convener:** I will try again, minister. We have heard in evidence proposals on the right to buy, which you have commended to us as possibly having some merit. The proposals come down to not introducing the modernised right to buy for housing association tenants from 2010 and applying the amended right to buy to all tenancies. You have commended that to us. What work has been done that would give us any cause to consider that seriously? How many social rented houses would be saved if we recommended that as a sensible course of action?

10:30

**Alex Neil:** For clarification, what course of action are you talking about?

**The Convener:** I am talking about the evidence that you referred to, which we received from Shelter and others, that the proposals do not go far enough. You complained that you have never in the past been accused of not being radical enough. The proposals boil down to changes to the extension of the modernised right to buy for housing association tenants beyond 2010. Those people would not have the right to buy. Is that right?

**Alex Neil:** Are you asking me about the impact of the 2012 changes?

**The Convener:** No. I am asking about the evidence that we have had from CIH Scotland and Shelter that your proposals are not radical enough,

and that there are two ways in which we could make them more radical. In particular, the Government could change the proposals by not introducing the modernised right to buy for relevant housing association tenants in 2010. In the past couple of weeks we have heard evidence that that would increase right-to-buy sales and, as you put it, stock would be lost to the housing associations.

The second proposal is that everyone who has the right to buy should have only the modernised right to buy, under a reformed system, with a cap of £15,000. You commended that to us this morning. Why would we give those proposals any consideration if you have not done any modelling that tells us that they will save X houses for the social rented sector?

**Alex Neil:** To be absolutely clear, we have done modelling on all the proposals contained in the Housing (Scotland) Bill and furnished that information to the committee; that explains the anticipated range in the number of houses that would no longer be subject to the right to buy, up to the 18,000 figure that I mentioned earlier.

We have not done modelling on the total abolition of the right to buy, because that is not on our horizon. As I have said, at this stage we would not support a proposal for total abolition of the right to buy.

In between those two proposals, there are other variations. We have done modelling on the impact of the 2012 change, which is one of the suggestions, and we estimate that if all applicable RSLs were successful in securing an extension to the suspension, 2,800 RSL properties would be safeguarded from right-to-buy sale over a 10-year period from 2012. We have already furnished that information to the committee.

**The Convener:** The other proposal was to apply the modernised right to buy to all those who have rights by clarifying the situation and bringing together all the different rights that tenants have. Are you ruling that out completely?

**Alex Neil:** Absolutely.

**The Convener:** Thank you.

**Alasdair Allan (Western Isles) (SNP):** I return to a question about something that is in the bill—the registration of private landlords. The question of enforcement, sanctions and prosecutions has come up again and again. How will you ensure that what is in the bill will be enforced more effectively than in the past, when private landlords often failed to register?

**Alex Neil:** As I said in my introductory remarks, we have the current Housing (Scotland) Bill and we have the proposed private housing bill. Further reform is required and I am concerned that, as

happened with the 2006 act, a number of local authorities are not implementing the legislation as robustly as they need to. I have been in discussion with a number of local authorities and COSLA about the situation. The priority has been to increase the number of registrations, which is now at well over 90 per cent right across the country, with two exceptions. We now need to consider the problems of enforcement more seriously. Some of them will be dealt with, and they are covered in the consultation document that we issued on the proposed private housing bill.

We have used the opportunity of the Housing (Scotland) Bill to undertake one or two discrete measures on which there is broad consensus, and which it would be of benefit to adopt immediately. Examples include the provision of information, charging fees to agents and increasing the fine level to £20,000 from £5,000. Increasing the fine will hopefully act as a much more effective deterrent. The feedback that we have received from local authorities suggests that the £5,000 fine has not served as a deterrent to rogue landlords. I am not saying that the increase in the fine will solve the problem. There are other issues. By far the biggest problem area as far as rogue landlords are concerned is Govanhill in Glasgow. There is a huge problem there, and I am sure that Patricia Ferguson would agree that it must be tackled.

One of the changes that Glasgow City Council recommends in its response to our consultation on the proposed private housing bill concerns the right of entry. The existing legislation—the 2006 act—does not give a local authority the right to enter a house. The council regards that as a prohibiting factor in enforcing some of the legislation. There are problems in that regard—providing for such a right in legislation is not an easy thing to do, particularly with respect to issues around the European convention on human rights, but we are considering the matter under the private housing bill.

Going back to Alasdair Allan's question, the biggest and most important issue under the Housing (Scotland) Bill is the quadrupling of the fine, which I hope will have a more substantial deterrent effect than the current maximum fine of £5,000.

**Alasdair Allan:** The question has been floated in evidence and during discussions of whether civil or criminal penalties or procedures are best. Does the increased size of the penalty make the civil option impossible? Do you have a view on the civil option?

**Alex Neil:** Our advice is that it would be extremely difficult to make the measure a civil procedure. Some rogue landlords are engaged in criminal activity. A key test is whether they are a suitably fit and responsible person to be a

landlord. Our advice is that making the provision effective in the civil law is much more difficult than under the criminal law. Once we reach fines of £20,000, under the bill and under the legislation covering houses in multiple occupation, it is much more difficult to implement and enforce them in civil law.

I welcome the committee's comments on that point. That is the advice that I have received, but if the committee holds contrary views, having heard all the evidence, we will consider the matter further. At the moment, the weight of the evidence that I have received, as a minister, suggests that it is much better to keep that provision in the criminal sphere, rather than under the civil law.

For some people there is an argument that, if the provisions came within the civil law sphere, the money would not go to the Treasury but would come back into the coffers here. I do not think that the amounts that would be involved outweigh the other arguments against making such a change.

**Alasdair Allan:** One witness suggested that we should try to reach a stage where a tenant would no more consider taking a house from an unregistered landlord than they would consider going to an unregistered dentist. How do we develop an awareness among tenants and potential tenants of the dangers of unregistered landlords?

**Alex Neil:** We have made a lot of effort and spent a fair bit of money trying to market the new landlord registration—primarily among landlords themselves, initially—to ensure that they are registered.

It is worth painting a picture of the general situation in Scotland. There are 233,000 properties in the private rented sector. Judging from the work and the research that we have done, 95 per cent of the landlords own only one property. Typically, they are people who bought a flat for their son or daughter while they were a student at university or whatever; in most cases, they are not in the landlord business. Nevertheless, that 95 per cent own 75 per cent of the properties. The other 5 per cent own 25 per cent of the properties—I am sorry, I should have said that there are 233,000 landlords, not 233,000 properties—and the average number of properties that they hold is seven, although a few hold many more than that. Typically, a fair number of the landlords in that sector are people who invested in property to top up their pension fund. Generally, those people adhere to the law and local authorities have been successful in getting them registered. The problem is the rogue landlords who have not registered—they are the ones we need to get to.

The private rented sector working party that we have established, which includes all the

stakeholders, has been looking at all the issues and produced a report in December. Many of its recommendations are the subject of the consultation on the proposed private housing bill. I have no doubt that we have more to do on both landlord registration and HMO legislation. I want to ensure that we get it right this time and do not have to revisit the legislation two or three years after the current bills have been enacted.

**The Convener:** Your written submission states that the local authorities meet periodically and that a

“sub-group has drafted enforcement guidance”.

Is that guidance available? When will it be published?

**Alex Neil:** I understand that it will be available in the next few months. We will update the committee on that and I am happy to make anything available to you that is available. I am sure that COSLA would be happy with that too, although I cannot speak for COSLA.

**The Convener:** People have commented to the committee on whether there should be two housing bills before Parliament. Are we confident that we can get the proposed private housing bill passed before the end of the session in 2011?

**Alex Neil:** With the committee's co-operation, we can. That bill will tackle four main areas, two of which I have mentioned already. The first area is further change in relation to landlord registration, particularly to address the enforcement issues that I mentioned. I have told officials that the key test for me is whether the legislation will be effective in Govanhill. We must do something about Govanhill. There are other problem areas, but the situation there is unacceptable. The second area is HMO licensing. I know that a number of Labour and Conservative members are keen for further reforms in that area, especially the establishment of a closer link between the planning system and HMO licensing. The third area relates to mobile homes. Iain Gray has been pressing me for legislation in that area, and I am happy to respond. We intend to use the proposed private housing bill to address that.

The fourth area is reform of the leasing laws in Scotland as they affect housing. At the moment, we have a legal leasing limit of 20 years, which we will extend to 40 years. I have evidence here from Glasgow City Council, which says that it is planning two major developments in Maryhill and Lauriston—two of Glasgow's transformational regeneration areas. A prerequisite of success for the council's housing plans in those areas is amendment of the 20-year rule to allow leasing up to 40 years. Glasgow City Council's evidence shows the importance of changing that rule to housing investment in Glasgow.

We all have a duty to get the proposed bill passed by next year because, on the latter issue alone, it will free up, encourage and attract significant additional capital for housing not just in Glasgow, but throughout Scotland.

10:45

**Patricia Ferguson (Glasgow Maryhill) (Lab):** I specifically want to ask about the provisions concerning HMOs but, first, I want to follow on from Alasdair Allan's question.

I fully appreciate that there is a debate to be had about whether landlord registration should be subject to criminal or civil law, and, frankly, I think that the behaviour of some landlords is without doubt criminal. However, do you feel that the necessity to have a greater level of proof in relation to criminal law might be an inhibiting factor? Is that the decision that you have come to, having considered both of those possibilities?

**Alex Neil:** That is a valid point. We are dealing with some aspects of the gathering of the information that is required by councils in order for them to prosecute. However, we would probably have to go significantly further in that regard, and that is subject to the consultation on the proposed private housing bill. I am sympathetic to the idea that local authorities should have additional powers in order to ensure that they can gather the evidence that they require.

Glasgow City Council believes that the power of entry is required, in certain circumstances. Our private rented sector working party considered that matter and, on balance, was not in favour of it. I have asked the working party to reconsider the matter, as I am absolutely determined to work with Glasgow City Council to ensure that the Govanhill of this world are tackled effectively.

More radical measures of that sort are required, with regard to information and evidence gathering and enforcement powers.

**Patricia Ferguson:** I do not want to pursue this issue, as it was not my intended line of questioning, but I want to mention that one of the other issues that might arise is the difficulty in obtaining evidence that will stand up in a criminal situation from people who are vulnerable to begin with. However, we can return to that issue.

On the HMO issue, we have had a considerable amount of evidence from two areas in which there are particular pressures: Glasgow and St Andrews. In both towns, the student population is beginning to predominate in the private rented sector. The issue of density is a problem for both towns, and people have asked whether there could be legislation that could help them in their struggle to maintain their areas, given the

incoming tide of people who are not part of a social mix.

**Alex Neil:** One of the key parts of our consultation on the proposed private housing bill is the idea of overcrowding abatement orders. Your example is a demonstration of the need for more powers to deal with overcrowding. The consultation has specifically asked a number of questions about the most effective way of doing that. I have not seen all the evidence that has been submitted, but I know that Glasgow, for example, is very much in favour of those additional powers to deal with overcrowding in the private rented sector.

**Patricia Ferguson:** When we talk about density, we are talking not so much about overcrowding in a property as about the density of HMOs in a street, a close or another area.

**Alex Neil:** Councils already have some powers in that regard, but they are not exercising them because they believe that it is quite difficult to implement the powers that they were given in the 2006 act. Again, we consulted on that matter as part of the private housing bill consultation, and we will consider it further.

There are conflicting views, particularly among the planners, about how big a role planners should have in HMO licensing and enforcement. In the current bill, we have given local authority HMO licensing committees the power—not the duty—to turn down a licence on the basis that the applicant is acting contrary to the planning legislation. However, there is a strong argument that we need to extend those powers and strengthen the link between licensing and planning.

I know that Ted Brocklebank, in St Andrews, is keen that we take a more robust approach, as are the people in Glasgow and Edinburgh. Once we have analysed all the responses to the consultation on the private housing bill, we will consider sympathetically what people are saying about the additional powers that are required.

**Patricia Ferguson:** Additional powers are undoubtedly required, from what I see in my constituency casework.

Many of the properties that lend themselves to being HMOs are tenemental properties. It is in such properties that problems seem to arise. Closes are often constructed so that services are stacked. When changes are made to a property, a fairly large kitchen is often subdivided into two bedrooms, and a hallway or cupboard becomes the kitchen or bathroom. That leads to problems for the people who live directly below the flat and sometimes for people who live further down in the building.

Could legislation address that issue, for example in the context of planning, if planning permission was required before a flat could be changed and get its HMO licence? The issue relates to what you were talking about, but the specific issue that I have described causes huge problems in communities.

**Alex Neil:** It absolutely does. I think that I am right in saying that Glasgow City Council has highlighted the need to strengthen planning or building control powers, in particular in relation to HMOs. We will give sympathetic consideration to what people say that they need in terms of additional powers to address the problem.

The issue does not affect most of the 32 local authorities to a great extent, but I am very conscious that it affects some authorities quite adversely. The centre of St Andrews is increasingly dominated by HMO properties and I understand from people, including the local MSPs, who I think have come to a cross-party view, that the issue is beginning to have an adverse effect on the social fabric of the town. We will be very sympathetic to the points that are being made in response to the consultation on the proposed private housing bill.

**Patricia Ferguson:** I have an interest in HMOs and in the licensing of private sector landlords, so I welcome the strengthening of powers that can be used when something goes badly wrong, as has happened.

However, I wonder about the wisdom of introducing two bills that encompass such matters. It will be hard for the committee and for people from whom we take evidence to ascertain whether the packages of measures on HMOs and social landlords will have the desired effect, because we will have to consider the areas separately. We can consider what is proposed, but all bills are subject to amendment along the way.

**Alex Neil:** Timing was the issue. As you know, the provisions on HMOs in part 5 of the 2006 act have yet to be commenced. An order in that regard is before the Parliament and if it is approved part 5 will be commenced at the end of August. There is an element of having to wait to see how landlord registration and HMO legislation bed in before it is clear whether additional measures are required—I think that that is becoming increasingly clear. We must go through a fairly extensive consultation exercise on all that, as well as on the mobile homes issue, which is complex, and the 20-year lease reform to which I referred.

The reforms in the Housing (Scotland) Bill were envisaged three years ago in the discussion document, "Firm Foundations: The Future of Housing in Scotland". The bill has been in

planning since then and we have taken the time to consult on it more extensively than has been the case for any other housing bill in the Scottish Parliament that I can remember.

In an ideal world, we would have been able to bring together all the proposals into one bill, but because of the way in which different issues have come about and required to be addressed we will end up with two bills. At the end of the day, that will not matter too much. Alasdair Allan talked about the dissemination of information to landlords, HMO people, planning departments and all the rest of it. Irrespective of which act of the Scottish Parliament we are talking about, the information and guidelines that go out to people will be dealt with in one document. The fact that provisions were contained in the Housing (Scotland) Bill and the private housing bill will not in practice inhibit their success.

**Patricia Ferguson:** I am not sure that that answers my question, convener, but I will pass on that as I think that I am over my quota of questions.

**Bob Doris (Glasgow) (SNP):** I have a short question first on the right to buy. Many of the areas on which I wanted to ask questions have been picked up by other members. Personally, I would go further than is proposed and give certainty to and rationalise the right-to-buy process. That can be done only by picking a future point in time, be it 2014 or 2015, after which no one will have the right to buy. I would like that to be where the policy goes. However, I am speaking on a personal level in that regard, minister.

**Alex Neil:** That is for the manifesto discussion, Bob.

**Bob Doris:** My view is probably more radical than the current proposals.

I want to look at the right to sell. My understanding is that, if the bill is passed, new tenants will not have the right to buy. However, a housing association or local council could have, say, two properties for new tenants in a street in which all the rest of the housing is owner-occupied. It could be in the interest of the RSL's local housing strategy to offset those properties to the private sector. Under the reformed right to buy, will there be a right to sell for councils and RSLs?

**Alex Neil:** They already have the right to sell.

**Bob Doris:** You would not end that.

**Alex Neil:** We are not ending it or changing it. They continue to have the right to sell. There are certain circumstances, though, in which they must get ministerial approval to do so. In fact, they sometimes require ministerial approval not to exercise their right to sell. For example, if a person in a house that was previously a tied house and

which is still designated as such by the council wants to buy the house, but the council does not want to sell, it must come to me to get approval not to sell—I am dealing with a case like that in the Stirlingshire area at the moment. In certain circumstances, RSLs will have to get approval from the Scottish Housing Regulator to sell—for example, if they want to sell at a significant discount. However, by and large, both local authorities and RSLs have the right to sell. We do not need to change the law in that respect, because that right continues.

**Bob Doris:** That clarifies the situation, which is helpful. So if a council or a housing association wishes to liquidise assets to realise capital gain, nothing in the bill will stop them doing that.

**Alex Neil:** Not at all. Just to be more informative, one issue that has been raised with me by a number of chief executives of RSLs is that the red tape involved in the procedures that they must go through to get approval is a bit much. We are looking at how we can possibly take out some of the red tape, while ensuring, of course, that the public pound is protected.

**Bob Doris:** Thank you. I want to move on to landlord registration. You have said that the private sector has a significant role to play in being a key housing provider of choice and in meeting social need. We have discussed already whether the enforcement provisions for dealing with unregistered and bad landlords should involve criminal prosecution or a civil offence, and we have considered the burden of proof that would be needed. It has been argued that if a civil offence involved a fine, the local authority could levy the fine and retain the proceeds. I am interested in that suggestion, because I imagine that local authorities wish to be proactive about landlord registration and enforcement. In addition, in the current context, there is a cash cost to local authorities from ever-tightening budgets. You seem to favour local authorities seeking criminal prosecution for enforcement, but you acknowledged that any money that a landlord would be fined would go to the United Kingdom consolidated fund under current rules and regulations. If you feel that, even if local authorities have the choice of a criminal prosecution or a civil one, the majority should be criminal prosecutions, could you enter into negotiations with the UK Government to see whether any fines levied could be retained by local authorities? If the local authority knew that it could retain the moneys from fines, that would remove a barrier to enforcement and be a strong incentive.

11:00

**Alex Neil:** I hope that the day is not too far away when all such funds will come back to a

Scottish treasury anyway, but I am happy to have such discussions with a successor Government. The issue at the moment is the amount of money that we are talking about, because occasions on which councils exercise the powers are still pretty rare and the sums involved are very small. However, I accept that there is a case to be made for the general principle of such money ideally being retained by the local authority for reinvestment in its enforcement services.

**Bob Doris:** I am glad that you said that in respect of the general principle. I mean that genuinely, whether we are part of the UK, an independent Scotland or whatever—that was not the reason for asking the question. The idea is to have an incentive for local authorities to have that income stream. You say that currently the cash sums are not particularly large, but might that not be because local authorities currently have a disincentive? The assumption that the cash sums would not be that big might be false, because if local authorities knew that they would retain the cash, they could be much more proactive, could be more on the ball and could do a lot more enforcement. Has the Government considered asking local authorities and COSLA how much more proactive or more strident they would be in dealing with enforcement if they knew that they could retain the cash that courts levied as fines?

**Alex Neil:** They have not identified that as a barrier. Their main concern is what they regard as the shortcomings of the existing legislation, which need to be plugged. I recognise that in an ideal world, we would want to recycle the money in such a way that acts as an incentive and as a resource to ensure that there is more effective enforcement. I am happy to make approaches, through John Swinney, to whoever the new minister is at the Treasury to see whether we can get some change.

**Bob Doris:** I would appreciate that and would like to be kept informed of progress on the matter.

My final question is on the fact that if a tenant of an unregistered landlord fails to provide information about who the landlord is, they could be fined up to £500. That seems well intentioned and may be common sense but, given that a lot of students are perhaps in a particular landlord-tenant situation not through choice but through necessity, it could compromise many vulnerable people, who may feel that they are between a rock and a hard place in respect of whether they own up to who their landlord is. Are you listening to concerns about the fact that the £500 fine might compromise certain tenants?

**Alex Neil:** There is an easy way to avoid the £500 fine, which is to tell us who the landlord is. Tenants are not doing themselves or anyone else a favour by refusing to disclose the information. We cannot have complaints about local

authorities' lack of robust enforcement if people do not co-operate to the full with local authorities, in this case in providing the information that the local authority needs to implement the legislation.

**Bob Doris:** I might agree with you on that point, but are you fully aware of the sensitivities in some situations?

**Alex Neil:** I realise that there will be some sensitivities, but one has to go behind that and ask, "Why is the information not coming forward?" There must be a reason. Is it intimidation? Is it a tax issue, or whatever? We have not had feedback that there has been a large number of such cases, but my view is that the law is the law and people should comply with it and try to help us to get rid of rogue landlords in Scotland. Doing otherwise does the vast bulk of landlords who are good landlords no good at all.

**Bob Doris:** For clarification, my understanding is that the provision in the bill is to give local authorities the power to levy the aforementioned fine if they so choose. The key expression that I would focus on is "if they so choose". Therefore, in exceptional circumstances, they would have flexibility to administer the fines as they see fit at a local level. There would not be a statutory obligation on them to hand out a fine, would there?

**Alex Neil:** It is up to local authorities to make the decision. They are given the power, and using it is entirely up to them. There may be some cases, in extremis, of somebody saying, "If I give you that information, I am a dead man"—or woman. How to deal with such a situation would be up to the local authority but, generally speaking, I would expect people to co-operate. The National Union of Students is rightly demanding higher standards of housing for students and, indeed, for everyone else in the private rented sector. We require co-operation from people to achieve those objectives.

**The Convener:** That was an important point. I think that Bob Doris was being very delicate when he mentioned "sensitivities". We are talking about an extremely serious issue. I am sure that many of the MSPs present are aware of the criminality, benefit fraud and gangsterism that rogue landlords are involved in. We need to highlight the issue. People would be rather blasé to allow victims to be victimised again because they are not brave enough to take on the criminality of dangerous people.

Has any consideration been given to making provision to deal with the unintended consequences of taking on the gangsters who have moved into property? Could we provide tenants who provide information on such people with alternative accommodation, for example, or give them some indication that we take the matter

seriously, that we are connected to the real world and the circumstances that they live in and that we are not imposing on them a duty to report unregistered landlords. We are dealing with highly dangerous people in some of our cities. Can you give us a sense that some of those issues have been considered, and that some planning has been done on how to encourage people to come forward and how to protect them from any consequences of doing so?

**Alex Neil:** Absolutely. I recommend that you look at the neighbourhood management scheme in Edinburgh, which deals with those issues. It adopts a multiagency approach that involves various local authority departments, as well as the police and other services. In a number of communities, there is concern about people moving in and getting involved in antisocial behaviour and all the rest of it. That comes in various guises—there is gangsterism, benefit fraud and a range of other issues. Across government and local government there is a determination to do more about that. We have been looking at best practice. I commend the City of Edinburgh Council's neighbourhood management scheme as an extremely effective way of dealing with many of the issues.

**The Convener:** We look forward to hearing from the minister and his team about what the Scottish Government will do through the communities ministry and how you will work with other Government departments to ensure that we can take on rogue landlords and give people protection in difficult circumstances. Only then will we be able to take seriously the idea that we can take successful action against rogue landlords.

**David McLetchie (Edinburgh Pentlands) (Con):** Good morning, minister. You indicated in your opening remarks, if I recorded them correctly, that you were very proud of the fact that 3,000 new council houses would be built this year and next year and that those council houses would not be built were it not for the fact that you are making the changes that are set out in the bill. Is that correct?

**Alex Neil:** Yes. Local authorities have made it clear that they would not be prepared to build anything like those numbers if the new-build houses were subject to the right to buy.

**David McLetchie:** Right. So the figure that you gave represents an average of 1,500 new council houses a year.

**Alex Neil:** Yes.

**David McLetchie:** Between 1979 and 1991, there was not a single year in which fewer than 1,500 council houses were built. In every one of those years, more than 1,500 council houses were

built by Scotland's councils. Can you confirm that that is correct?

**Alex Neil:** I will give you the figures, as I have them all with me. In 1979, when Mrs Thatcher came to power, 4,755 council houses were built in Scotland. In 1980, before the right to buy came in, more than 5,000 houses were built. The figure declined to the extent that in 1997, when the Tories left power, the total number of council houses that were built in Scotland was 177, and most of them were sheltered houses that were not subject to the right to buy. In 1999, when this Parliament was formed, the number was 81. I turn to the figures during the years of this Parliament.

**David McLetchie:** I know that they are appalling, minister.

**Alex Neil:** The figures for council-house building in the last three or four years before we came to power are: in 2004, none; in 2005, none; in 2006, none; and in 2007, six, all of which were in Shetland. Of course, since the right to buy was introduced, the number of council houses built has been on a steady decline from more than 5,000 to zilch.

**David McLetchie:** Thank you, minister, for that full historical perspective. The question, however, was directed specifically at what happened between 1979 and 1991. Will you kindly confirm, from your records, that in every single one of those years, more than 1,500 council houses were built?

**Alex Neil:** No. In 1991, the figure was 1,016.

**David McLetchie:** No, that is the 1992 figure. I think that you will find that the 1991 figure is 1,732.

**Alex Neil:** No. Sorry. The 1991 figure—for local authority houses—was 1,046. I am giving you the facts. The figures are 1,046 in 1991; 1,016 in 1992; 697 in 1993—right down to 177 the year that you left power.

**David McLetchie:** Let us just ignore 1990 and 1991.

**Alex Neil:** Does that not slew the argument?

**David McLetchie:** Let me rephrase the question then. Throughout the 1980s, the sale of council houses was at its peak. Do we agree on that?

**Alex Neil:** It peaked in the late 1980s.

**David McLetchie:** Thank you. In every single one of the years in the 1980s, when the sale of council houses was at its peak, more than 1,500 council houses were built. Is that correct?

**Alex Neil:** Yes.

**David McLetchie:** In every single one of those years—

**Alex Neil:** There is still a dramatic reduction.

**David McLetchie:** In every single one of those years, more than 1,500 council houses were built. Accordingly—

**Alex Neil:** No. I am sorry, but in 1989 the figure was 1,474.

**David McLetchie:** That is not the figure that I have, but I shall ask parliamentary questions to clarify that.

The point is not only that that is a vastly superior record to that of our successors but that the numbers built are higher than your aspirations. The equation that you cannot build new council houses without ending the right to buy is manifestly false, given the record of councils—and, indeed, social landlords, but let us concentrate on councils—when right-to-buy sales were at their peak.

**Alex Neil:** I have never said that one cannot build new council houses in those circumstances; I have said that the reality is that since the right to buy was introduced, there has been a dramatic decline in the number of council houses built in Scotland, from more than 5,000, which was the figure the year the legislation was passed, down to zilch. If you had spoken to local authorities in Scotland at any time in the past 10 years or so, you would have heard them all make it clear that without the kind of reforms that we are introducing in the bill, they would not build large numbers of council houses, because of the right-to-buy legislation. When the figures went down in the later years of that period, the vast bulk of the houses that were built were sheltered houses, which were not subject to the right to buy.

**David McLetchie:** Okay. Let us move on to the issue of—

**Alex Neil:** Sorry, the irony is that in the period that you are talking about—between 1979 and 1991—the year in which the number of council houses built dipped under 1,500 was the year of the peak sales.

**David McLetchie:** Yes, but I think that you will find that for every four houses that were sold roughly one was built—over the totality of the period.

**Alex Neil:** No. I think that the reality is that if you look at the totality—

**David McLetchie:** I am talking about affordable housing, which covers the contribution made by our social landlords and housing associations, which is always neglected in answers on this subject and which of course ignores the substantial progress on affordable housing made not just under the Conservative Government but—



to be generously fair, which I always am—by your predecessors in the Scottish Executive.

**Alex Neil:** A distinction must be made between councils and RSLs. When the right-to-buy legislation was introduced, the impact on council housing was dramatic—the amount of council housing went dramatically downwards. As you know, RSLs came into their own only later in the 1980s. RSLs have been the main builders of new social housing in recent years.

11:15

**David McLetchie:** Indeed.

**Alex Neil:** You accept that.

**David McLetchie:** I accept absolutely that that has been the case for a considerable time and will continue to be so in the foreseeable future, because that is a key component of the Government's plan, as it was under previous Governments. No difference exists other than that you want to increase the council element.

**Alex Neil:** The scale of the problem of housing need that we face is such that we need the RSL sector and the council sector to build new homes. Both sectors need to work, but only one sector was building in substantial numbers until we signalled that the reforms would be introduced. Councils of all political hues have made it clear that they will build only if the reforms are implemented. They have also been helped by the subsidy that we give, which was up to £25,000 per unit and will be a guaranteed £30,000 per unit in the third tranche of the council house funding that we announced.

**David McLetchie:** You said that there was much misinformation about receipts. You have probably seen the evidence from Mr Young on behalf of the Scottish Federation of Housing Associations. He told the committee that the Government has estimated that, when the exemption from the right to buy from housing associations under the Housing (Scotland) Act 2001 ends in 2012, between 3,500 and 4,500 housing association properties will be sold per annum until 2015 and that that figure will level off at about 3,000 a year thereafter. Information that we requested from the Government has told us that those figures have been revised downwards and that your present projection is of 2,800 sales.

**Alex Neil:** Over 10 years.

**David McLetchie:** I want to clarify that because of all the evidence that we have received. Mr Young said:

"Scottish Government analysts calculate that, when the exemption ends"—

in 2012—

"there might be between 3,500 and 4,500 sales of housing association properties per year until 2015, after which the rate will level off to about 3,000 a year."—[*Official Report, Local Government and Communities Committee*, 24 March 2010; c 2963.]

That is what the Scottish Federation of Housing Associations told us. Is that information correct?

**Alex Neil:** The figures that were quoted were the result of research that was done in 2006. It is clear that that information is out of date. That goes back to the convener's point. We have remodelled the information to bring it up to date. The current Scottish Government models estimate that the impact will be 2,800 sales over 10 years.

**David McLetchie:** That is what I want to clarify. Are we talking about 2,800 sales a year for 10 years or 2,800 sales over 10 years?

**Alex Neil:** The latter.

**David McLetchie:** So the annual figure that the Scottish Federation of Housing Associations provided, and which I just quoted, is wrong.

**Alex Neil:** Yes—it is wrong.

**David McLetchie:** It is absolutely wrong.

**Alex Neil:** The information is absolutely wrong. The figures that Mr Young quoted were from a document that was produced way back in 2006, which was four years ago.

**David McLetchie:** I know that, but did he accurately or inaccurately quote the document from back in 2006?

**Alex Neil:** He quoted inaccurately, because the figure was over 10 years. If we assume that the 2012 change proceeds with no derogations, about 80,000 units will be affected.

**David McLetchie:** That is what Mr Young said.

**Alex Neil:** At the peak of the right to buy in the 1980s, the maximum percentage of stock that was subject to right-to-buy applications at any time was 2 per cent. Since then, that has gradually reduced. In the current recession, the figure has reduced to 0.3 per cent of the existing stock, as I said. If Mr Young's figure was correct, the assumption would be that 5 per cent of the housing stock would be subject to the right to buy per year. That would be two and a half times the rate of sale in the peak year, and that is not correct.

**David McLetchie:** Yes, I can see that. I am glad that you have corrected the misinformation that the Scottish Federation of Housing Associations has supplied to the committee and the false premises that may or may not have flowed from that.

**Alex Neil:** I am always glad to be of assistance, Mr McLetchie.

**David McLetchie:** That is good. You are correcting others who have given us false and misleading information.

**Alex Neil:** Well, it is—

**David McLetchie:** It is false.

**Alex Neil:** Oh, aye.

**David McLetchie:** Let us call a spade a spade, minister. It is false and misleading information.

Your assumption is for a modest level of sales—which you calculate to be 0.3 per cent—from the remainder of the stock that people have the right to buy. The stock that we are talking about here—80,000 houses, for the sake of argument—is largely new houses for which the tenants have not had that right for 10 years. They were given it, but an exemption was applied for a 10-year period. Do you not accept that, among tenants in those houses, there is likely to be a decade of pent-up demand for or interest in buying those homes and that using a projected figure of 0.3 per cent is not really appropriate, as there are apples and pears in the type of stock that we are talking about?

**Alex Neil:** You must remember the high percentage of people in local authority houses and RSL housing who live on benefits. The figure varies from area to area. At the moment, 28 per cent of the Scottish population of working age are on benefits, and the percentage is typically much higher among those who are living in RSL housing and council houses. Frankly, those people do not have the wherewithal to go out and buy a house. Also, before the recession, the average deposit that was required from a first-time buyer—and by and large the people we are talking about would be first-time buyers—was 11 per cent of the asking price; however, the current average deposit is 27 per cent. You need only look at the overall reduction in the number of first-time buyer purchases over the past two years among the general population, with an average income above what we are talking about, to see that the number of people who live in such houses—even those who are working and not on benefits—who are able to raise a 27 per cent deposit will be very small indeed.

**David McLetchie:** They will not need a 27 per cent deposit, minister, if they get a £15,000 discount on the market value.

**Alex Neil:** Of course, they will, because they—

**David McLetchie:** No. The deposit will be calculated by reference to the total market value of the house and the discount will reduce the requirement for a deposit—is that not correct?

**Alex Neil:** No. You will find that, at the moment, lenders measure the percentage that people will contribute out of their own pockets, as it were—

they want to see a commitment from them. That is why, in the shared equity schemes, for example, although we provide 40 per cent of the asking price, the lenders of the other 60 per cent still demand deposits of at least 5 per cent. So, we need to be careful in making any assumptions about this.

**David McLetchie:** A deposit is a loan-to-value calculation and has been throughout the 30-odd years for which I have been involved in helping people to buy houses in a professional capacity. If someone gets a discount, that effectively reduces the amount of the deposit—that is common sense.

**Alex Neil:** It may well reduce the amount, but—

**David McLetchie:** Exactly. That is the point that I am making. Your argument that they need a 27 per cent deposit is not correct because the discount will come straight off the deposit.

**Alex Neil:** What I am saying is that the average deposit in Scotland is currently 27 per cent. During the peak sales of the 1980s and particularly the 1990s, people got mortgages of 100 per cent and more. We do not have such a situation today. If we consider the profile of the people we are talking about, we find that many of the people who are not on benefits are in relatively low-paid employment and their ability to repay a mortgage—which is part of the calculation to determine whether they can get one—is also limited. We must take into account average household incomes and earnings.

In some cases, the deposit might well not be as high as 27 per cent, which is the current average. Nevertheless, people's ability to raise the money in today's market is much reduced from what it was in the 1980s or 1990s.

**David McLetchie:** You are speculating on the nature and personal financial circumstances of the tenant group about whom we are talking—

**Alex Neil:** It is not speculation.

**David McLetchie:** I was going to ask you where the evidence is on the group that we are talking about—the 80,000 group. We are focusing firmly on those 80,000 households. Where is the evidence on the social and economic profile of those tenants?

**Alex Neil:** The socioeconomic status of those people is, by and large, the same as that of the RSL population in general. There is not a distinction between people who get a house that they currently have the right to buy and people who get a house that they will have the right to buy only in 2012—

**David McLetchie:** Letting policies have changed dramatically in recent years. I think that you will find that the social profile of tenants who

have had their homes since the 1980s and 1990s is markedly different from the social profile of newer tenants. The committee has heard evidence of that on numerous occasions.

**Alex Neil:** The other thing—

**David McLetchie:** Do you accept that the social profile of tenants has changed markedly?

**Alex Neil:** Well, over time—

**David McLetchie:** Indeed. In other words, the earlier tenants are more likely to be in work than out of work, because of the allocations policies.

**Alex Neil:** Many of those people might have moved on and bought a house of their own. That is the issue. Some people are not prepared to wait until 2012.

**David McLetchie:** I understand that. However, you are characterising all those tenants as people who are on benefits—

**Alex Neil:** No, I am not.

**David McLetchie:** You substantially did so, because you said that they reflect the tenant population as a whole. I am suggesting that people in that group have different social and economic characteristics and are much more likely to be in work than are people who have been allocated tenancies more recently, because of the change in allocations policies, about which the committee has had a vast amount of evidence.

**Alex Neil:** First, be factually correct. I did not say that all the people in that group are on benefits; I said that a high proportion of tenants in the council house sector and in the RSL sector are on benefits.

The key point is that we use historical evidence to project the likely percentage of current stock that will be the subject of right to buy when it is available. That evidence, particularly the evidence of recent years, suggests that the percentage has gone down dramatically. At its peak it was 2 per cent. By my calculations 2 per cent of 80,000 is 1,600 or thereabouts—and 2 per cent was a high figure.

**David McLetchie:** On another issue, you probably read the evidence that we heard last week that some tenants' rents will have to go up if the right to buy is abolished. We heard that from Mr Ferguson, from the Chartered Institute of Housing in Scotland, whose evidence was based on a survey of social landlords that he had done. I think that I am correctly reflecting his evidence when I say that he said that about a third of landlords had reported that. Do you accept that the rents of some tenants will go up if your right-to-buy proposals are enacted?

11:30

**Alex Neil:** Obviously, the balance sheet of every RSL is different, as is the housing revenue account of every local authority, but as a general rule far more tenants would be adversely affected if the right to buy remained as it is than if it is changed under our reforms. Let me explain why. The average debt still outstanding once such a house has been sold is £5,500. As the member will know, housing finance is ring fenced through the housing revenue account, so the remaining tenants in the council area are required either to pay off or—if it is not paid off immediately—to service that outstanding £5,500 debt. Therefore, rents for the remaining tenants will increase in order to fund or subsidise the right to buy of those who have bought. If anything, the subsidy that the remaining tenants pay towards the right to buy is far higher than any potential adverse impact on rents that might come from our reforms.

**David McLetchie:** However, my specific question was on the evidence to the committee last week that, as a result of the enactment of the proposals in the bill, the rents for some tenants will increase. Do you accept that, for some tenants, that is likely to be the case?

**Alex Neil:** The honest answer is that how an RSL manages its assets will, as always, be entirely up to the RSL. Some RSLs might decide to increase their rents and some might decide otherwise. That is entirely up to them.

On the impact of our reforms on rent levels and investment levels, I saw Mr McLetchie's claim last week that our proposals on the right to buy will have a dramatic impact on investment in the Scottish housing quality standard. That is arrant nonsense—

**David McLetchie:** No, it is not.

**Alex Neil:** Two thirds of the people who will benefit from the reforms will be new tenants, who would not qualify for a discount until after 2015 because, under the modernised right to buy, people cannot exercise their right to buy until they have been tenants for at least five years.

**David McLetchie:** Minister, I think that you will find that the references to maintenance programmes and to ensuring that houses are built to the Scottish housing quality standard came from the witnesses rather than from me.

**Alex Neil:** I am referring to your press release, which stated that the cost of the reforms for the housing quality standard investment programme would be £100 million over five years. That is just not true.

**David McLetchie:** I think that you will find that the reference to £100 million referred to the Government's official estimate of the receipts that

would be lost, which is highlighted in the Finance Committee's report to our committee. The Finance Committee made the very good point that local authorities will lose out on £100 million of receipts. The Scottish Government has acknowledged that loss of receipts, which is mysteriously described in the financial memorandum as "£0.1 billion". That loss will impact adversely on the ability of councils to invest in upgrading their housing stock, so that was a perfectly fair comment.

**Alex Neil:** Actually, it was not a fair comment, because the figure that was quoted is based on 2 per cent of the stock being sold each year. At the moment, 0.3 per cent of the stock is sold each year. The other figures show that there will be no loss of capital receipts if less than 2 per cent of the stock is sold each year. With all due respect, the selective use of that figure without relating it to the percentage sold—I know that we are in an election time, so I will forgive you—was really not correct.

**David McLetchie:** Minister, you are a master of selectivity, as we have discovered at many of these evidence-taking sessions, and I am happy to take lessons from you in that regard.

**John Wilson (Central Scotland) (SNP):** Good morning, minister—it still is morning. As I am the final questioner this morning, I want to go over some of the answers that you have given.

Let me put on record straight away that, like colleagues around the table, I for one would welcome the ending of the right to buy. When the right to buy was introduced in Scotland many years ago, I was a member of a local authority that was faced with the problem of introducing it. I hope that we will now have an opportunity almost 30 years later to rectify some of the mistakes that have denied many families the opportunity to move into decent council housing, such as terraced family-style housing, because of the right to buy.

The debate that we are having about peak sales from the right to buy is on the record, but a number of factors have not been mentioned yet. I remember rents rising during the 1980s, a situation that was forced on local authorities by the Conservative Government. Because rents were being forced up through local authorities, people got into a position whereby—it was almost a double dunt—they found it cheaper to take out a mortgage and buy their home using the right to buy than to continue to rent from the local authority. Other factors are therefore at play in terms of the peak sales periods and the right-to-buy discount. People made an economic choice because of the rent rises that were forced on many local authorities by the Conservative Government's housing policies.

Minister, you said earlier that, when a tenant exercises the right to buy, the loss in rental income to a landlord over a 30-year period can be up to £53,000. Is that correct?

**Alex Neil:** Yes.

**John Wilson:** Can you explain what that figure is based on? I have done some calculations. I understand that the average rent for a council house is roughly £57 a week and that the average rent for a housing association property or a registered social landlord property is roughly £70 a week. I calculate the loss in rental income over 30 years to be just under £90,000 to a local authority and about £110,000 to a registered social landlord. There is a big difference between £90,000 or £110,000 and £53,000. I would like to get to the root of that and find out the real loss of rental income and the impact that that would have not only on local authorities but on registered social landlords, especially given the concern that Mr McLetchie has expressed about the costs that landlords may face in maintaining and improving properties that they rent out.

**Alex Neil:** I have a lot of sympathy for much of what you say, John, but I am always very fair to the other side in my arguments, and when I referred to that loss of income of £53,000 I was referring to the rental surplus—the net rent after subtracting the costs of maintaining, repairing and managing the property. Your figure is a gross figure, mine is a net figure. I emphasise that, if the reforms did not go ahead, the loss in rental income over 30 years would be substantial.

Another point that has not been touched on this morning is the replacement cost. We would still have to house people in rented accommodation. The replacement cost at today's prices is £120,000 per unit on average throughout Scotland. If the reforms in the bill did not go ahead, in order to reach our housing need targets we would have to spend up to another £300 million. We have set ourselves a target of providing up to 18,000 houses—I emphasise the fact that it is up to 18,000. The cost of building new units to replace that number of houses in the rented sector would be up to £300 million, which is a substantial amount of public money to be required at a time of real prudence—who knows what cuts will come after the election, on top of the ones that we have already got?

Therefore, from the point of view of what can be done with the rental stream income and the point of view of the replacement cost, not proceeding with the right-to-buy reforms would place an enormous strain on finances and, more important, make it much more difficult to achieve our housing policy objectives in Scotland.

**John Wilson:** Thank you for that response, minister.

I move on to another issue that members have raised, which is about the linkages between the bill and the forthcoming private housing bill. As I have said previously in the committee, I am concerned that some of the things that we are trying to achieve in the Housing (Scotland) Bill and the private housing bill, particularly in relation to private landlords, could be lost if we do not bring the two bills closer together. We are dealing with the Housing (Scotland) Bill, and I fully understand that you want a full consultation on the private housing bill, but the difficulty is that there are too many crossovers that relate to tackling the issues of HMOs and private landlords and other issues in the private sector. I fear that those crossovers might be lost if we pass the Housing (Scotland) Bill but fail to pass the private housing bill. What guarantees can the committee have that the two bills that the Government has decided to introduce will be enacted before we reach the election in May 2011?

**Alex Neil:** In an ideal world, it would have been better to have one bill, but we do not live in an ideal world. The fact is that we had to wait to allow consideration of how effectively existing HMO and landlord legislation is being implemented. The private rented sector working group worked hard to produce its report last December. That report now forms the backbone of the on-going consultation on the private housing bill. I do not see big issues with the linkages to the fairly modest proposals in the Housing (Scotland) Bill on HMOs and landlord registration, on which there was certainly broad consensus among stakeholders.

The only question mark is whether we can get the private housing bill through Parliament before the election next year. I am keen to do that, and I hope that the committee is keen, too, because the reforms on HMOs and landlord registration, as well as the reforms to the law on 20-year leasing and mobile homes that I mentioned, are important and complex. If we had just one bill, we would still probably have to introduce another bill on the mobile homes issues, the complexity of which has only recently come to the fore. To be honest, I do not see as big a problem as John Wilson does. It would have been better to have everything in one bill but, for the reasons that I have outlined, that has not proved to be possible. The quicker we pass the Housing (Scotland) Bill, the sooner we can move on to the private housing bill.

There will, I think, be a lot of consensus on the private housing bill. I have certainly been lobbied by members of all the parties that are represented in the committee on the changes that we hope to make through that bill. I hope that, if we all work

together, we can pass that bill before the election next year.

**John Wilson:** Thank you, minister. Some of us strive to live in an ideal world and will continue to do so. The legislation that we are introducing will, I hope, be a route to that ideal world.

**Alex Neil:** Maybe it was only ideal before 1991.

11:45

**John Wilson:** It might have been for some members, but not for others.

As I said, I am jumping from issue to issue. You referred on three occasions to Govanhill and the private rented sector and legal and illegal renting there. Colleagues have referred to the £500 fine that could be imposed under the bill on people who do not report an illegal landlord. I have said previously that, as part of another committee's work, I visited Govanhill and saw at first hand what is going on there.

I am concerned about your response on the point that people who rent from illegal landlords could be subject to a £500 fine if they fail to report the landlord. What I saw in Govanhill involved, in the main, migrant workers who came to Scotland to find work. In many respects, they were not aware of their full raft of rights and they were not aware of the Scottish legislation on housing conditions and so on. I know that you have said that local authorities will make a judgment about whether a tenant should be fined for not saying who their landlord is, but is it not unfair and unjust that the tenant could face the fine for not reporting their landlord, based on a decision by a housing officer in one of the 32 local authorities, particularly if they are unaware of their rights and unaware of the legislation that they are caught up in?

I welcome the fact that you want to raise the fine for not registering as a landlord from £5,000 to £20,000, but the repercussions for some of the tenants based on their landlord facing a £20,000 fine rather than a £5,000 fine may be harsher than we anticipate and may go further than finding themselves being evicted. In the case that I saw in Govanhill, the tenant had reported their landlord and the landlord immediately issued notice to evict. How do we protect tenants in such circumstances? I am talking not about students who are fully aware of their rights but about vulnerable migrant workers who come to Scotland to find work and could find themselves, through no fault of their own, facing a £500 fine and eviction. That would be a double punishment for them, not the landlord.

**Alex Neil:** In general terms, one thing that we want to do in the private housing bill is to improve

the rights of tenants in the private rented sector. I anticipate that some of the broader issues that John Wilson touches on will be covered in that bill.

When I was originally asked the question about the £500 fine, it was specifically in relation to students. My point—perhaps I should have made it at the time—is that, first, it is a power rather than a duty to impose the fine and, secondly, it will obviously be at the discretion of the local authority whether to impose the fine. Let me give you two scenarios. In one scenario, the person who is refusing to give the details of the landlord is part of the extended family or is a friend of the landlord, knows that the landlord is involved in some kind of tax scam or benefit scam and is trying to protect the landlord because they would be prosecuted once the authorities—it is not always the local authority; it might be, for example, the benefits people—found out about it. In that situation, it would be indefensible for someone to protect that landlord, who is not a fit and proper person to be a landlord.

In the scenario that you describe, when the tenant is perhaps a migrant—we know that in Govanhill there is a large Roma population, many of whom are probably not aware of their rights; at the last count 51,000 different languages were being used in Govanhill—clearly the kind of sensitivity that you describe means that we would expect the local authority to take appropriate action, but not just by itself. If a local authority suspected that a tenant was being threatened in any way for whatever reason, I hope that the local authority would work with the police, in particular, and others to investigate the situation and take appropriate action. It would not be the first time that Glasgow City Council has taken away the right of a landlord to be a landlord; it has done that in Govanhill. I would like to see much more of that kind of robust enforcement in relation to rogue landlords.

I pay tribute to the work of Govanhill Law Centre, which is doing a tremendous job, particularly with the migrant community and with tenants. I have spoken extensively to the leadership of Glasgow City Council, who are very aware of the issues in Govanhill and the sensitivities that you are talking about. That is reflected in their action plans for Govanhill.

I will welcome the committee's comments on the provision. If you think that it needs to be tightened up or that it is potentially too harsh in some way, we will listen carefully to what you say. In any case, we will issue clear guidance to local authorities on the need—which the convener has rightly pointed out—to be sensitive to the fact that many vulnerable people will, for good reasons, not provide the information. However, there will also be a number of chancers who are not prepared to

give the information because they are in cahoots with the landlord. That is why I believe that it should be left to local discretion.

**John Wilson:** I welcome your comments on that, minister. I am satisfied with your assurance that you will issue guidance to local authorities on the matter. We must ensure that local authorities have that guidance and use discretion in the way in which they treat individuals. Some people do not know directly the person from whom they are renting—it is a friend of a friend of someone they know.

You referred to housing benefit fraud, and that raises the question of how local authorities are using their access to housing benefit records to monitor who is in receipt of housing benefit and what properties housing benefit is being collected for. Will there be any guidance for local authorities on how to tighten up their monitoring of the houses for which housing benefit is claimed, the families that claim those benefits and the landlords who are registered under the landlord scheme as being able to rent out the properties? One of the problems in Govanhill—you mentioned it yourself—is the fact that, in some cases, people do not know whether their landlord is registered with the scheme and they end up paying a £500 fine if they get caught. We must ensure that local authorities do not take a high-handed attitude to tenants who are vulnerable and penalise them.

For the sake of the *Official Report*, I assume that you meant that 51 languages are spoken in Govanhill, not 51,000.

**Alex Neil:** Did I say 51,000?

**John Wilson:** It may sound like that to a visitor to Govanhill, minister, but it is 51 languages.

**Alex Neil:** Okay. In general, I agree with your comments. Not just on this issue, but across a range of issues throughout the public sector, we are looking at how we can legally share data in implementing a range of different laws. Your point about sharing data within a local authority is valid in the context of the need for effective enforcement and control in such situations. Equally important—or even more important—is identifying vulnerable people and ensuring that they have access to the appropriate services. The local authority has a key role in that. Fundamentally, I agree with what you say, John.

**John Wilson:** Thank you, minister.

**The Convener:** I do not intend to make this a long session, but we have missed a couple of areas that it would be useful to address. The first is how the Scottish Government can ensure that a balance will be struck between the national and local outcomes of the social housing charter.

**Alex Neil:** I noted that somebody said in evidence to you that the charter was in draft form. However, it is not in draft form. We are going to consult on what should be in the charter before we do the draft. It will be a national charter and it will be very outcome orientated. RSLs or local authorities may decide to have their own charter. However, whether they do or not, our charter will have legal force. We will come to the committee at the appropriate time, once we have gone through the required process, with affirmative secondary legislation for approval of the charter. Obviously, we will also come to the committee for its ideas on what should be included in the charter.

**The Convener:** I am sure that you will consider the issues that are important to tenants and are high on their agenda. For example, we considered at last week's meeting allocations policy and the tensions between it and the homelessness legislation. Tenants representatives vividly described their view last week that homelessness legislation is sometimes abused by people to jump the queue. Jim Maryniak said:

"I have a classic example. A guy who leaves school at 16 and works hard all his days will never get a council house in East Lothian, but someone who is being released from prison will."—[*Official Report, Local Government and Communities Committee*, 21 April 2010; c 3046.]

There are great tensions—real or imagined—around that issue, which is high on tenants' agenda. Do you expect to address that at a national level?

**Alex Neil:** I am very conscious of that issue. On average, 45 per cent of last year's allocations in Scotland went to people on the homeless list, which meant that the other 55 per cent went to people on the waiting or the transfer list. However, in some authorities, up to 70 per cent of allocations went to homeless people. That obviously puts major pressure on the people who have to wait longer on the mainstream waiting list.

There are two issues here. First, many people on that list believe that they are not getting a fair crack at the whip. Secondly, there are examples—I am sure that everybody round the table has encountered them in their surgery—of people believing, rightly or wrongly, that somebody is trying to jump the queue by deliberately making themselves homeless. One of the issues that we are addressing through the homelessness task force, along with COSLA and others, is whether we can gather evidence on such situations and consider ways in which to address them. Clearly, it would be totally unacceptable if somebody deliberately made themselves homeless in order to jump the queue.

**The Convener:** As I said, we will not go into a long line of questioning, but I am sure that tenants will be heartened by what you said and will look

forward to seeing such issues being addressed in the charter. It would be helpful if we could get details of the specific areas where 70 per cent of allocations went to homeless people, where the perception of unfairness is bound to be greater.

**Alex Neil:** We can give you that—no problem.

**The Convener:** We had a written submission from the Scottish Disability Equality Forum that highlighted its view that the right to buy should be retained for disabled tenants who are forced to move into new supply housing. Do you have a view on whether exemptions should be made in such cases for disabled people?

**Alex Neil:** I have to say that there are mixed views on that even among those in the disabled community. Clearly, we are under enormous pressure to make a higher percentage of new houses suitable for disabled people. If you start to sell off that stock, you reduce the chances of many disabled people getting the kind of house that they need, or they have to wait much longer for it. We have no provision in the bill at the moment to make any exceptions in relation to that, but it is an area on which I am keen to hear the committee's views.

**The Convener:** Could it appear in the national charter in terms of allocating housing to meet the needs of disabled people?

12:00

**Alex Neil:** I am being told by my officials that it could. I had reached that conclusion anyway.

**The Convener:** That is good enough for me. Thank you, minister.

I have a couple of questions on section 139, in relation to maintenance and enforcement powers. Will local authorities be able to implement successfully the provisions regarding maintenance and enforcement powers? Given the existing budget, is it realistic to bring those forward? How will we empower local authorities to achieve the objectives in the bill?

**Alex Neil:** As you know, we discussed the matter at length with COSLA before we put it in the bill. COSLA's advice is that the bill's aims are achievable, but we must be conscious of the resources that are available to local authorities. Because of the increased financial pressures that they—like the rest of us—will face, some local authorities will find it difficult to resource all the services that they feel they are required to deliver. However, in general, I have had an assurance from COSLA that the answer to your question is yes.

**The Convener:** My final question is on unauthorised tenancies. Can you give us an

update on the work of the repossessions group and an indication of the timetable to which it is working?

**Alex Neil:** I am hopeful that the repossessions group will publish its report next month. We will make it available to the committee immediately. We included section 142, on unauthorised tenancies, because of the drafting requirements of the bill—the issue had to be covered in the bill’s remit—but it does not necessarily reflect exactly what we intend to do. We will consider what the repossessions group says and what the committee says. We will make the report available to the committee the minute that it is published and there will be further discussion and consultation on the matter between now and stage 2. We have not concluded what is the best way forward. Although we estimate that unauthorised tenancies affect only between 200 and 300 people a year, it is a complex issue to tackle successfully, as they have found down south.

**The Convener:** Okay. That concludes our questions, minister. Thank you for your attendance and your evidence this morning.

**Alex Neil:** It has been a pleasure.

## Annual Report

12:03

**The Convener:** Item 2 is consideration of our draft annual report for the parliamentary year 9 May 2009 to 8 May 2010. As the clerk’s note says, the report is set out in the standard format, with which we are all familiar. I invite members to agree the draft report.

**Patricia Ferguson:** I would like to suggest a change, if that is possible.

**The Convener:** Of course it is.

**Patricia Ferguson:** In the section on equal pay, given the amount of work that we have done, the fact that we seem to be no further forward and the fact that no one seems to be able to see a way to get us further forward, I wonder whether it is worth adding the line, “The committee remains concerned about the protracted nature of this issue,” or words to that effect.

**The Convener:** That would reflect the view of the committee and the work that is on-going.

**David McLetchie:** I do not have any problem with the text of the report; I just want to flag up something in the context of equal pay. Members may have heard about the Birmingham case. I heard about it on the radio, but I did not fully understand it. Some people said that it could cost the council £30 million; others made extrapolations and said that it could cost £600 million—I assume that they meant if the same guidelines applied to other councils. The matter does not have to be referred to in the report. However, given the fact that we are awaiting further information following our evidence session last month, it would be useful to get some information on the case and whether there is an implication for Scotland. The numbers that are being bandied about are horrendously high.

**The Convener:** Yes, that would be useful. We had a brief, informal chat before the meeting and agreed that gathering more information on that case would complement our on-going work. That has been requested, and we will get up-to-date information on that.

If there are no other comments, does the committee agree the draft report?

**Members indicated agreement.**

**The Convener:** Thank you. We now move to item 3, which will be taken in private.

12:05

*Meeting continued in private until 12:42.*



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