



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# WELFARE REFORM COMMITTEE

Tuesday 26 March 2013

Session 4

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**WELFARE REFORM COMMITTEE**

**7<sup>th</sup> Meeting 2013, Session 4**

**CONVENER**

\*Michael McMahon (Uddingston and Bellshill) (Lab)

**DEPUTY CONVENER**

\*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

**COMMITTEE MEMBERS**

\*Annabelle Ewing (Mid Scotland and Fife) (SNP)

\*Linda Fabiani (East Kilbride) (SNP)

\*Iain Gray (East Lothian) (Lab)

\*Alex Johnstone (North East Scotland) (Con)

\*Kevin Stewart (Aberdeen Central) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Councillor Stuart Bell (Scottish Borders Council)

Councillor Jimmy Black (Dundee City Council)

Councillor Dave Fallows (Highland Council)

Councillor Jim McCabe (North Lanarkshire Council)

**CLERK TO THE COMMITTEE**

Simon Watkins

**LOCATION**

Committee Room 1



## Scottish Parliament

### Welfare Reform Committee

*Tuesday 26 March 2013*

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

### Decision on Taking Business in Private

**The Convener (Michael McMahon):** Good morning, everybody, and welcome to the seventh meeting of the Welfare Reform Committee in 2013. I ask everyone to ensure that their mobile phones and electronic devices are switched off.

Agenda item 1 is to consider whether to take in private agenda item 4, which is consideration of our work programme. Do members agree to do that?

**Members indicated agreement.**

## Subordinate Legislation

### Welfare Reform (Consequential Amendments) (Scotland) (No 2) Regulations 2013 [Draft]

10:00

**The Convener:** Agenda item 2 is the main item on our agenda, on the subordinate legislation on passported benefits. To give evidence, we have with us Councillor Jimmy Black of Dundee City Council, Councillor Dave Fallows of Highland Council, Councillor James McCabe of North Lanarkshire Council and Councillor Stuart Bell of Scottish Borders Council.

I will give you all the opportunity to make some opening comments. Obviously, the committee is focusing very much on the specific points about the Scottish Government's approach in the passported benefits regulations, but I will not restrict the witnesses to that. I would be more than happy for you to open the discussion up to wider comments about the welfare reform agenda and how it is impacting on local authorities. I do not know whether you have agreed an order in which to speak.

**Councillor Stuart Bell (Scottish Borders Council):** We have, convener. We will go from north to south, so Dave Fallows will start.

**Councillor Dave Fallows (Highland Council):** The honour of going first falls to me as the most northerly of our brethren. I am chair of housing, finance and resources in Highland Council. I welcome the opportunity to take part in the debate on the draft regulations, and on the effects of welfare reform on the people of Scotland in general and those in the Highland Council area in particular. I welcome fully the proposed measures to ensure that passported benefits can continue to be paid to those who qualify, and to broaden free school meals entitlement, which is a small but welcome bonus.

The effects of welfare reform, of which the most immediate is the bedroom tax, are extremely serious for many people. In the most dispersed populations of the rural Highlands, the effects are exacerbated particularly by the low quantity of social housing that is available in the first place. The question about availability of smaller houses is simply not on the agenda in small rural locations.

At a time when we are actively seeking to build more council houses—especially smaller properties—the risk is that the effect of increasing arrears as the bedroom tax and then universal credit kick in will be that our housing revenue account will suffer seriously. The consequence of

that could be that we will build fewer houses than we had intended. There is, therefore, a potential vicious circle about which we are very concerned. At the same time, we clearly do not wish to move to a situation in which our policies on rent arrears are seen as being draconian; indeed, we would look to support people who have difficulty in paying the additional sums that may fall to them due to the bedroom tax.

In general, we believe that the Scottish Government and this Scottish Parliament committee have done all that can be done to mitigate the worst effects of the welfare reform agenda. However, Highland Council would like nothing more than to see the bedroom tax, in particular, consigned to the dustbin.

**Councillor Jimmy Black (Dundee City Council):** Until recently, I was the housing convener in Dundee City Council, which is why the council has sent me to this meeting. We have been heavily involved in looking at the consequences of welfare reform.

On the regulations that we are considering today, we have no particular concerns about the way in which the Scottish Government is handling passporting. We have had a look at that and have been involved in the Convention of Scottish Local Authorities side of things. The Scottish Government's approach appears to be relatively sensible. It is difficult to look ahead and to know exactly what will happen, in particular as people come off disability benefits and on to the personal independence payment.

In general, the Scottish Government's approach seems to be sensible. There is the caveat that the Government will come back with more legislation in a year or two in the light of experience, so to that extent we are not too worried.

In terms of the wider effects of welfare reform, people generally agree that universal credit, as a principle, is not a bad idea. However, in practice it is—because it has been teamed up with some fairly substantial cuts in the welfare benefit budgets—a bit of a disaster. I echo my Highland Council colleague's comments on the bedroom tax. For a housing department landlord, it is a serious risk to the financial security of the housing department; the housing and revenue account will inevitably take a hit. We have pioneered the no- eviction policy for bedroom tax arrears in Dundee, but regardless of whether we had done that, people have no option but to pay their rent—we know how hard most people will try to do so—and there is no easy way to rehouse the more than 3,000 households in Dundee that will be impacted on, so people will end up using up their savings and falling into arrears. It is quite clear that there is a risk to the housing revenue account and the things that it has to do.

The cumulative debt by the time Dundee has finished our Scottish housing quality standard programme will be something like £180 million on our 13,000 houses. We are absolutely at the limit. We stopped building council houses—although the housing associations are still doing well—because we could not afford to build any more; we have borrowed up to the hilt. We have been supporting initiatives such as the national housing trust, and any threat to our ability to continue borrowing makes it difficult for us to hit the SHQS and the 2020 energy efficiency standards. We are extremely concerned about that.

However, never mind the housing department—the people who are affected are coming regularly to our surgeries in despair because they do not know how they are going to pay their rent once the bedroom tax comes in.

The bedroom tax is, obviously, dominating people's minds at the moment and is a serious threat. Philosophically, I have no problem with the rent arrangements and the arrangements for paying rent directly to tenants, but I know that it is going to cause absolute chaos in the next two or three years. Again, I say that I am quite concerned about the threat to the housing revenue account, but I am also concerned about the threat to individual households as a result of that ill-judged and ill-thought-out policy.

I would like to raise the issue of school meals. Perhaps people here can explain something to me—I might be seeing a problem that is not there. One of the good things about universal credit is that it incentivises work—or it should do, anyway. I worry that, with universal credit being used as a passport, when people fall out of universal credit entitlement—perhaps because they are working and get a pay rise—they will lose entitlement to school meals, and it will be like falling off a cliff. In Dundee, we charge about £2 per meal, which is about £10 a week. If you add that up, it represents quite a substantial amount for people to pay. I have brought you a problem, not a solution. If there is a way to mitigate that, it might be helpful to people who are poor. Those who are working and who have just crossed the margin and come off universal credit are not going to be rich, so their losing entitlement to free school meals could well be a problem.

**Councillor Jim McCabe (North Lanarkshire Council):** I will start with the issue of school meals. We supply about 10,500 school meals to kids. For some of them, it is the only nutritious meal that they get on any given day, and any impact on the supply of those meals could be detrimental to the welfare of those kids.

There is nothing in the Welfare Reform Act 2012 that I find attractive. I think that it is the most

abhorrent piece of legislation that I have ever seen passed by anyone at any time.

Around 6,000 people in our area have blue badges. This year, for the first time ever, we have introduced a charge for them.

Some people will be in a position where they cannot pay the extra that they have to pay in accordance with the bedroom tax. We put our rents up by only 1.5 per cent, and our rents are the lowest of any mainland council in Scotland. Had we put them up by 4.8 per cent, as other councils did, we might have enough money to offset some of the problems that are going to exist with the bedroom tax. There has to be some form of mitigation whereby the council will be allowed to use its judgment in certain instances where it would be totally unfair to put a tax on somebody who requires the extra room for other purposes, particularly people who are disabled. I hope that the Government will help us on that.

On council tax reduction, we got the money from the Department for Work and Pensions, but there was a shortfall of £40 million. The Government paid £23 million of that, leaving £17 million to be found by councils. In our case, the amount is £1.6 million. Meanwhile, the Welsh Assembly has fully funded the differential. I look to the Government to reconsider whether it can come up with something along the same lines.

Every aspect of the legislation is going to cause problems. There is no doubt about that. I do not condone people who use the benefits system for the wrong reasons, such as that they just do not want to work. I will be 21 come my birthday—*[Laughter.]*—and I am still working. However, Atos seems to have a philosophy that, if someone is still warm, they should be working. The 20 per cent cut is another thing that will have an impact. Atos's role is as crucial as everybody else's.

The Scottish Government has to consider helping by allowing us, in extenuating circumstances, some leeway with the bedroom tax. It also has to look again at council tax reduction and to fund it fully, rather than part funding it.

At the end of the day, whether we like it or not, the Government did not introduce the legislation: we do not want it, but we have been landed with it. With the greatest respect to parliamentarians, councils are the delivery mechanism. I could sit here all day giving you anecdotal evidence, but that would not solve any problems. We need to have continual dialogue and to work together to do our best to try to solve the problems.

However, no matter what route Parliament takes, there are problems with the legislation. For example, PIPs will be used as a passport to blue badges, but if someone does not get a PIP via

Atos, they will have a passport to nothing. I plead that the committee take back to the Government the suggestion that we have to look at every part of the legislation and work together, through continual dialogue, to try to solve the problems. Most of all, the Government should allow councils some leeway in relation to the bedroom tax. There should not be a free for all; we should, however, have the opportunity, under extenuating circumstances, to alleviate the burden on people who will face the tax.

**Councillor Bell:** I am the executive member for economic development at Scottish Borders Council. We welcome the opportunity to comment on welfare reform.

The impact of welfare reform on the Borders is of concern because it is an area of relatively high youth unemployment, relatively low income, infrequent transport and poor communications. Those socioeconomic characteristics are shared by Dumfries and Galloway, South Ayrshire, East Ayrshire and North Ayrshire and South Lanarkshire. The total population in that area of the south of Scotland is higher than the rural population in the Highlands.

With regard to free school meals, we welcome the commitment to amend legislation for a limited period to enable all families on universal credit to be entitled to free school meals. In common with COSLA, our view is that that amendment should be temporary, ideally with a sunset clause, and that it should be replaced by new legislation in October 2013. It is anticipated that universal credit will not be rolled out to the Scottish Borders until April 2014, by which time—we assume—new regulations will be in place. As a consequence, we assume that there will be a limited impact on our council.

I have two points to make on personal independence payments. First, there are approximately 6,800 blue badge holders in the Borders, 2,000 of whom hold a badge as a result of the higher rate mobility component of disability living allowance. We project that 43 per cent of them, or 860, might retain their blue badges, 580 might receive a decreased award and the remaining 560 might not qualify for blue badges.

We welcome the mitigating effect of the amendments, but we are concerned that a number of people will still no longer qualify for blue badges and that the numbers of applications that are received or appeals that are made will consequently increase, which will put an increased administrative burden on the council and create additional costs for independent medical assessments, which we estimate could cost up to £14,000 a year. We also suggest that the appeals process for PIP could be so lengthy that a person's blue badge will expire before the appeal

is decided on. Could a temporary extension be granted?

10:15

As for the national bus travel concession scheme, although we welcome the steps to mitigate the impact of the 20 per cent cut nationally, we are aware that a number of people who previously qualified for a travel card and/or a companion card will no longer be eligible for either card. If we assume that there are 5,650 disability living allowance claimants and that that figure will reduce by 20 per cent, 1,130 people will no longer qualify for concessionary travel. That is a crude assumption—given the legislation, we can make just assumptions—but, given the transport problems in our rural area, that is a considerable concern.

On universal credit, we foresee no material changes for the council or individuals as a result of the consequential amendments. It is the substantive United Kingdom legislation, on which my colleagues have commented, that will have an impact.

Scottish Borders Council is not a housing authority, so the impact of the bedroom tax will fall on registered social landlords in the Borders. Whereas it is estimated that the measure will have an impact on about 7,000 families in Jim McCabe's area, North Lanarkshire, and 3,000 families in each of the two other areas that are represented today, the impact will be on about 1,000 families in our area. Similar problems to those that have been elaborated on will fall on registered social landlords in our area.

My last point is slightly complex. The language that is used is unfortunate. The term "passport benefits" leads to the assumption of similarities that do not exist. A passport—such as the passport that I am holding up—is based on a single criterion, which is citizenship. Passport benefits are based on multiple criteria. Access as a result of a disability can differ from access as a result of having children, which can differ from access as a result of having a low income.

The different systems require different processes. As Jim McCabe said, one difficulty for local authorities is that we must manage the delivery mechanisms, which are unique. On top of that, there are 32 varieties of those different delivery mechanisms across the local authorities. The simple language gives the impression that the complexity can be managed by introducing simplicity, but that is not how to deal with it. We fear that the administrative issues will be complex—quite apart from the invidiousness of the changes.

**Alex Johnstone (North East Scotland) (Con):**

In their opening remarks, everybody has talked about the underoccupancy charge. The questions that I have written down were inspired by what Jimmy Black said about Dundee, but I am interested in figures from other areas, too, if they are available.

How many tenancies will be affected by the underoccupancy charge? What proportion of total tenancies do they represent?

**Councillor Black:** I am happy to get the exact figures, but I can say that just over 2,000 council tenants and about another 1,000 housing association tenants will be affected. If nobody paid their bedroom tax—or underoccupancy charge—the council could lose £1.3 million. That is the council's worst-case financial exposure. The housing association figure is about £1 million, or slightly more.

**Alex Johnstone:** What proportion of your tenancies is likely to be affected?

**Councillor Black:** If you have a calculator, you can work that out. We have 13,000 council tenants, and I think about 2,300 will be affected, so you can work out the proportion.

**Alex Johnstone:** Are you able to give figures for—

**Councillor Black:** Figures are not my strong point, so I think that I should get the right figures to you later. I apologise for not having them in my head—they seem to have fallen out.

**Councillor Fallows:** I can add figures for Highland, if that is relevant. Approximately 3,000 of our tenants will be affected, out of a total of about 9,000. I would need to come back with an accurate figure, but it is a substantial proportion—about a third. I do not have the figure for housing associations to hand. It is not nearly so large, because our housing association presence is not of the order of other councils. However, at a guess the number will be at least 1,000. I can come back to you with accurate figures.

**Councillor McCabe:** I do not have the exact figures. However, the position in North Lanarkshire is that over 5,000 people would fall into the 14 per cent reduction and almost 1,400 people would fall into the 25 per cent reduction. At present we are the biggest social landlord in Scotland, with some 36,000 houses under our control. The exact figure is 5,446—something like that—of which 1,350 would take a hit of 25 per cent.

**Councillor Bell:** I do not hold the figures in my head—I have them on paper. As I said in my introductory remarks, the figures for the families that would be affected in the other areas that are represented here are 3,000, 3,000 and 7,000, and roughly 1,000 will be affected in the Scottish



Borders. The resulting administrative problems will be dealt with by registered social landlords. We are concerned that homelessness will increase and that the structures of payment and non-payment to the registered social landlords may inhibit their capacity to raise funds.

**Kevin Stewart (Aberdeen Central) (SNP):** Good morning, gentlemen. Most of us around the table would agree that this shambolic measure from Westminster will have a major effect—although some folks do not seem to realise what those effects will be. I will take the witnesses on a wee journey, which many folks have not considered in much detail.

Councillor Black spoke about the way that the shrinking housing revenue account will mean strictures in capital investment. I want to ask Councillors Black, Fallows and McCabe—because Scottish Borders Council is not affected by the measure—how their housing capital spend will be affected. Will tenants who are paying full rent and not getting the investment in their houses that they expected start to complain? Is it a case of “divide and rule”—trying to create divisions within communities?

**Councillor Black:** Tenants in Dundee have been quite patient. They have watched the gas central heating programme roll out across the city and although that programme has not reached everyone, all tenants are paying the 5 per cent rent increase that we had to impose this year. I cannot say that they are happy about that, but they are doing it. In fact, in a previous consultation people said that they liked the idea of spending money on capital improvements for energy efficiency. People voted for a higher increase last year so that they could have energy efficiency measures built in to the programme. That is one of the things that is at risk: anything that we do that we do not have to do can end up facing a cut. We do not want to make cuts in energy efficiency because the best way of tackling fuel poverty is to insulate homes and to provide more efficient heating systems. We have had success with that in Dundee, recently.

I am not the housing convener any more, but if I were I would look first at the revenue repairs budget. If our housing revenue account were to take a hit because of the bedroom tax or other aspects of welfare reform, I would look for any non-essential repairs that we could delay—work on footpaths, for example, or external cyclical maintenance such as painting closes and cleaning out gutters. Those are not good things to delay for very long because they lead to deterioration of buildings. If you do not clean out gutters, you get dampness in the walls and that kind of thing.

After that, I would look at cutting capital expenditure on things that we might be able to do

without. That can take a wee while because of the way in which the capital programme works. If you stop replacing roofs, it takes about a year or two before you get the benefit of that in your revenue account. Nonetheless, that is the kind of thing that we would look at and think, “Maybe that roof will do for a bit longer.” We have already had to make some such compromises so that we can hit the Scottish housing quality standard.

If we had quite blatantly to stop SHQS work, the thing that I would look at first is controlled entry systems, which are problematic anyway. I would rather insulate somebody’s house than put in a controlled entry system. You can see that there are a lot of difficult practical choices to make—none of which will be popular with tenants—if we cannot finance the capital programme that we require. I hope that that will not be the case. We will do everything we can to avoid making any such compromises. If we have to, we will do it, however, and the tenants will not find that to be an acceptable solution. However, I would rather do those things than evict people.

**Kevin Stewart:** Would it be fair to say that the bedroom tax will have a major effect even on folks who are on no benefit whatever but are currently living in social housing? Will they see a big reduction in services because their neighbours are being affected by the bedroom tax?

**Councillor Black:** The choice is between a reduction in service or an increase in rents. We have already increased rents by 5 per cent this year. If we were to recoup the whole of the £1.3 million through a rent increase in Dundee, that would mean another 3 per cent increase on top. We cannot do that, so the only way to find the money is to cut spending that we regard as essential. What Kevin Stewart suggests is absolutely correct.

**Councillor Fallows:** Our worries and concerns are slightly more direct than that. Over the past three years, we have seen considerable improvements in how our housing and property services department conducts its business, and in respect of maintenance issues in particular. The introduction of mobile and flexible working systems has meant that the throughput of work has increased greatly, which has saved a substantial amount of money.

The bottom line is that over the past three years, relatively small increases have been needed to cover our maintenance costs. As a result we have, with the active agreement of tenants, been able to make in each of the past three years increases that were below inflation but included an additional 1 per cent that allowed us to build more houses. That was extremely welcome; indeed, we now have a target of building 699 council houses in the

current administration. We are broadly content with that progress.

However, as the bedroom tax bites, people will find it genuinely difficult to make the payments that are necessary and the housing revenue account will begin to accrue a greater deficit. We need to be able to maintain the workstream of additional housing and continue to build more council houses. On the one hand, that can mean that we build the right houses to allow people to be able to move. On the other hand, our fundamental aim is to provide more social housing, because clearly there is not enough of it; we have a waiting list of 10,000 in Highland alone.

If we have to cut down on maintenance and make selective choices, tenants will feel the pinch. Our main concern is that their willingness to go along with our increasing rents by a small percentage—over and above what we need in order to continue to fund the extra housing—will dry up. That is bad news for all of us. That is probably our biggest concern. Of course, we will feel impacts on maintenance, too.

10:30

**Councillor McCabe:** As I said, we are the biggest social landlord in Scotland, with some 36,000-plus houses. For quite some time we have been engaged in a home improvement programme, replacing kitchens and toilets and so on. The programme has been quite successful and it is continuing as we sit here.

The problem will begin when we do not get income. When benefits are paid to recipients, the recipients will establish their priorities. A mother will look at a cheque and at her family who need shoes, and she will probably use some of it for their shoes. In addition, as the committee will very well know, unfortunately some people are irresponsible. When their cheque comes through the door, they will think “That’s great,” and they will have a swallie for the rest of the week—that is me being honest about it. Obviously, that will reduce the council’s income. We took a policy decision to keep rents as low as we could. People are being impacted on in so many ways, so we thought that by keeping the rents down we could reduce the impact.

We would rather do an impact analysis of the implications of this legislation before deciding on evictions. We do not want to evict anybody, obviously, because it probably costs more to evict than to keep people in their house. The impact analysis that we will do is more than the Government did. When Lord Freud—or whatever his name was—was asked whether the Government would do an impact analysis, he said no. We are trying to do an impact analysis to see

exactly what we have to do to mitigate wherever possible the situation that we face.

We have a house-building programme to build, I hope, 1,000 houses by 2020. There is a waiting list of 16,000, so 1,000 houses will not scratch the surface. The 40 that are being built in my ward have given me at least 4,000 headaches, because everyone and their granny think that they are entitled to one. The housing circumstances are dire. Where we will get money to build those houses, heaven only knows. Wherever possible, the houses that we build will meet the 2016 and 2020 agendas, for obvious reasons.

As I said, the legislation places councillors under immense pressure from many different angles. If we cannot bring money in, we cannot spend it—that is fairly obvious. However, we have to try to continue our home improvements and house building wherever we can and, by the same token, attempt not to make the people who have had nothing to do with the legislation pay. To say to people that their rent is up by 5 or 6 per cent to pay for people who do not pay rent and have no intention of paying rent would be the wrong way to go.

Everybody will do their own thing; every council has its own way of working. However, what I have asked for and what I am asking for again is continuing dialogue so that we can come up with best practice that suits everyone and work forward from that.

**Kevin Stewart:** So in your opinion, the reality is that not only those who will be directly affected by the bedroom tax but all tenants will suffer because of the legislation.

**Councillor McCabe:** There is the bedroom tax and recipients are getting housing benefit cheques through the door—those are areas that we cannot control. We can mitigate the bedroom tax under extenuating circumstances, which will help, but it will not cure the problem—no chance. We all have to meet the Scottish quality housing standards, so we have to continue to make repairs and improvements. It is a catch-22 situation.

**Kevin Stewart:** I would like to mention one final thing, although probably we cannot go into it in too much depth today. It would be very interesting to get an analysis from each of the witnesses of the likely effects that the legislation will have on their council’s housing business plans, with regard to repairs and new builds. That may involve some work, but I am sure that that work is being done right across the local government family. If we could get that, it would give us an indication of the impact that there will be not only on those who will be directly affected by the bedroom tax but on all the tenants in these and other areas in Scotland.

**Linda Fabiani (East Kilbride) (SNP):** I want to follow on from what Kevin Stewart was talking about and focus on new build. I worked in housing for many years and know that one of the very fine things that Scottish housing associations and councils did while they were able to build homes was to establish an ethos of giving people homes that suited and fitted them as their lifestyles changed and, say, their families grew up.

Councillor Bell mentioned language, and I am concerned about a lot of the language that is slipping into everyday parlance. I have heard people in this Parliament say that we should build only one-bedroom houses for all those folk who are entitled only to such accommodation, and we are now hearing that people have to be shoehorned into the right houses. It is not for me to say what the right house for someone might be just because they happen to rent rather than own their property and I am very worried that we are pushing or forcing housing providers into building the right houses to suit UK Government policy instead of building homes for people in our communities. Can you comment on that and confirm to me that, in the work that Kevin Stewart has asked for and which I am sure is already under way, you will consider efforts to balance communities—which was a buzzword that we used for a long time—and look at people's entitlement to a home rather than a house that will be lent to them for a short time just to suit UK Government policy?

**Councillor Black:** I very much agree with the approach outlined by Linda Fabiani. Indeed, when we were trying to drive up the quality of Dundee's housing, I used to say, "We are not here to administer social housing to the poor." That is not what it is about. In Scotland, council housing is a lifetime tenure that changes as your family comes and goes. You can succeed to the tenancy for two generations. It is not just something that you get a wee shot of; council houses are homes.

Moreover, if you take the approach that they seem to be taking in the south—by which I mean down south, not the south of Scotland—you will have very transitory communities where people will stay for only a few years before they are off. The whole point about communities is that they need to be stable; people need to live there a long time, get to know their neighbours and be part of and contribute to the community. As we have seen in many council estates across the country, if people move in and out all the time, it leads to loads and loads of trouble. That is not what we want; instead, we want to build stability in our communities. We want people to continue to live in those communities and indeed to buy houses in them if they want to move on from social renting.

I completely agree that we should not let design standards slip. Moving away from benefits and welfare for a moment, I note that, over the past few years, the whole thrust of planning policy in Dundee has been away from one-bedroom flats. We have lots of private sector one-bedroom flats that are in very poor condition and which are run by landlords not all of whom operate to a very high standard. As a planning authority, we wanted to improve Dundee's housing stock and make it more flexible to ensure that these places were homes, not just houses. This London-imposed policy cuts right across that aim and the question therefore is whether we put our planning policy into reverse, change the nature of the housing stock and reduce the quality of the city itself by reverting to building one-bedroom flats. We do not want to do that, which is one of the reasons why I look forward to independence with great anticipation.

**Annabelle Ewing (Mid Scotland and Fife) (SNP):** Hear, hear.

**Councillor Bell:** Adding to that—and, I think, stealing some of Dave Fallows's thunder—I point out that there are not many one-bedroom flats in Scourie. There is simply no option for people in the area who require such property and the situation is the same in all rural areas.

**Councillor Fallows:** Councillor Bell is absolutely right—and I do not think that our council would have the slightest intention of building a one-bedroom flat in Scourie for exactly that reason.

Since I became chair of housing, finance and resources, I have had the good fortune to attend a number of house-warming events at new council house builds that we completed, and I have been hugely impressed with the quality of what we are building. It exceeds private development by some margin, and it is good to see that. I see that reaction in the people who are moving into those new builds as well. They are seeing an opportunity to move into something that is almost already a home: a well-built and well-conceived building that suits their purpose.

There still is some demand for one-bedroom accommodation of one kind or another, but we are not a very large flat-building authority. We tend to prefer smaller groups even when we are building one-bedroom accommodation. However, there is no reason why one-bedroom accommodation for the right environment—it tends to be for single people who need a home for themselves—should not be a home too. In essence, the creation of a home environment revolves around the quality of what is built and whether it is built and designed to be conducive to creating a welcoming and liveable environment. I believe that we are doing that and I am hugely encouraged by that.

I also agree that it should not be a question of being driven to build homes by Westminster policy on underoccupancy. We will certainly continue to build one, two and three-bedroom houses. The mix and the demand are still there and some people need larger houses, so we will continue to build them.

**Councillor McCabe:** I agree, and we have to do the same. We are being forced into a situation that we would rather not be in, and we have to have a housing strategy that is totally different from what we had before. We have to incorporate single-bedroom apartments in that housing strategy, whether we like it or not, along with what we have at present.

The 40 houses that I referred to are family homes. Houses do not make homes; families make homes. In the same way, houses do not make slums, but some of the people who go into them make them into slums. I have been in the house that I am in for 45 years. It is at the very bottom of Viewpark. The only way I will go out of it is in a wooden box, because I have got great neighbours in a great street; we look after each other.

We have to think about the housing strategy and how we prepare for it under the legislation. It will probably never be repealed, unless by a Labour Government at Westminster but I doubt that it will be repealed here. That being said, we do not have the money or the houses and the legislation is just another financial burden that is being placed on us. All the political arguing and fighting about it solves nothing. No one should be making political gain out of this unfortunate situation. I have appealed two or three times and I will do it again: dialogue is the most important thing. If we do not talk to each other and come up with the best possible practices, we will go down a political road that we do not have to go down.

I do not think that anyone in their right mind would agree with the legislation. If people say that there will be no evictions, tenants will build up debts and there will be a similar situation to what happened with the poll tax. Under most housing legislation, once a tenant accumulates a certain level of debt, they are no longer considered for a swap or a transfer to another house, whatever the case may be. There are therefore problems inherent in a non-eviction policy.

As I have said, I will take whatever time it takes—hopefully as short a time as possible—to do an analysis of the impact of the legislation once it is in place, and we can take it from there. However, it is wrong to try and score political points over this issue.

10:45

**Linda Fabiani:** Councillor McCabe mentioned something that I had not thought of. I mentioned how the legislation could affect the capital building programme. We also know that allocation policies will be affected because of the age groups that will have to share rooms. Councillor McCabe raised another matter when he referred to the general policy right across the country that there are no exchanges or transfers for anybody who has rent arrears. Councillor McCabe is right. I hope that he has looked at the possibilities that arise from the Dundee model. I hope that everyone is talking to COSLA and the Scottish Government about how to mitigate the impact. There is just so much in the legislation—it affects every housing policy and therefore every council and registered social landlord. There is an awful lot of work ahead.

**Jamie Hepburn (Cumbernauld and Kilsyth) (SNP):** Councillor Bell mentioned something rather interesting that had not occurred to me or, I think, any of the witnesses who have come before us. Essentially, he questioned the utilisation of the terminology “passporting”. He set out his reasons, so I will not explore those again, but what is the practical effect of the deployment of that terminology?

**Councillor Bell:** It leads to assumptions that you can simplify. It is hard to simplify complexity; you must manage your way through it. Aspects of that occurred to me last night when I sat doing my homework for this meeting. I went through the different procedures that must be followed in applying for a blue badge, concessionary travel or free school meals. I asked questions that were answered this morning about the timescales to do that and about whether the procedures can be done electronically or through a face-to-face process. I became sharply aware that there are a whole series of different processes for managing each of the benefits, because the structure has grown up almost organically as different pieces of legislation and social policy improvements have resulted in people being given benefits in different ways.

Each local authority manages those differently. To start talking about passported benefits leads you to believe that you can make assumptions. For example, you can make assumptions about a universal credit structure—you can say a lot of favourable things about universal credit—or a standard relevance of PIP and hang the benefits on the back of that. If you do that, you then must dismantle the individual processes through which the rights to benefits are evaluated. However, you end up with boundary problems. A lot of the concerns that are expressed relate to boundary problems or people who have been getting benefit but who will no longer do so because of the

changes to the system. The simplification in language leads people to assume that the system can be improved by simplifying it. That seems wrong-headed.

I am afraid that I come at the issue without decades of political experience. I have been a councillor for only 10 months. I previously worked in manufacturing industry designing and running operational systems. The complexity of how benefits are administered in just one local authority is staggering—it must be horrendous across all 32. It is wrong-headed to manage improvement through uniform treatment—you must deal with the reality of the diversity.

**Jamie Hepburn:** I am sorry, but I do not quite follow that. We are dealing with a set of regulations that will imbue uniformity by their very nature, so what is the problem?

**Councillor Bell:** The problems are the victims—people who have been getting a blue badge but who will no longer get one as a consequence of the change in the regulations—the administrative burdens and an overloading of appeals. There will be internal costs for local authorities to change their systems and procedures—that is not just one set of costs, but those costs times 32.

**Jamie Hepburn:** So that issue is more for the local authorities. I assume that constituents are not coming to you complaining about the utilisation of the term “passport benefits”. I am not getting that, and I imagine that most people out there are not aware of what “passport benefit” means.

**Councillor Bell:** No. As I said, we are talking about something that is not simple. First, there is the administrative cost and the management in local authorities times 32. Secondly, the simplifying structure leads to boundary issues. If you have a single criterion and a single passport and a delivery mechanism through universal credit or PIP, you end up with boundary issues as people are shoehorned into a single structure.

**Councillor Fallows:** During that discussion, it occurred to me that I am not clear about the method of evidencing universal credit entitlement. I see nothing in the legislation that says that there will be a formal letter of award as part of this new digital world of online application for benefits. Individuals will apply for passported benefits through evidencing that they have universal credit, but that raises the question of how they do that, and I am not sure that I know the answer.

**Jamie Hepburn:** That is a useful point to have on the record.

To paraphrase Councillor Black slightly, he said in his opening remarks that he has no particular concern about the way in which the Scottish

Government is handling passporting and that it is a sensible approach, but he gave a slight caveat when he said that it is difficult to look ahead. Will you explain what you meant by that?

**Councillor Black:** At the risk of sounding like a civil servant, there are many factors at play and a number of things might happen that could change the equation. For example, administering blue badge schemes could give us extra costs. It is hard to predict how many people will have to apply directly to the council rather than use the passported benefit—to use the phrase that Councillor Bell does not like—so we do not know exactly what the demand and cost will be. On the other hand, we will not be administering housing benefit in the same way, and we have a whole lot of people who do that at present, so perhaps there is a trade-off there. Whatever happens to housing benefit in future, it is unlikely that the 32 local authorities will be administering it.

There are a lot of unpredictables, which is why the Scottish Government’s approach is sensible. It gives us a couple of years before we have to put in place permanent legislation.

Free school meals are another unpredictable. Universal credit might well bring more people into entitlement to free school meals, because more people who are in work will be able to claim universal credit, so a larger pool of people will be able to claim free school meals for their children. However, under the current scheme, about a quarter of secondary children in Dundee who are entitled to school meals do not claim them. In the past three years, we have driven up the take-up from about 55 to about 75 per cent. We are doing our best to get more people to take school meals, but there is still that slack that we need to take up. To improve children’s health by giving them a good diet and to be sure that they are well fed and can concentrate at school, we want everyone who is entitled to free school meals to take them up rather than eat pies or take packed lunches. That is another factor that clouds the issue and makes it difficult to see the exact effect of the change in the regulations.

**Jamie Hepburn:** Will the use of universal credit as the passport—to use the only available term at present—to free school meal entitlement increase or decrease the proportion of people who take up that entitlement, or will it not have much effect, or can we not say at this stage?

**Councillor Black:** I think that it will increase the take-up. With due respect to Councillor Bell, the new system is probably simpler and should lead to an increase in take-up. As I said, in Dundee, a quarter of the children who are entitled to school meals currently do not take them up, although the figure is better in Angus and other local authorities. It is hard to see the effects, because

more than one factor is at play. However, there is bound to be an increase in take-up.

**Jamie Hepburn:** I have one last question for Councillor Black. You mentioned that Dundee City Council, as we know, has pioneered the no-eviction policy in relation to the bedroom tax. Could you talk us through how the council decided that that was the appropriate way forward for Dundee and how that policy will be deployed on a practical level?

**Councillor Black:** How did we get to that position? There was a certain amount of political shenanigans in back rooms and there were a lot of worried officers, and eventually we held our nose and jumped.

**Jamie Hepburn:** You probably revealed more than you intended to there. *[Laughter.]*

**Councillor Black:** In fairness, Jim McCabe said that we should not score political points off each other on the issue. I think that it is true that every council in Scotland is worried about the bedroom tax and is having difficulty in working out the best way to cope with it. We went for a policy that was very finely drafted and it is difficult to understand from the newspaper reports—there is nothing wrong with them—what we actually decided. If I set out the wording for you, that will perhaps help to get our decision across and ease Councillor McCabe's concerns.

We said that when someone makes every effort to avoid falling into arrears and can convince the director of housing of that, we will use every legitimate means to collect the rent except eviction for a transitional period of one year. You can probably tell that there are a number of compromises in that position, but it was a position that we felt we could put through, which does not expose the council to excessive financial risk and which enables us to give an answer to the people coming to our surgeries.

Somebody who came to see me said, "Look, I have done my family budget and I know that I cannot afford this. I do not have a phone any more, I have made lots of economies and I know that I will not be able to pay my rent. Are you going to evict me?" When that person came to see me, I did not have an answer for him, but now I do. The answer is that if he does his damndest to pay his rent, we will not evict him.

However, we have to consider the other things that we can do, none of which is particularly pleasant, such as benefit deduction and rent direct—we will do those. After a person builds up four weeks' arrears, we can ask them to go for a voluntary rent direct arrangement, and after eight weeks we can insist on it. We will have to do that—we will have to do those unpleasant things.

The one thing that we will not do is put people out of their homes. That is an important point to make.

When a person falls into arrears, they will first get an individual human contact from the housing department. There will be a discussion and signposting to welfare benefits advice, which we are increasing provision of in Dundee. It is fine to give people advice about welfare benefits, but the Government keeps abolishing them. It is a serious point that there are fewer options for people now, so we will give them all the help and support that we can.

We have brought in a package where we will pay people's removal costs to get them into a smaller, more suitable flat. We have budgeted for about 30 of those in a year. We would like to budget for more but again, the housing revenue account is under pressure. There are various ways in which we will help people make the transition to a smaller property. If we offer a person a smaller property that is suitable for their needs and they do not take it, eviction becomes an option again.

The policy does not allow people to dodge paying their rent. We come down very hard on people who do that in Dundee, but if people are genuinely too poor to pay their rent, there is no point in evicting them. That is the line that we are taking.

**The Convener:** Alex Johnstone wants to ask a supplementary question, but first I want to clarify what you have just said: that in those circumstances there would be no eviction. I understand that, and a lot of the local authorities that I have spoken to take the same position. They will work strenuously with people who are affected by the bedroom tax to avoid at all costs the possibility of eviction. However, many of them have said that, ultimately, that sanction remains. Do you caveat that slightly further by saying that you might offer a person a smaller home and, if they do not take it, the possibility of eviction becomes live at that point?

11:00

**Councillor Black:** Every case is dealt with individually. If our offer of a smaller flat was turned down, but the person gave us a good reason for doing that, I cannot imagine that we would want to evict them in those circumstances. However, let us say that we offered that person a flat that was the ideal size for them—according to the UK Government, anyway—and which was in the same area and would therefore not disrupt their family, their children's education and so on. We could say that we would help them with their removal, connect up the telephone—if they can afford one—and do their floor coverings. If they still said no—if they said that this is a bedroom tax and they

are against it—what are we going to do? In those circumstances, I think that we have to decide what our responsibility is to all our other tenants. At that point, we have to say “I’m sorry, but I really think that you should take this offer, because if you don’t, the cover against eviction disappears.”

**Alex Johnstone:** My supplementary question is further to what Jamie Hepburn started to talk about, but we moved on to other things. In his opening remarks, Stuart Bell talked about a sunset clause for the regulations that we are discussing. I have argued for having sunset clauses in other regulations, but not necessarily for the reasons that Stuart Bell suggested would be useful for these regulations. In fact, my fear tends to be that we have got to keep transitional arrangements in place until a replacement for them can come along, so I am yet to be persuaded by Stuart Bell’s suggestion of a sunset clause. Do you want to say anything more about that?

**Councillor Bell:** I am sorry, but I am not in a position to give further information on that because of the levels of uncertainty that we are dealing with regarding the timescales. One advantage of a sunset clause might be that it would provide pressure to work through the transitional arrangements satisfactorily. However, that is all that I can say.

**Iain Gray (East Lothian) (Lab):** I think that almost all of us on the committee pretty well agree that the measures are iniquitous and that local authorities are at the sharp end of having to deal with the consequences. Well—those who suffer are the ones who are really at the sharp end, but in terms of service delivery it is local authorities. We are also aware that local authorities are trying to find different ways of dealing with that and mitigating it. The committee and the witnesses have talked a bit about ways of avoiding eviction.

There has been some discussion of how the impact of the bedroom tax could be mitigated through discretionary housing payments. I know that some local authorities have tried to make additional allowance for that. Do the witnesses see that as a viable possibility for reducing the impact of the bedroom tax?

**Councillor McCabe:** Such payments could help to alleviate the financial pressure if they were fully funded, but they are not. North Lanarkshire Council was awarded about £360,000. If we so desire and have the money, we can increase that amount by one and a half times, which will take us up to £900,000. However, that will not even scratch the surface in the bedroom tax situation. We will use the money, but it will disappear in a very short space of time because it is insufficient in many different ways. Using discretionary housing payments is a good idea, as long as we

have the money to do it. However, when the money is done, it is done.

The same situation arose with the change in what used to be the social fund. There were loans, which circulated and came back to us. That has changed and there are now grants. Once the money is out, it is out and we have lost it. As I have said, the council tax discounts are underfunded. We hope that the people who hold the purse strings may release some of that to help us.

We have talked about the blue badge scheme. The estimated cost of that is something like £32,000 across the authorities to adjust their information technology systems. Administration and the provision of advice to the public on how best to deal with the problems will give rise to further costs. The costs to the council could be significant over a very short period.

Right now, as we sit here, there are people already in the poverty trap who do not qualify for any benefits and who get nothing. The bedroom tax will just push them further into the poverty trap. Again, it will cause mayhem.

**Iain Gray:** Let us stick with discretionary housing payments. You said that you have an allocation towards such payments, which you can multiply by one and a half. Do you mean that North Lanarkshire Council chose to increase it by that amount, or is that a restriction?

**Councillor McCabe:** It is a restriction. We can add one and a half times the amount that we were awarded—£360,000—which will take us up to roughly £900,000.

**Iain Gray:** Where does that restriction come from?

**Councillor McCabe:** The Government.

**Iain Gray:** If the budget that you have for discretionary housing payments is nowhere near enough to mitigate the situation for everyone, how do the different authorities plan to make decisions about where to deploy discretionary payments?

**Councillor McCabe:** We will deploy the payments on a priority basis, but once we have established what we think are the priorities and people get to know what they are, they will come to us on the basis of the top priority. It is not as if there is a bottomless pit of money. I know that £900,000 is a lot of money—if I had that amount of money, I would go to the Bahamas—but, in the scheme of things, it is an extremely small sum.

**Iain Gray:** What are the other authorities doing on discretionary housing payments?

**Councillor Fallows:** We have yet to define exactly how we will use our additional allocation of discretionary housing payments, but it would be

fair to say that, fundamentally, those payments are not designed to offset the single penalty of underoccupancy. There are many reasons why people need additional discretionary housing payments and many circumstances in which people find themselves in difficulty.

As Councillor McCabe says, the amount that is available and usable will not cover offsetting the complete benefit loss to our tenants, which we calculate as being around £1.4 million a year, but that excludes housing association tenants. A system in which discretionary housing payments were used to offset the underoccupancy penalty for our own tenants but not for tenants of registered social landlords in our area would be iniquitous. I feel that we would have to look at how on earth we could deal with that as well.

In some circumstances, discretionary housing payments will help people who are in a desperate situation, but they are not the answer to the underoccupancy tax, which is simply to get rid of it.

**Councillor Black:** I agree with most of what my colleagues have said. The amount of money that Dundee City Council has for discretionary housing payments is less than a quarter of the total that is required to cover the bedroom tax and, of course, there are all the other requirements that must be met. We see it as a bridge to a more sustainable position. In other words, we do not see people being on discretionary housing benefit for long periods. If we can get them into a better place, that is what we will try to do. Our problem is that, along with other councils, we do not have enough one-bedroom council flats in stock. We have quite a lot of two-bedroom council flats but not so many one-bedroom flats, so it will be difficult to find a sustainable solution for people. That is the problem that we face.

As I said, the private sector contains a lot of smaller properties, many of which are in very poor condition and are operated by landlords whom we do not regard as being particularly professional. That is not true of the whole private sector. There are options in the private sector and good landlords with whom we work, but their rents are generally more expensive. In a sense, that is not our problem, because—oddly—housing benefit will cover that.

We have a problem. The discretionary housing payment rules are much more intrusive. As far as the assessment is concerned, if someone has any money at all, it is not likely that they will get discretionary housing payments, and I think that that is probably true everywhere. It is not as if there is a £3,000 or an £8,000 disregard of savings. In the circumstances that we are in, we would expect people to use their savings to pay their rent.

**Councillor Bell:** Like my colleagues, I believe that this is a worrying area. The gap that might open up before us is difficult to quantify. I was trying to find some figures, but I cannot lay my hands on them. However, we have done some estimates because, even though we are not a housing authority, we still have to handle the discretionary housing payments.

At our council meeting on Thursday, we will pass a revision of our discretionary housing payments policy in order to tighten it up and clarify it so that everyone is clear about the procedures that we are operating. As a responsible authority, we want to balance income and expenditure. How do we budget for something like that? At this moment in time, looking forward, with no track record, we can only make a guess. That is what we have done, in terms of the provision. If that is not going to be sufficient, as matters roll out, we estimate that £2.5 million will be taken out of the Borders economy as a result of the changes in housing benefit. If some parts of that result in homelessness and dire need, and there is a need to pay discretionary housing benefit, we will have to think about what we can do in terms of other provision and other budgets. Some of my electors think that I have been put in place only to fix the potholes, but we have much more difficult decisions than that to make, and we will have to do so. It will not be easy.

**Annabelle Ewing:** This has been an interesting evidence-taking session. I have certainly learned a lot.

Welfare reform is a reserved matter. Sadly, the UK Government holds the purse strings and we cannot mitigate every aspect. Councillor Black spoke about Dundee City Council's pioneering position on the bedroom tax and its clear message that all reasonable steps will be taken to avoid evictions in circumstances in which arrears have arisen as a result of the bedroom tax.

An issue that has been raised in evidence-taking sessions before, which is a clear example of the problems that are caused by the bedroom tax in, perhaps, less well-understood areas, concerns the parent who does not have a residence order but has contact with the child, and the issues around overnight contact, weekend contact, the arrangements of bedrooms and what would satisfy the local sheriff court. Councillor Black, in the circumstances that you spoke about—those of a tenant being offered comparable alternative accommodation—would Dundee City Council seek to ensure that cognisance was taken of what the sheriff court had said about contact, even though the UK Government does not do so?

**Councillor Black:** If you separate the allocation rules from the benefit rules then, absolutely, we



would not refuse someone a house on the grounds that it had an extra bedroom that they wanted to use for their children when they stayed for weekend contact periods and so on. However, we must then work out what to do when someone comes to us and says, "I'm on benefit and I want a two-bedroom flat because my child comes to visit three nights a week," or whatever, but they also say that they cannot pay the rent for that property. At that point, we have a difficult decision to make.

**Annabelle Ewing:** What if they are already in that property?

**Councillor Black:** If they are already in the property and they can find a way to pay the rent, there is going to be no action from the council. If they build up arrears because of the bedroom tax, they will be covered by our policy, so I think that they would be safe enough.

Things will get more difficult in a year's time, which is why our policy covers a transitional period of one year. At that point, when universal credit becomes much more the norm, it will be difficult to identify what element is bedroom tax arrears and what element is just normal debt. I do not have the answer to that question, which, again, is why we have a transitional period of one year.

We will review our policy in the coming months to ensure that it is working and to try to take a look ahead. I have a naive faith in Iain Duncan Smith. That might seem a remarkable statement, but he seemed like a nice man when he came to Scotland, and I have no idea how he can square the sentiments that he expressed when he was here, and his apparent concern for people who live in poverty, with the bedroom tax. I presume that it has been foisted on him by Mr Osborne, who seems less pleasant.

11:15

Over the coming months, there will be some pressure on the Government to change the rules a bit, which might mean that in a year's time we will get something more practical that will be a bit easier to operate. It is perhaps a pious hope. I know that Liberal Democrat partners in the coalition have serious doubts about the bedroom tax policy. They have not managed to stop it, but I genuinely hope that they can exert some influence. Dundee's only Liberal Democrat councillor has said that he would like two-bedroom flats to be exempted from the tax, which would be a huge help and a useful mitigation measure. I think that he has also said that he would like it to be applied only to new tenants. I do not want to put words into his mouth, so I will not actually name him—

**Linda Fabiani:** But there is only one.  
[Laughter.]

**Councillor Black:** However, he expressed those sentiments at the council when he voted against our policy. That was a bit peculiar, too. Anyway, that is that.

I genuinely hope that something will happen in the next year to change the bedroom tax, because I think that it is an unsustainable piece of legislation. I hope that Mr Johnstone will use his influence with the people in his party to do something about it.

**Annabelle Ewing:** I know what you are likely to say in response to this question, but it is important that I pose it for the record. Is there an existing problem in Scotland that the bedroom tax's underlying policy is intended to or would in fact solve? In other words, if we in Scotland had jurisdiction over the issue, is it conceivable that any Scottish Government could come up with this policy?

**Councillor Black:** I cannot imagine a Scottish Government being so cruel. We seem to have a more liberal political class in Scotland—I include all the parties represented round the table in that statement—and I cannot imagine it coming up with something quite so cruel or so daft.

There is an underoccupation problem. People are living in houses that are too big for them. Many of them are pensioners, who are not covered by the policy. I would never suggest that we force anyone out of their home because it is too big. However, I would suggest that we provide incentives and help to persuade people to move. We could, as we are doing in Dundee, pay removal expenses or do people's flitting for them—in Dundee, we are actually giving that kind of practical help rather than money—and there are other ways that have been tried in the past of getting people to move from a bigger to a smaller house.

For someone on benefits, removal costs are a huge expense; if done professionally, removals cost hundreds and sometimes thousands of pounds, and that is not an extravagant estimate. The cost is a big barrier to people moving or agreeing mutual exchanges. I do not want to hog the committee's time and go into detail about the other things that we can do, but sometimes the rules on things such as mutual exchanges are really restrictive and I think that we have to loosen up a bit in that respect.

**Councillor Fallows:** Going back a step to the evictions policy, I have to say that we blatantly cheated and stole Dundee's policy—for which I offer many thanks—because we felt that it was absolutely the right approach. Our strange and weird Scottish National Party, Labour and Liberal Democrat coalition readily agreed not to score any political points, but the fact that there was no note

of dissent is perhaps unsurprising, especially given that the Liberal Democrat chair of adult and children's services famously described the legislation as "evil". Of course, that is a matter for him to square with his leadership.

On the basic question whether there are any circumstances in which such a policy might be useful, relevant or applicable in a Scottish context were we free to introduce one, my response is quite simply no—I cannot see any such circumstance. There is one thing that it is relevant to raise at this point, however. Exemptions are creeping in, and announcements have been made. One announcement that particularly struck me was about foster carers in England and Wales. I believe that the term "foster carer" includes kinship carers there, but it does not in Scotland.

Members are indicating that that point has already been raised. That is fine—that concern needs to be covered.

**Annabelle Ewing:** The matter has been clarified by the UK Government and it is to be covered.

**Councillor McCabe:** I return to what Linda Fabiani said. It is not a house—it is a home. I recently dealt with a gentleman who is on his own in a five apartment with four bedrooms. I can assure you that there is no chance that he is moving. He lived there with his family. His wife passed away, and he is staying in the house come what may. We offered all the entreaties and everything that we could think of, including a sheltered complex in an ideal location. We offered to pay for everything that was going to cost him, including redecorating to his taste and so on, but no—he did not want to know. I respect that. I have been 45 years in a house, and it is just a wooden box for me, but I live there because I love the street and I have great neighbours.

There are pages and pages of anecdotal evidence involving people who are concerned. I will give you a quick example of a young lady—at 55, she is young compared with me, anyway.

**Linda Fabiani:** That is very young.

**Councillor McCabe:** She has Down's syndrome. She inherited a two-bedroom house from her aunt. She is fairly capable of looking after herself, but she has a care package and so on, and she has great neighbours. She is concerned about what she is going to have to pay. One of her neighbours has said that she will not need to pay, and that they will pay instead if they have to. That is the situation that people are in. We have to remember that it is Scotland that we are in, and people look after each other here, particularly in Viewpark, where I come from. It is a mining community, and that strength will always be there.

Everybody has their own ideas about how best to work with the policy. Right now, it is as clear as mud. We do not know the rules and regulations about what we can and cannot do, and about what is and is not acceptable as far as mitigation is concerned. Until we have something that is clearly defined, to jump in and take decisions—I say this with the greatest respect to Dundee City Council, whose decision I respect, and any other council that says that it will not evict—would mean opening the door, to some extent, to some people who might take advantage of it. People could have arguments along the lines of, "Why are they getting it but I'm not getting it?" I will do an analysis of the situation as quickly as I possibly can to see where the problems lie and how best I can deal with them.

I agree with my colleagues that we could not introduce legislation of the same nature in Scotland. It would not be accepted by any party anywhere.

**Councillor Bell:** You are a wise politician, Annabelle, and a wise politician is cautious about asking a question to which they do not know the answer. I do not think that anyone round the table would disagree that the benefits system needs some sort of revision, but what is being introduced is too fast and too draconian. It is simplistic, and it is occurring at the wrong time in the economic cycle. The bedroom tax is an imposed solution looking for a problem.

**Alex Johnstone:** I return to what Jimmy Black was saying. I understand how some people might prefer the carrot approach rather than the stick approach to the underoccupancy problem. You might be aware that one housing association south of the border is now offering £10,000 to get people to downsize. How would Dundee City Council budget for that?

**Councillor Black:** That scheme was introduced in Scotland some years ago. I am trying to remember what it was called. Linda Fabiani will remember.

**Linda Fabiani:** It was the tenants incentive scheme.

**Councillor Black:** That is right. It involved £10,000 being given to tenants of housing associations to move out of the rented sector into owner occupation. My pal Brian got a grant. I always thought that it was a poor use of money, and spending £10,000 is probably unnecessary. The proposal in this case is to move people between socially rented houses, rather than moving them into the owner-occupied sector.

I am a big supporter of mixed-tenure schemes, of shared equity and of helping people to get into owner occupation. I have no problem with that. I do not want that to be done at the expense of the

social rented sector, but those are all good developments that have happened over the past few years.

If there are ways of helping people to move out of renting and into owner occupation, I would happily take them. One way in which we have been trying to do that recently in Dundee is through the national housing trust. We have about 90-odd flats being built under the scheme, with money provided by the council—from the council tax payer rather than the rent payer, I am glad to say. It is a guaranteed loan from the Scottish Government, which means that we will be able to introduce mid-market housing for people who are stuck in the social rented sector because they cannot get mortgages or deposits. The scheme will enable them to move up and out, and those houses will then become available for social rented tenants. Let us hope that we can let them to families of the correct size.

**The Convener:** I will finish by, for clarity, asking a couple of questions about things that have been said. Councillor McCabe said that every council will do its own thing and that each has its own way of working. Others have said that we want to see some uniformity. I have always believed exactly what Councillor McCabe says—that local authorities should make local decisions to meet the needs of local communities. However, within those local communities there are different types of landlord. In local authorities that do not have any council housing, there are registered social landlords and private landlords.

Will each of you give us an idea of how you are working with those other landlords to create some uniformity in your local areas so that you are making local decisions on the basis of local needs but taking into account the other people who have responsibility when it comes to issues such as the bedroom tax? Where housing associations are trying to comply with the legislation but, equally, are trying not to evict people, how are you helping them?

**Councillor McCabe:** We have a meeting scheduled to take representations from RSLs, but we have not met them yet. We had a budget to get through, and it was a wee bit difficult.

As I said, councils will do their own thing—it is different strokes for different folks. What suits Dundee may not suit North Lanarkshire, and what suits the Highlands might not suit the Borders in a lot of instances. However, this is a totally different thing—it is totally different from anything that we have faced at any time. It is by far the worst piece of legislation that I have witnessed. Councils must look to help each other, through COSLA, to find the best practice, the best ideas and the pitfalls, explaining how they got there. We must try to help each other to deal with this piece of legislation. We

will have politics for evermore—we will have political arguments in COSLA and everywhere else—but this is totally different.

I agree with what my colleague Stuart Bell said about benefits having to be looked at. I am not saying that they should not be looked at, but they should not be looked at in the current manner, starting at the bottom with the most vulnerable in society and crucifying them. To my mind, we all have to try to assist each other with this wherever possible. Councils will make up their own minds about how best to attack it, but we can at least look at each other's practices to see what would fit us.

I have not met the RSLs yet, but that meeting is scheduled for next week, I think.

**Councillor Fallows:** I agree 100 per cent with Councillor McCabe that, particularly through COSLA, we must gain as complete an understanding of the issues as possible and share the experiences of the different councils as they approach the situation in their different ways. If we cannot get the legislation scrapped, we must identify best practice and the most effective methods of mitigation, using every weapon in our armoury to make the best of a thoroughly bad job. On that point, I completely agree.

I do not know about the other local authorities, but Highland Council operates a common housing register for RSLs and private landlords, and we have done so for some time. Allocations are consistently shared and made across RSLs as well as the council. That helps and it means that we have fairly frequent and effective contact, principally at officer level, on the operation of housing and housing supply and demand.

11:30

We occasionally acquire properties on lease from private landlords where we need to provide a particular kind of accommodation that we cannot provide ourselves. In such circumstances, the rental is almost always more expensive. If we use that solution to downsize people, the housing benefit that might be paid for a one-bedroom flat might actually turn out to be more than the housing benefit for the two-bedroom house. That is a big issue and indeed a big obstacle.

We see mid-market rents as an effective and extremely useful weapon in the armoury. There are people who want to move to something slightly better in the market and there will be something in the mid-market sector to suit their needs, which will free up bottom-line social housing for those who need it most. We are actively working to introduce more opportunities for mid-market rent.

**Councillor Bell:** We can be a wee bit thrawn in the Borders, but we co-operate with each other. Right from when we started to be aware of welfare reform, our community planning partnership, which is quite strong anyway, has taken the lead in co-ordinating all the RSLs, whom I have met, and ensuring that they, Citizens Advice Scotland, the health service and so on are integrated into our approach not only to communication—like Jim McCabe, we are worried about how we communicate the changes to the most vulnerable in our society and how we raise awareness—but to the detailed planning of the provisions and the actions that need to happen. Although we are not a housing authority, we are co-operating closely with RSLs.

**Councillor Black:** My comments are not about the bedroom tax, but I note that restrictions on the private rented sector already mean that no one will be given benefit for a flat that is too big for their needs. I am not making a political point but simply point out as a fact that the restrictions were introduced by Labour in 2008 and, as I understand it, they apply only to new tenants and those whose circumstances have changed. We might say that it was sensible to apply them to the first group. It is a bit more difficult to cope with those with changed circumstances, but nonetheless those restrictions exist and they make it easier for private landlords to manage any situations that arise.

As for using the private rented sector to rehouse people out of our stock, we already have the homefinder service, which effectively provides tenants to private landlords—they have to be of a certain standard and we have to be happy to work with them—and guarantees their deposits. That removes a big barrier to tenants getting access to the private sector. We use that approach mostly for those who come to our homeless section for whom private flats might be more suitable, and we will probably have to use it for those who will be affected by the bedroom tax. However, we have not discussed that issue in any detail.

We also organise a landlords forum and regular landlords conferences and try to drive up standards in the private rented sector. We get very good co-operation from a number of landlords who are clearly professional and want to do a proper job and we do not really see much of the sort of fly-by-night landlord I would cheerfully see disappear from our city.

**The Convener:** Earlier, Kevin Stewart suggested that the committee should trawl an analysis of council house building plans to get a picture of—

**Kevin Stewart:** Convener, I said “business plans”, not “building plans”.

**The Convener:** Okay. Are you content for us to write to local authorities to ask for such information?

**Councillor Black:** Yes.

**Councillor Fallows:** Yes.

**Councillor Bell:** Yes.

**Councillor McCabe:** It will help the committee to help us. Remember—we scratch your back, you scratch ours.

**Linda Fabiani:** I took that as a given.

**The Convener:** That concludes the committee's questions. Thank you for your informative evidence. We will, no doubt, keep you in touch as things move forward.

I suspend the meeting for a few moments.

11:35

*Meeting suspended.*

11:43

*On resuming—*

### **Council Tax (Information-sharing in Relation to Council Tax Reduction) (Scotland) Regulations 2013 (SSI 2013/87)**

**The Convener:** The next item of business is consideration of an instrument that is subject to negative procedure on the sharing of information between local authorities and Her Majesty's Revenue and Customs for the purposes of the council tax reduction scheme in Scotland. The Subordinate Legislation Committee considered the regulations at its meeting on 12 March and it raised no points.

As members have no comments, does the committee agree to note the regulations?

**Members indicated agreement.**

**The Convener:** We now move into private session.

11:44

*Meeting continued in private until 11:51.*

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

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