



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 7 March 2012

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INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE
5th Meeting 2012, Session 4

CONVENER

*Maureen Watt (Aberdeen South and North Kincardine) (SNP)

DEPUTY CONVENER

*Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP)

COMMITTEE MEMBERS

*Malcolm Chisholm (Edinburgh Northern and Leith) (Lab)

*Alex Johnstone (North East Scotland) (Con)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Margaret McCulloch (Central Scotland) (Lab)

*Aileen McLeod (South Scotland) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Keith Brown (Minister for Housing and Transport)

Jamie Hamilton (Scottish Government)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

Committee Room 4

Scottish Parliament

Infrastructure and Capital Investment Committee

Wednesday 7 March 2012

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

Interests

The Convener (Maureen Watt): Good morning. I welcome everyone to the fifth meeting in 2012 of the Infrastructure and Capital Investment Committee. I remind everyone to switch off their mobile phones—I forgot to do so myself—because they affect the broadcasting system.

The first agenda item is a declaration of interests. I welcome the new member, Aileen McLeod, and invite her to declare any relevant interests.

Aileen McLeod (South Scotland) (SNP): Thank you, convener. I am delighted to be joining the committee, having come from the Rural Affairs, Climate Change and Environment Committee. I have no registrable interests to declare that are relevant to this committee's remit.

The Convener: Thank you. I add a specific welcome, because we have gone from just one female member on the committee to three in the space of a couple of months, which is very pleasing.

I record the committee's thanks to Jamie Hepburn for his valuable contribution to the committee's work in his role as deputy convener and European Union reporter.

Deputy Convener

10:01

The Convener: Under agenda item 2, the committee will choose a deputy convener. Members have before them a note from the clerk that sets out the procedure for selecting a deputy convener, and they will see that the procedure is similar to that used to select a committee convener.

The Parliament has agreed that members of the Scottish National Party are eligible to be chosen as deputy convener of the Infrastructure and Capital Investment Committee. That being the case, I invite nominations for the position of deputy convener.

Gordon MacDonald (Edinburgh Pentlands) (SNP): I nominate Adam Ingram.

The Convener: One nomination has been received. I ask the committee to agree that Adam Ingram be chosen as deputy convener of the Infrastructure and Capital Investment Committee.

Adam Ingram was chosen as deputy convener.

Scottish Social Housing Charter

Subordinate Legislation

Housing Support Grant (Scotland) Order 2012 [Draft]

10:02

The Convener: Agenda item 3 is consideration of an affirmative instrument—the draft Housing Support Grant (Scotland) Order 2012—and the Scottish social housing charter.

I welcome Keith Brown, the Minister for Housing and Transport, and his supporting officials: William Fleming, branch head of the social housing and strategy unit; Jamie Hamilton, policy analyst in the housing supply division; and Deborah Blair, a Scottish Government solicitor.

Both the draft order and the Scottish social housing charter are laid under the affirmative procedure, which means that the Parliament must approve them before the provisions come into force. Following the evidence session, the committee will be invited to consider a motion to approve the draft order under agenda item 3 and a motion to approve the social housing charter under item 4.

Members will recall that the committee has previously taken evidence from stakeholders and the minister on the contents of a draft of the Scottish social housing charter.

I invite the minister to make some introductory remarks on the draft order.

The Minister for Housing and Transport (Keith Brown): The draft order sets out the amount of housing support grant that is payable across Scotland in the financial year 2012-13. The specific purpose of the order is to enable payment of grant in 2012-13 to any local authority that has difficulty in balancing its housing revenue account. Only Shetland Islands Council continues to qualify for a grant and will receive just under £761,000, which is payable in 12 equal monthly instalments.

The housing support grant originally dates from the Housing (Financial Provisions) Scotland Act 1978, which is 34 years old. Those provisions were subsequently amended nine years later in the Housing (Scotland) Act 1987.

There is no doubt that the grant scheme was created in a social housing landscape that is vastly different from the one that exists now, in that every local authority received substantial central Government subsidy to support the day-to-day running of its council housing service.

The fact that the grant for Shetland Islands Council has been falling for seven years indicates that there has been a gradual easing of its dependence on Government support. Specific changes to the housing support grant methodology were announced in committee in March 2010, and they were introduced in November 2010 in consultation with the Convention of Scottish Local Authorities and Shetland Islands Council. The changes were made to help bring the Shetland housing revenue account into balance as quickly as possible, while still protecting tenants from sharp rent increases.

In March 2011, Alex Neil, the then Minister for Housing and Communities, went further and informed the Local Government and Communities Committee that he would consult in more detail on removing the housing support grant provisions altogether at some point in the fourth parliamentary session. We are now at that point. My officials carried out that consultation between October 2011 and January of this year as part of the wider consultation on the proposed local government finance (unoccupied properties etc) (Scotland) bill. The consultation revealed that, among those who responded, there was broad consensus for the removal of the grant by April 2013. Therefore, the Scottish Government will introduce legislative proposals to abolish the grant in the coming weeks.

Subject to the bill process, we expect that the grant will cease in April 2013, by which time the Scottish Government will have spent three years discussing with Shetland Islands Council and others, and consulting them on, how the council can adjust its costs and revenues so as to balance the HRA without central Government support. To reflect the results of that long consultation, which will culminate in the work for the forthcoming bill, I am considering the position of Shetland Islands Council tenants as regards the rents that they pay in comparison with those that other council tenants pay, and the increases that they have faced in recent years. We will discuss any transitional arrangements with the council in 2013-14, although I cannot guarantee that I will be able to provide any transitional funding.

The Convener: Thank you very much. I invite comments and questions from members.

Alex Johnstone (North East Scotland) (Con): My only comment is “Hear, hear”, minister.

The Convener: Are there any other comments?

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): In the interests of not having silence, I will ask a question. I used to understand these things, but I no longer do. Why is the position of Shetland Islands Council fundamentally different from that of other councils?

Keith Brown: The reasons are fairly convoluted. The history of the situation goes back to 1979-80, when Shetland Islands Council took on additional house building to help to facilitate housing for the workers at Sullum Voe. At that point, the deal was struck that we would provide support for that. That deal is now 32 years old. The council took on debt and has had a commitment from successive Governments that they would help it to meet that debt. During that time, as you know, other authorities have moved on from getting support for their HRA. Only Shetland Islands Council continues to do so, for the reason that I have outlined. That is the genesis of the situation. My officials may be able to provide more information.

Jamie Hamilton (Scottish Government): Western Isles Council used to get housing support grant, but it had a stock transfer, which took it out of the payment regime. Shetland Islands Council has been the only authority in receipt of the grant for the past five years.

The Convener: Can you tell us what the rent levels in Shetland are compared with those in other authority areas? After 25 or 30 years, has the council paid off its borrowing for the extra houses?

Keith Brown: No, but the grant relates not just to the debt levels, but to the rent levels—it relates to the interplay between those. There is still debt to be paid off.

From memory, I think that the rent levels in Shetland are slightly below those in the Highland Council area—they are around £60 or £61 a week, on average. The other comparison that can be made is with housing association rents and, in particular, rents in housing associations that have taken on stock from local authorities. Rents in Shetland are not the highest, but the combination of the council's debt levels, for which there are historical reasons, and its rent levels have justified its qualification for the grant up until now.

The Convener: As there are no more questions on the draft housing support grant order, I invite the minister to make some introductory remarks on the Scottish social housing charter.

Keith Brown: I thank the committee for the letter that it sent following the evidence that I gave on the social housing charter on 8 February. As I said in my response to that letter, I welcomed the committee's helpful and constructive suggestion for strengthening the charter's outcome on homelessness. As you know, we reflected that suggestion in the version of the charter that was laid before the Parliament for its approval. That version also included a number of drafting amendments that the Plain Language Commission

recommended, to ensure that the charter is as easy as possible to understand.

Since then, a few typographical errors have been drawn to our attention. Most significantly, some equalities groups have recommended that the references to "gypsies" and "travellers" should be changed so that, in common with other ethnic groups, they are treated as proper nouns and given capital letters. We propose to correct those and other such errors, none of which will affect the meaning of any part of the charter, in the final published version.

I recently met people from PATH Scotland, which promotes the interests of black and ethnic minority groups, and agreed that it would work closely with the Scottish Housing Regulator. PATH was concerned about issues such as the representation of people from black and ethnic minority communities in the workforce in housing associations and housing projects. That will not be mentioned specifically in the charter, which is about what tenants can expect, but I thought that the engagement with PATH was worth mentioning.

I am happy to answer any further questions that the committee may have on the charter. Subject to those questions, and taking into account the amendments that I have mentioned, I hope that the committee is now content with the charter and that it will be able to recommend that the Parliament should approve it.

The Convener: I invite comments and questions from members.

Malcolm Chisholm: I was mainly concerned about the section on homelessness. I certainly welcome the changes that have been made on that, and I think that the charter now accurately reflects the 2012 situation.

The Convener: As there are no further questions, we move to the next agenda item, which is the formal debate on the draft Housing Support Grant (Scotland) Order 2012. I invite the minister to move motion S4M-02166.

Motion moved,

That the Infrastructure and Capital Investment Committee recommends that the Housing Support Grant (Scotland) Order 2012 [draft] be approved.—[*Keith Brown.*]

Motion agreed to.

The Convener: Agenda item 5 is formal consideration of motion S4M-02201. I invite the minister to move the motion.

Motion moved,

That the Infrastructure and Capital Investment Committee recommends that the Scottish Social Housing Charter [draft] be approved.—[*Keith Brown.*]

Motion agreed to.

The Convener: I suspend the meeting briefly to allow the witnesses to leave the room. Thank you very much.

10:13

Meeting suspended.

10:15

On resuming—

European Union (Reporter)

The Convener: Agenda item 6 is the appointment of an EU reporter. Following the agreement of motion S3M-07496 on 9 December 2010, a Parliament-wide scheme for EU engagement and scrutiny, including the introduction of an early-warning system for EU legislative proposals, was introduced. It requires subject committees to be responsible for appointing EU reporters and for scrutinising EU proposals in their areas. Following the resignation from the committee of the previous EU reporter, Jamie Hepburn, we must now select a new reporter.

I refer members to paper ICI/S4/12/5/3 and invite the committee to nominate a member to act as the EU reporter for the committee.

Malcolm Chisholm: I nominate Aileen McLeod.

The Convener: As there are no more nominations, does the committee agree that Aileen McLeod be appointed to act as the EU reporter for the committee?

Members *indicated agreement.*

The Convener: Thank you very much for taking on that role, Aileen.

That brings us to the end of the public part of the meeting, which has been very short and sweet. I suspend the meeting briefly to allow broadcasting and official report staff to leave the room. We will move into private session to consider some draft reports.

10:16

Meeting continued in private until 10:56.

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