



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 21 January 2015

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INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE
2nd Meeting 2015, Session 4

CONVENER

*Jim Eadie (Edinburgh Southern) (SNP)

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*James Dornan (Glasgow Cathcart) (SNP)

*Mary Fee (West Scotland) (Lab)

*Alex Johnstone (North East Scotland) (Con)

*Mike MacKenzie (Highlands and Islands) (SNP)

*David Stewart (Highlands and Islands) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Bill Barron (Scottish Government)

Margaret Burgess (Minister for Housing and Welfare)

Caroline Dicks (Scottish Government)

Stephen Garland (Scottish Government)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Infrastructure and Capital Investment Committee

Wednesday 21 January 2015

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Jim Eadie): Good morning, everyone, and welcome to the Infrastructure and Capital Investment Committee's second meeting in 2015. I remind everyone present to switch off their mobile phones, as they can affect the broadcasting system. Given that meeting papers are provided in digital format, committee members may use tablets during the meeting.

Agenda item 1 is a decision on taking item 3, which is consideration of the committee's work programme, in private. Do we agree to take that in private?

Members *indicated agreement.*

Housing Update

10:00

The Convener: Agenda item 2 is evidence from the Minister for Housing and Welfare on a range of current and forthcoming housing issues. I welcome Margaret Burgess, the minister, and her officials: Bill Barron, division head, housing services and regeneration; Caroline Dicks, acting unit head, housing supply division; Barry Stalker, team leader, private rented sector; and Stephen Garland, head of the housing sustainability unit. I invite the minister to make an opening statement.

The Minister for Housing and Welfare (Margaret Burgess): Thank you for the opportunity to talk to the committee about developments across the housing sector. Housing is and will remain a priority for the Government. Access to good-quality housing is a vital part of the Government's drive to secure economic growth, promote social justice, strengthen communities and tackle inequality. Over the lifetime of this session of Parliament, planned investment in affordable housing will exceed £1.7 billion. That investment will maintain momentum in the housing programme and deliver vital support for construction and house-building companies throughout Scotland.

We are on track to meet both our affordable housing targets: the five-year target to deliver 30,000 additional affordable homes by March 2016, and the target of ensuring that 20,000 of those will be houses for social rent. Three quarters of the way into our five-year programme, we have delivered 22,762 affordable homes, and 15,903 of them are for social rent, which is almost 80 per cent of our social rent target.

The private rented sector is an integral part of the Scottish housing system. We intend to improve security of tenure for tenants while providing appropriate safeguards for landlords, lenders and investors, so we are developing proposals for a new private tenancy system. Our consultation on a new tenancy system closed on 28 December. We received 2,543 responses, which we are analysing. We will ensure that stakeholders are consulted throughout the policy development process.

The Scottish Government's sustainable housing strategy sets out our vision for warm, high-quality, low-carbon homes that contribute to the establishment of a successful low-carbon economy. Living in the right home with suitable physical features is clearly important, as is having the appropriate support services. The right support can be the key to enabling older and disabled people to live safely and independently at home. If

suitable accommodation and support are not available when someone is ready to leave the hospital, their discharge can be delayed, which impacts on the patient's wellbeing and on hospital bed availability. Reducing the number of people waiting to be discharged from hospital is a key priority for the Government.

As we announced yesterday, we will invest a further £100 million over the next three years as part of our overarching commitment to integrating health and social care services across Scotland. Housing has a contribution to make and we are working with the housing sector on proposals to deliver appropriate housing support and services.

In November, we held a major housing conference, which more than 250 stakeholders attended. The vision for housing in Scotland remains the same, but we are looking at new ways to deliver it. We are working closely with the housing sector to develop a five-year joint delivery plan for housing, which we hope to publish in spring 2015. I am happy to provide the committee with more information on the plan as it develops.

I wrote to the committee on 18 December in response to its follow-up review of the 2012 homelessness commitment. I am pleased to say that the recently published statistics show a further decline of 3 per cent in the number of homelessness applications. We are moving in the right direction and the prevention approach to homelessness is working. Tackling homelessness remains a priority and our work on it will continue.

The Convener: You mentioned that housing is a priority for the Scottish Government. Will you set out the key housing priorities for the forthcoming year?

Margaret Burgess: The key priorities are and have been to increase the supply of housing across all tenures in Scotland. That is key to everything that we are trying to do. We want to increase housing supply and to ensure that the quality of housing is high and improves, particularly in the private rented sector. We have taken steps to improve quality in the social sector, through the Scottish housing quality standards, and in the private sector, where we are regulating letting agents and giving local authorities discretionary powers to tackle poor standards.

As I said in my opening remarks, the prevention of homelessness is also a key priority for the Scottish Government. We want to ensure that people have a right to settled accommodation. We will work with local authorities and stakeholders on the housing options approach to ensure that homelessness figures keep falling and continue to go in that direction.

The main priorities are housing supply across all sectors and ensuring that people have access to good-quality homes.

The Convener: You mentioned that the five-year joint delivery plan, which came out of the stakeholder event that was held last year, will be published in the spring. What will it encompass? How does it fit into the existing strategy framework?

Margaret Burgess: The strategies that we have remain the strategies. Our vision for housing, which is that everyone in Scotland should live in a high-quality home that is suitable for their needs and is affordable, remains the housing strategy, but we had to look at the framework in which we are now working—the financial and economic framework and the legislative framework—given the changes that are about to come.

We felt that it was appropriate to look again at how we deliver the strategies. The strategies have not altered, but in the delivery plan we are looking at how to deliver them to best effect. The start of the process was to look at our current strategies and resources and decide how we can deliver best, with a focus on increasing supply.

One priority for the strategy is to have buy-in from our stakeholders, as it is about taking a collaborative approach and a joint approach. We had to have the stakeholders on board to do that and we have achieved that. Last week, the housing policy advisory group looked at a draft plan that has been prepared and identified about 30 actions across supply, planning, quality, place making, the housing journey and other areas. The group is looking at which organisation is the best to lead on the actions and to focus on a timescale for delivery.

The work is at an embryonic stage—the housing policy advisory group met just last week to look at the very first draft of the plan and to agree on the actions. We are looking for consensus in the sector on the way forward.

There is huge expertise in the housing sector in Scotland. Our approach is focused on how we can use that expertise and the resources that the organisations involved can bring to the table to ensure that the plan is developed properly and that we can deliver on it, which is important.

The Convener: We will come on to some of the specific issues that you mentioned.

You said that the Government's overarching priority is to increase the supply of housing. Are you confident that the actions that the Government is taking and the resources that are being committed are sufficient to meet the estimates of housing need—and the evidence of that need—

that a range of organisations, including Shelter Scotland, has provided?

Margaret Burgess: We are clearly saying that £1.7 billion is being spent on delivering affordable housing throughout Scotland. We are also looking at other ways of funding housing. As I said, we have a target of building 30,000 houses for affordable rent in the current session, which means 6,000 houses a year. That is our baseline target and we want to exceed it if we can. That part of the joint delivery plan is about looking at how we can attract other investment into housing not just in the social sector but across all sectors, including the private sector. We need to look at more innovative ways of funding affordable housing and we are doing that. A range of activity is going on with our partners to unlock other investment in housing so that we can deliver more houses than are currently being delivered.

Alex Johnstone (North East Scotland) (Con): To what extent is the housing supply budget for 2015-16 allocated? Are elements of it still to be allocated?

Margaret Burgess: The overall budget for 2015-16 is in the region of £597 million. My officials can correct me if I am wrong, but I think that all of the resource budget has been allocated, although some of the financial transactions money has not been allocated yet. We will announce in the next few months how that money will be spent.

Alex Johnstone: I will ask specifically about the additional financial transactions funding. What will you use that £200 million for?

Margaret Burgess: The total financial transactions budget for 2015-16 is £340 million. Of that, we have allocated £100 million to the help to buy scheme, plus £30 million to the help to buy scheme for the small builder, which the First Minister announced last week. So £130 million has been allocated to help to buy schemes.

We have allocated £30 million to the open market shared equity scheme, £25 million to a charitable bond scheme and £3 million to the rural rent-to-buy scheme. The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy has made it clear that the rest of the budget should be spent on affordable housing supply, and we are working up projects for that with our stakeholders.

Alex Johnstone: Even if that money has not been allocated to specific projects, you are clear on the policy areas in which it will be allocated.

Margaret Burgess: Yes. We are looking at using the money for affordable housing supply, at ways of getting affordable housing at scale and at ways of assisting in pressured areas.

Alex Johnstone: You mentioned the help to buy scheme. It was launched last year and the allocated resource was all gone by July, so a lot of people were left disappointed when the money ran out. What level of demand do you expect for the help to buy scheme in 2015-16? Will the demand exceed the resources again?

Margaret Burgess: I have a couple of things to say about the help to buy scheme. It does not sit in our affordable housing budget. It was set up primarily to increase the uptake of new-build houses and to help the construction industry as well as to get people into new houses.

We have done a couple of things to change the scheme. We have reduced the maximum threshold price from £400,000 to £250,000, which should allow more people to access the scheme. We have also allocated £30 million for a new small builder scheme to make sure that small builders do not lose out.

Demand has been high for the scheme, but the money has to be spent within the financial year, and people can apply to the scheme up to nine months in advance. We are monitoring the scheme closely. We see monthly update reports, and Homes for Scotland and the Council of Mortgage Lenders look at the situation closely. House builders will still be able to build houses up to the end of the financial year.

Alex Johnstone: I am interested in what you said about money allocated under the scheme having to be spent in the same financial year. Is it likely that a proportion of the funds allocated might be returned or not used?

Margaret Burgess: That is not anticipated.

10:15

Caroline Dicks (Scottish Government): As the minister said, people can apply to the scheme and it may then take up to nine months to build the house that they want to buy, to get their mortgage in place, to secure the house and to draw down funds to get the shared equity from the Government.

Planning for the scheme is very much about getting in applications and looking ahead towards the end of the financial year. We closely monitor that monthly. It looks as though enough applications are coming in to take up the entire budget over the current and next financial years. We will wait and see what happens as the year progresses. We will keep in touch with the agents that monitor the scheme for us to ensure that we maximise the use of the available resources.

David Stewart (Highlands and Islands) (Lab): Will you confirm that you will meet your 2016 affordable housing targets?

Margaret Burgess: We are well on track to meet the targets. As I said in my opening statement, we have built 22,762 houses and we are 80 per cent towards meeting our social housing target. We are working closely with all our partners and local authorities to meet the target. The indication is that we will do so.

David Stewart: Will you confirm your commitment to sustaining and developing the social rented sector?

Margaret Burgess: Yes—we are committed to that. I have said more than once that houses for social rent remain a Scottish Government priority. We must look at other tenures, too, but social housing will always remain a priority. We will always intend to build social housing; we will work with local authorities and registered social landlords to do that.

David Stewart: I am sure that you know that the Scottish Federation of Housing Associations has provided evidence to the committee of a shortage of affordable housing. Do you agree with its analysis?

Margaret Burgess: I return to what I said at the beginning. We are all working to increase affordable housing supply. That is a Government priority. However, there will always be limited resource in assisting RSLs, councils and others to build the houses. We are looking at every way possible to get more finance and looking innovatively at finance to maintain the supply of affordable housing.

This Government has built more social housing than any previous Government. We are putting more into housing. We will continue to do that because it is a priority.

David Stewart: In a sense, is the SFHA's analysis that the target is always moving? You must constantly adapt to reach that moving target.

Margaret Burgess: We must always look at the housing demand and what we can achieve. Our ambition is not to stop once we have built 6,000 houses and say, "That's fine—we've met the target for this year." Our ambition is to build as many houses as we can within the resources that we have, as well as looking to get other resources to continue to build and meet the demand.

David Stewart: You will know that the Royal Institution of Chartered Surveyors provided an excellent report called "Building a Better Scotland: The RICS Scottish Housing Commission Report." It made a number of hard-hitting recommendations to increase investment in affordable housing. Do you agree with those recommendations? Will the Government implement them?

Margaret Burgess: That is one of a number of reports that have informed how we are moving

forward on housing. The event that we held on 18 November 2014 considered the RICS report. A number of organisations at the event looked at the report's recommendations on land supply and land reform; we also looked at the land reform review group report. Those are just some of the action plans that we are looking at. They will be considered as part of our joint delivery plan. As I said, the Government will also consult on land reform.

David Stewart: The RICS report is very much part of your plans. You have not ruled in or out any of the recommendations at this stage.

Margaret Burgess: The report is very much part of our plans. We have not specifically said, "We are not doing this; we are doing that." As I say, the RICS report, along with other reports, is being considered. We have welcomed all the reports, because they add to the debate about how to progress the housing supply issue. We are all looking for the same thing: to increase the supply of affordable housing.

James Dornan (Glasgow Cathcart) (SNP): Good morning, minister. Following on from what you said in your opening statement, can you give us a bit more detail about what the Scottish Government hopes to achieve by reforming the private sector tenancy regime?

Margaret Burgess: The reform is one aspect of the work that we are doing to boost confidence in the private sector, which—rightly or wrongly—does not have a particularly good reputation among consumers. We recognise that the private sector is a necessary part of our housing system and we want to ensure that people have confidence in it. We also want to encourage lenders and investors into the sector. Those are the reasons behind the proposed reform.

We set up a review group to look at the tenancy regime in the private sector. The group made one recommendation: that there should be a new single tenancy in the private sector, and we consulted on that.

We want to protect tenants—that is important—and put in place appropriate safeguards for landlords, investors and lenders. We need buy-in from all those elements if we are to move the private sector forward and ensure that it is a thriving part of our housing system.

James Dornan: I see that the consultation that you mentioned received more than 2,500 responses. What were the main issues that arose from the consultation?

Margaret Burgess: The responses are currently with a company that is analysing the data—

Bill Barron (Scottish Government): It is a social research company.

Margaret Burgess: I could not think of the right term. A social research company is analysing the responses for us.

Stakeholders I have spoken to have made comments about how the reform will work in practice. We have to be mindful of whether some of the tenancy arrangements on which we consulted will work in practice, and we will work with our stakeholders to ensure that there are no unintended consequences of reform. We believe that reform can work, and that it will be better—as people can well understand—to have one single tenancy in the private sector, but we have to ensure that it works.

Practical issues were the main points that arose in the consultation. There has not been much indication of other concerns. Obviously, the views of landlords are different from those of tenants, and we have to get the balance right. We will wait until we get the analysis of the results, and we will then discuss with stakeholders how we take the reform to the next stage.

James Dornan: I know that the reform focuses primarily on a new single tenancy in the private sector, but will there be further protections for tenants from rogue landlords? I am sure that every MSP has constituents coming to their surgeries and complaining about landlords. I must put on record that most landlords are brand new, but there are always occasions when a tenant feels as if they are getting a raw deal and there is nobody to turn to. Will protection for tenants be strengthened through the reform?

Margaret Burgess: We have already done that in the Housing (Scotland) Act 2014, which contains quite a lot of measures that provide protection for tenants. For example, it provides tenants with recourse to the private rented sector tribunal if they are unhappy with their landlord. It also provides for the regulation of letting agents and enforces landlord registration. A lot of local authorities are now taking action in that respect.

Our reforms are not about removing landlords, but about getting them on board, because we do not want empty houses. We want well-managed houses, and we are absolutely determined that the regulation for which the 2014 act provides will have teeth and will prevent some of the issues that you mention from arising.

With regard to the current proposals, we think that a single tenancy will make it easier for both landlords and tenants to understand their rights.

James Dornan: I have one last question. How will the legislative proposals be taken forward?

When do you expect any legislation to be introduced to Parliament?

Margaret Burgess: As I said at the outset, the legislation will be in place by the end of the current session of Parliament. We are on schedule to bring a bill to Parliament in autumn, and the legislation should—we hope—be passed by the end of the session.

Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP): Good morning, minister. How does the work of the Homes for Scotland private rented sector champion, Gerry Moore, link in with policy development in the sector?

Margaret Burgess: The appointment of a private rented sector champion was recommended in the report “Building a Better Scotland”, and we supported it. On the back of that, we have funded Homes for Scotland to appoint a champion. The role ties in very much with our aim—which I mentioned earlier—to increase supply across all tenures. We believe that we can increase supply in the private rented sector on a scale that has not previously been seen.

The private rented sector champion will look at investment in the private rented sector and at projects in the pipeline, and consider how we might increase supply. That is his job, and it ties in with what we are trying to do. He works with Homes for Scotland and the Scottish Government to identify any barriers that may prevent investment in the private sector and to consider how the Government can overcome those barriers.

All that work is still in the early stages, but it ties in with what we are doing to increase overall housing supply.

Adam Ingram: You spoke about overcoming barriers. Is there any prospect of the Scottish Government making some financial investment in the private sector to encourage further investment?

Margaret Burgess: At this stage we have not been asked to do that, but if strong evidence is put before us that there is a barrier in that respect, we must consider that. We have not ruled anything in or out at this stage, but we would need to see evidence that investment in the sector cannot be unlocked without Government support.

As I said, we are in the early stages. We have not committed to funding, but we have not ruled it out either.

Adam Ingram: So some of the financial transactions moneys might be available for that kind of thing.

Margaret Burgess: At this stage, I will not say that they would be available or that they would not

be available. As I said, we are looking at how we can use those moneys to increase the supply of affordable housing. There are other ways in which the Government can support the private sector in building houses, and we can look at those.

Adam Ingram: You mentioned letting agent registration and the new private rented sector tribunal. Can you update us on your plans for implementing those measures, which were provided for in the 2014 act?

Margaret Burgess: We committed to producing a code of practice for the regulation of letting agents within 18 months of the passage of the 2014 legislation, and we hope that it will be ready by 2016. We hope that that will come in at the same time as the private rented sector tribunal.

We are working on both those elements just now, and we are ready to consult on the draft code of practice. The private rented sector tribunal will be established under the Tribunals (Scotland) Act 2014, and we believe that that is on course to happen at the beginning of 2016. Am I right in saying that?

Bill Barron: Yes.

Margaret Burgess: We are on track for 2016, as we set out in the stage 3 debate on the Housing (Scotland) Bill.

Adam Ingram: Thank you very much, minister. Jim Eadie can pass the questioning on to the next member now.

The Convener: Thank you, deputy convener. [*Laughter.*] Mike MacKenzie has some questions.

10:30

Mike MacKenzie (Highlands and Islands) (SNP): Good morning, minister. As you know, I am passionate about energy efficiency. Will you explain what the Scottish Government hopes to achieve from the implementation of the energy efficiency standard for social housing?

Margaret Burgess: We are looking at two things. We hope that the standard will help to reduce people's fuel bills. I am very passionate about fuel bills and how much people have to pay for fuel. We also hope that the standard will contribute towards the overall reduction in our carbon use and greenhouse gas emissions. The standard fits in with our sustainable housing strategy vision, which is that everyone should be able to live in a warm, sustainable home that is affordable. That is where we see the EESSH fitting in.

Mike MacKenzie: I understand that the Government is in developing draft regulations on energy efficiency for existing homes in the private sector. Some private sector landlords have made

the point to me that those homes are often in the hard-to-treat category, and other issues must have arisen during the consultation. Can you talk us through some of those issues and explain when you are likely to make the regulations?

Margaret Burgess: First, we have not yet consulted on the energy efficiency standard for the private sector. We understand that having such a standard is a momentous thing to do. Unlike England, we are considering standards across the whole private sector, not just the private rented sector.

A group that consists of a wide variety of stakeholders—consumer groups, fuel poverty groups, climate change groups, local government, the Scottish Government and other interested parties—has been working on the issue since April 2013. The group has been considering what we will consult on and what it is appropriate to do to take the matter forward. We have commissioned external consultants to examine overall housing supply and to model housing in Scotland. We will start the consultation process in a few months' time.

We have to consider a number of things in relation to the consultation, such as the lead-in time before we introduce legislation, the initial rating that the energy performance certificate should be set at and when that would apply from—should it apply from when the house was sold or let for the first time, for example, and should it be transferred from seller to buyer? We also need to consider the timescale by which every house in Scotland should meet the standard. Those are big issues.

We are not giving a commitment on when we will introduce regulation, because we will have to consider carefully the results of any consultation. We will not make new regulations until we have taken account of that. The process is on-going and has taken a lot of work, but rightly so. We have to get it right, because it will affect every house in Scotland.

We also need to consider incentives. When there are incentives from the energy companies, we must assist people in getting their properties up to standard—we did that with our home energy efficiency programme for Scotland—and that also applies to some private houses in the area-based schemes. That is about using energy company money.

We have to consider many things before we are absolutely ready to take the issue to Parliament. We are committed to doing the work. We have to meet our carbon emissions targets—we are aware of that—but we also want to ensure that people's homes are as energy efficient as possible.

Mike MacKenzie: Thank you, minister. You take me neatly on to my next question, which concerns climate change targets. During the committee's scrutiny of the draft budget for 2015-16, we heard evidence that more action on home energy efficiency is required in order for the Scottish Government to meet its 2020 and 2050 climate change targets. Is your sustainable housing strategy robust enough to meet those climate change targets and are you confident that you are providing sufficient funding to support the strategy?

Margaret Burgess: We are providing unprecedented amounts of funding for home energy efficiency—£94 million this year and £94 million next year. Along with local authorities and their partners, we levered in a further £170 million of funding, so there was £264 million of funding on home energy efficiency measures in Scotland last year. That is significant; it is more than at any other time. The overall long-term trend is that household emissions are being reduced but clearly, when we are talking about houses and households, there will be times when there are peaks—for example, during very cold winters, when we all turn our heating up. However, the long-term trend is that emissions are reducing.

It is a challenge and we are not pretending that it is not. We are committed to spending money on this; it has been difficult because of the changes that the United Kingdom Government has made in relation to the energy company obligation—it has constantly been changing and we have had to adapt our schemes to take account of that to make sure that our money is being used to best effect.

Currently, we are attracting a fair percentage of ECO national measures—11 per cent, which is higher than our proportion of the total number of households in the UK, which is 9 or 10 per cent. Stephen Garland will give you more information on that. We are attracting ECO funding, but it is hard and it takes a lot of work, including working with our local authorities, to do that. We are not pretending that this is not a challenge, but we are putting unprecedented amounts of Scottish Government funding into it. I think that we have more than 700,000 measures already installed in people's homes; a third of houses are at energy performance certificate level C or above so we are on the right track. In the long term, it is going the right way, but there is still a lot to do.

Stephen Garland (Scottish Government): Scotland has about 9.3 per cent of total households, but it has achieved an overall share of the Great Britain ECO market of 11.5 per cent, so the work that we are putting in through the programmes has been successful in helping to lever in that additional support.

Mike MacKenzie: Can I just tease out a wee bit more information about that? You mentioned the importance of having a long-term strategy and I absolutely agree with that. The Scottish Government fuel poverty programmes are designed to interact with the UK ones and to complement them, which seems sensible, but the ECO appears to have been like one of those magician's rabbits—"Now you see it, now you don't, now you see it again." How productive have your discussions with the UK Government been in putting forward the idea that we need to take a long-term, consistent approach to energy efficiency, fuel poverty and climate change issues?

Margaret Burgess: We have been working at official level and both the Minister for Energy, Enterprise and Tourism and I have made representations to the UK Government about how this is impacting on what we are trying to do here. We have made that very clear. We have also argued very strongly for the rural position in Scotland and we continue to do that.

While we are doing that in the background, we have to work with what we have practically. We can argue with the UK Government that the system is not appropriate, but that is what we have to work with, so we are looking at how we can use the resources that we are putting in to best effect, to get the most out of the system. As Stephen Garland and I said, we have been quite successful, as £264 million was spent last year on energy efficiency in Scotland.

Mike MacKenzie: With your indulgence, convener, I will ask one final question. Norrie Kerr of Energy Action Scotland has said that some local authorities have not successfully spent some of their home energy efficiency programme for Scotland allocations and the Scottish Government has wisely allowed them to carry that over into next year's budget. To what extent are the Scottish Government's efforts on fuel poverty impeded by councils' lack of readiness to put in place schemes on the ground?

Margaret Burgess: From my experience of visiting and talking to local authorities, I know that they are working hard to use the money that they have been allocated. Last year some money was not allocated, but some local authorities that were further ahead with their schemes accessed it, so all the money has been spent for the purpose for which it was allocated, and we intend for that to happen this year. Some local authorities were further ahead than others, which is always the case, but there were delays at the start regarding the UK Government and the energy company obligation; we were not sure how much we were going to get or how it was going to work.

I have spoken to local authorities and visited some of the projects and I have seen the good work that is going on. There is a commitment to spend the money—and it is being spent—and to improve housing and lower people's fuel bills. Everybody is focused on that.

David Stewart: I am sure that you agree with me on the importance of keeping older people out of hospital and in their own homes. One of the key aspects of that is adaptations. What demands have you had from RSLs to increase adaptations budgets, to ensure that people can stay in their homes as long as possible? Secondly, what is your view on building a lot more barrier-free housing, which to some extent is crucial in helping to keep people in their homes without the need for adaptations?

Margaret Burgess: I agree absolutely that we are all focused on keeping people in their own homes. At the start of the meeting I spoke about our focus on getting people back into their own homes as quickly as possible.

You asked about RSLs and adaptations. No approaches have been made to me recently about increasing the RSL budget. We increased it two years ago to £10 million; that is the current budget for RSLs. Local authorities have a separate budget, as health boards deal with private owner-occupied properties. I have not been approached about the adaptations budget, but it is critical. We accepted the recommendation in the report of the adaptations working group that adaptations should be looked at with a tenure-blind approach, rather than in silos, and we accepted the group's recommendations on how the process of getting an occupational therapy assessment and getting adaptations could be made smoother for people. The recommendations are being piloted in five areas. When the pilot is complete, we will produce guidance to roll out over all local authority areas.

David Stewart: I am sure that you would agree with me on the importance of having joined-up, strategic government, so that we do not just ignore something in housing and find that we have huge problems in health. I know from my experience in social work the vital importance of having it all joined up. If not, we will have bedblocking on a grand scale—that already happens. We know Scotland's demography; we know that people are living longer and we know the demands for those who have a disability, so it is crucially important to get this right.

What is your view on doing a survey of RSLs to ask them specifically about the adaptations issues that they face? We know that the numbers exist; we know what the Scotland-wide statistics are. It is clear that there must be pressure on RSLs. If they are not telling you about the issues that they face, perhaps a survey would help.

10:45

Margaret Burgess: We have certainly had a number of discussions with RSLs about the integration of health and social care, and they have made a number of representations to us on the contribution that housing can make to the integration of health and social care. We took those representations on board in the guidance and housing now has to be consulted.

We have also funded the joint teams. I think that I am right in saying that we have funded two people from local authorities and two people from RSLs to raise awareness of housing in the health and social care agenda. I agree that housing was perhaps not considered as greatly as it should have been at the start, because consideration was focused on health and social care, but there is now an absolute recognition of the role that housing has to play. We are working on how the funding that was announced yesterday will be used and what housing proposals can be worked up. We are not doing that alone. It is not just Scottish Government officials who are involved; our stakeholders, who include RSLs, are considering how we can assist with the integration and with reducing delayed discharges.

David Stewart: So you would consider surveying RSLs on the matter, or you would certainly consider representations that RSLs make following our discussion.

Margaret Burgess: We always consider any representations that RSLs make on whatever issue, because we recognise their very important role in the whole housing system. We would always consider those representations. However, no representations have been made to me. It is clear that we will have discussions with RSLs on the funding that was announced yesterday. We want to hear their views on that.

David Stewart: Finally in this section of questions, it is clear that there are building standards conditions as far as barrier-free housing is concerned. Will you have a look at those again to see whether they can be extended and widened? If we get that right, that will reduce the demand for adaptations in the long term.

Margaret Burgess: I am certainly willing to look at anything. Perhaps someone else who knows more about building standards than I do can deal with that, but a lot of properties are built so that they can be easily adapted. There are properties in which a wall can come down, for example, so that there can be a walk-in shower in a room and a carer there. If there is anything else that we can do to improve the situation, I am sure that we will be more than happy to look at it.

David Stewart: Thank you, minister.

Mary Fee (West Scotland) (Lab): On the theme of the integration of health and social care, the strategy for housing Scotland's older people was launched in 2011. You briefly touched on the pilots that involve a single funding pot for adaptations, as recommended by the working group. Can you provide any more clarity about when that working group is liable to report and when the strategy will be fully implemented across the country?

Margaret Burgess: We published "Age, Home And Community: A Strategy For Housing For Scotland's Older People: 2012-2021" jointly with the Convention of Scottish Local Authorities in 2011. I think that I am right in saying that that is monitored and it has an outcomes framework. We are looking at it and monitoring it, and there will be a mid-point review in 2016.

Bill Barron might want to say a bit more about where we are with that strategy.

Bill Barron: It is worth noting that it is a 10-year strategy and that the issues need a bit of time to get right. The things that we are focusing on include the provision of information to older people about housing advice and what their options are. That is a huge agenda, which we have started on. Some councils have expanded their housing options service to provide advice to older folk. That has a bit further to go.

On adaptations, there is the integration of health and social care and the work that the minister mentioned on focusing on processes and seeing whether we can streamline them and make them more efficient. I emphasise that the local housing strategy guidance that we published last August pushed this pretty hard. Quite a lot of the changes take time to go through, particularly the provision of more accommodation, and that guidance told councils pretty clearly that we need a push on thinking about the issue in the next round of local housing strategies. There are a number of things going on that will take time to come to full fruition but which we are monitoring closely.

Mary Fee: The issue that I am contacted about more than any other in relation to elderly people in their homes is the time that it takes to get adaptations done. Often, someone is assessed and told what they need in their home and the work is done, but their condition then deteriorates and further adaptations are needed. Not only must the initial adaptations be made, but any further adaptations must be made quickly in order for the elderly person to remain in their home. Are you working with local authorities on that?

Bill Barron: That is one of the things that the Fife pilot is looking at explicitly.

Margaret Burgess: The pilots are looking to streamline the process so that the work is done

more quickly and with less waiting time. It also helps to address the delayed discharge problem if adaptations are made fairly quickly.

Mary Fee: Is that the only work that you are doing with the housing sector, or are you doing other pieces of work with the housing sector around managing the integration of health and social care?

Margaret Burgess: As I said earlier—Bill Barron may want to add to this—we have funded people to work with the joint teams on housing, although that work is still at an early stage. Housing has now been included in the guidance, which addresses how housing can help with that integration, and, as David Stewart said, RSLs have been active in promoting the role of housing in that respect. A lot is happening just now, but it is at an early stage. We can keep the committee informed about our progress on that.

Mary Fee: Are you doing any work with the private sector?

Bill Barron: The delayed discharge issue mostly concerns the private sector. The majority of older people are home owners, and a huge amount of work is being undertaken on how housing connects to the integration agenda. Quite rightly, the integration agenda has faced challenges with health and social care coming together, but housing has been mentioned all the way along and we are now reaching the point at which we need to put some specifics on the bones. The housing sector has a role to play in addressing issues such as adaptations, advice and provision both for people who can return to their own homes and for those who need to go somewhere temporarily before they can return to their own homes. All those things are being considered.

Mary Fee: It would be helpful if you could update the committee as that work progresses.

Let us move on and talk about homelessness. The committee undertook a follow-up review of the 2012 homelessness commitment. Minister, we wrote to you with the findings and you responded to us. You said at the outset that the prevention of homelessness is one of your key priorities. However, although the statistics are moving in the right direction—there has been a decrease in homelessness—they are moving quite slowly. Do you have any comment to make further to the initial response that you gave us, particularly in relation to Shelter's concerns about homelessness? Thirty-four per cent of homeless people have support needs and a large percentage of homeless applications come from young people, a number of whom will have come through the care system and may have multiple support needs. Furthermore, the five-year joint

delivery plan does not mention homelessness in any great detail—it is included in the plan, but the focus is on supply more than on prevention and support work. Are you going to do any further work?

The homelessness task force had very clear priority and direction, and it made a significant difference. It seems that, if there is a direction and focus on prevention of homelessness, looking at it in the round and not just in relation to housing supply, you can make much more of a difference. The average time that is spent in temporary accommodation is 16 to 18 weeks, but I know from work that I have done that there are many homeless people who are in temporary accommodation for more than a year. That is not just about housing supply; it is about the needs of the homeless person. Unless more focus is put on that, homelessness will not reduce.

Margaret Burgess: The facts are that, since 2008-09, homelessness has fallen by 36 per cent. That should be welcomed by the whole Parliament. However, any homeless person is a concern for me, so I can say absolutely that preventing and reducing homelessness is a priority for me. In response to some of the things that Mary Fee has mentioned, I want to say that local authorities have a duty to provide support to homeless people who require it. That is a statutory obligation on local authorities, and part of the housing options approach is to work with individuals to identify what support they require and ensure that that support is provided, whether by the local authority itself, by a dependency agency or by a variety of agencies. The whole approach that we are now taking to homelessness focuses on the needs of the individual. It is a person-centred approach.

I absolutely accept that there will be situations in which support is not as quick as it should be, as Mary Fee has said, but in general the support is there and is being provided, and that is why homelessness figures, including repeat homelessness figures, are falling, because support is being provided from the outset.

On the time spent in temporary accommodation, what I want to say is that the majority of the temporary accommodation is of a good standard. It is local authority accommodation and it is well managed. However, we still have the homelessness strategy and prevention group, which came out of the homelessness task force and commitment group. The group it still meets regularly and I attend it as well, because homelessness is a priority for me. Homelessness among young people is a standing item on the group's agenda, and it also looks at basic standards of temporary accommodation and at costings, including such things as replacing white

goods, furniture and beds. Those issues are being looked at and there is strong awareness of the support that is required for homeless people to prevent repeat homelessness. That has worked and we are still striving to do it as a priority.

Mary Fee: Does that working group feed into the five-year joint delivery plan and any changes that you would make to the delivery plan?

Margaret Burgess: All the members of the group are involved in organisations that are part of the delivery plan and are looking at which actions we should take forward. It is not just a group within the Scottish Government; it is a group of stakeholders.

I will ask Bill Barron to add to that.

Bill Barron: The things that are the focus of the joint delivery plan are the things that needed most refreshment of approach. They include some issues around supply, where there were difficulties because of the economic situation. Perhaps the reason why there is not much about homelessness is that the homelessness agenda is going from strength to strength and there is already a great deal of attention on it, as the minister said.

Mary Fee: I am not disagreeing with you, but although homelessness is coming down it is not coming down quickly enough in my view, and certainly not in the view of the constituents who approach me. To lose the focus from that five-year joint delivery plan makes it look, to me and to others, as if you are taking your eye off the ball. The concern is that it will slip down the list of priorities.

Margaret Burgess: I am more than happy to go back and look at the delivery plan. As I said in my opening remarks, homelessness prevention is one of this Government's priorities. If there is any perception that the delivery plan is not treating it as a high priority, I am more than willing to take that back to the group, through the officials, to ensure that it is clear that homelessness prevention remains a priority for the Government.

11:00

Mary Fee: That would be very helpful, minister. I would appreciate it if you would do that.

What progress is being made to develop and implement the new housing options guidance?

Margaret Burgess: There has been consultation on the guidance, a first draft has been produced and the Scottish Housing Regulator has made a number of recommendations. We are at the stage where the group will meet the regulator to discuss whether its recommendations have been properly addressed before the final draft is produced.

Mary Fee: Are there plans to review the guidance on an on-going basis?

Margaret Burgess: I do not know whether there is a plan to review the guidance on a yearly basis or whatever—perhaps one of the officials can advise. No guidance is guidance for life. Any guidance has to take account of any changes in legislation and policy. No one can say that guidance is for ever—that is just not the case. The group will continually look at the guidance.

The Convener: I return to the supply of housing, which is an issue that you and the Scottish Government have identified as being your overarching priority in housing policy. You said that increasing the supply of affordable housing is a priority of the Government in order to meet unmet housing need. There are 180,000 households registered on local authority housing lists in Scotland; 28,500 households were assessed as homeless in Scotland in 2013-14; and more than 10,000 families are placed in temporary accommodation. Are you confident that the investment being committed by the Scottish Government is sufficient to meet those estimates of housing need?

Margaret Burgess: As I said earlier, we are committing a considerable and unprecedented amount of money into affordable housing and we continue to do that.

We are also looking at how we can attract other investment into housing to increase the overall supply. I would like to think that we had a copious amount of money that we could fall back on any time that we wanted to, but we do not have that. We are working hard, within the current housing budget, to make that budget grow in other ways. We are looking at innovative ways of building houses, as we did with the national housing trust, for very little Scottish Government money.

We have around 2,000 houses on board for a £2.6 million guarantee. It is a matter of looking innovatively at how we can stretch the money that we have and attract more funding into housing to increase the overall housing budget and increase the supply of housing.

The Convener: The Government would argue that it is doing more than ever before, and more than any previous Government, but is it sufficient to meet those estimates of housing need?

Margaret Burgess: Clearly, there is a housing need—we are not arguing with that. There are people waiting for houses. What we are saying is that, given the cuts to our budget from Westminster, we are working with the resources that we have.

We have added to the budget, too. We have increased the budget from last year with the

financial transaction money, which is a 62 per cent increase from 2014-15. We have put £340 million financial transaction money into housing. At every opportunity that the finance secretary has had, we have increased the housing budget, and we continue to do so. We are building more houses than any previous Administration, with less money.

The Convener: Shelter Scotland has pointed out that the Scottish Government's projections show that each new investment of £100 million in the housing sector supports about 1,000 jobs directly, with an additional 600 jobs in related supplier industries. Clearly, there are sound reasons to invest in housing. It meets unmet housing need, helps to grow the economy, meets our climate change targets and tackles fuel poverty. I am not telling you anything that you do not know but, given all those compelling reasons for investment in housing, should we not be doing more?

Margaret Burgess: We absolutely agree, which is why we are spending the money that we are spending on houses. The money that we are putting in supports jobs in the construction sector. Through the help to buy scheme, we are assisting jobs in the construction sector and providing houses, and not only affordable housing. We are doing what we can with the funding that is available to us to build as many houses as possible, and our target remains. We are doing that in very difficult financial circumstances. We should bear in mind that Westminster has recently signed up to further austerity, which will impact on the Scottish budget and on all the services that the Scottish Government provides.

The Convener: According to the housing statistics for Scotland, the number of housing completions across all sectors fell below 20,000 in 2009-10 and the figure is now below 15,000. Do we have the necessary financial and policy framework to maximise the level of housing completions?

Margaret Burgess: I am not sure whether you are talking about completions in all sectors, including the private sector.

The Convener: Yes—it is across all sectors.

Margaret Burgess: I will reiterate what I said earlier, and I will then ask Caroline Dicks to comment on completions. We are completing more houses than any previous Administration, with a reduced budget. That has been very challenging. We have had to rise to that challenge with our stakeholders, who are working with us to increase the supply of houses and to ensure—

The Convener: My question was: given that the number of housing completions has fallen, do we have the necessary policy and funding framework in place to maximise that number?

Margaret Burgess: We will meet the target that we set out to meet, which is 30,000 affordable houses in this session of Parliament.

I ask Caroline Dicks to talk about completions—I think that she has the information in front of her.

Caroline Dicks: As the minister said, the rate of completions of affordable homes where the Government is providing grants or loans to councils and housing associations is holding up well—the statistics have been good over the past few years. However, the private sector has been struggling to get back up to pre-recession levels of building. The latest statistics show that things are starting to turn, so it is looking promising.

The Convener: What are those figures?

Caroline Dicks: I do not have them to hand, but we can certainly provide them.

The Convener: You said that the situation is looking promising. What is that based on?

Caroline Dicks: It is based on the latest quarterly statistics for completions in the private sector. There was a slight increase from the previous trend. There has been positive movement, although the level is nowhere near the numbers that were being built before the recession in 2007-08. Because of that, the Government is continuing to work with stakeholders such as Homes for Scotland to consider what action it can take to support the sector and help to increase the number of completions.

One major way that we have been doing that work, which the minister mentioned, is through the loan funding that is provided through the help to buy scheme. We are also looking at a number of other actions to increase supply. The other one that was discussed this morning is the funding for Gerry Moore, the Homes for Scotland private rented sector champion, to look at increasing the supply of new homes in the private rented sector. We are looking at actions across a range of sectors to ensure that completions are maximised.

The Convener: Thank you. I want to ask about the Smith commission and the difference that it might make. The commission's report proposed a range of welfare powers to be devolved to the Scottish Parliament. Of particular relevance to housing is the proposal to allow the Scottish Government to vary the housing element of universal credit. The Scottish Government has previously expressed the view that the bedroom tax should be abolished.

Do you have a view on how the devolution of further welfare powers as proposed by the Smith commission—albeit that they would need still to be legislated on at Westminster—can be used to support Scotland's housing policy in meeting our housing targets?

Margaret Burgess: We think that further powers relating to welfare, energy efficiency and fuel poverty can support the Scottish Government's vision for a housing system in which everybody can access a good-quality, affordable home. However, it is too early to discuss how we can use those new powers in detail: it is not yet clear what the powers are or their extent. On Thursday we expect to see draft clauses that will set out how some of those powers, particularly in relation to welfare, may come to Scotland.

We have said from the outset that we are committed to consulting all stakeholders in the wider community before we make any decision on how those powers should be used. We have to take on board the views of others. We have been clear in our views on things like the bedroom tax. Our view on that remains the same, although it appears that we will not get the power to abolish it. We need to wait and see what other powers we get, and then we need to consult to see how we can use them. The powers, as proposed, could help us to achieve our vision for housing. As always, the devil is in the detail.

The Convener: The Scotland Act 2012, which predates the debate about the Smith commission, allows the Scottish Government to borrow to a greater extent than at present—up to £300 million. Will your department be making a bid for some of that funding? I accept that it is not a target but a limit up to which the Government can borrow.

Margaret Burgess: We will wait until the finance secretary indicates, and there is agreement, that we are going to use the borrowing powers. Obviously, we have to pay back what we borrow, so we need to look at what we get in the overall picture. At that point, we would decide whether it was something that we should do.

Across the Government, everyone will be looking for more money. Like anyone else, housing would want some of that money, but I am not going to say that I will ask for that money for housing at this stage. I can assure you that housing has a loud voice within the Scottish Government and our new cabinet secretary will add to that. We will take any opportunity there is to increase the funding for housing.

David Stewart: I would like to talk about the Scottish Housing Regulator. You will know that we have taken some evidence on the subject, minister. Some of the RSLs have suggested that the regulator could be more proportionate and transparent and less of a micromanager. What is your assessment of that evidence?

Margaret Burgess: Parliament made the regulator independent of Government. There is no way that I am going to either control or direct the regulator in how it operates. I therefore have to be careful what I say.

I have followed the committee's evidence sessions and I have met the regulator—as I do regularly—to hear what work it is carrying out. I also regularly meet the Scottish Federation of Housing Associations and the Glasgow and West of Scotland Forum of Housing Associations. I am aware that they raised concerns. I also understand that they are in discussion with the regulator on how they can address the problems.

We all agree that a regulator is necessary and should be independent. There will often be disagreements between a regulator and the bodies that it regulates. However, I think that those involved are beginning to talk together now to look at how they can address the issues and have a better understanding of what to expect when the regulator becomes involved. The regulator has one main aim, and that is to safeguard the interests of tenants.

11:15

David Stewart: Who guards the guards?

Margaret Burgess: The Parliament guards the guards, in terms of the regulator. The regulator is independent of Government and is accountable to Parliament.

David Stewart: When will you introduce a mechanism for appeals against decisions of the regulator?

Margaret Burgess: I am not of the view that the Government can introduce an appeals regulation. There is a regulatory bill going through the Parliament for all regulatory authorities, of which I understand the Scottish Housing Regulator is one. The SHR itself will have to set out how it is to deal with appeals and complaints—if I am wrong in this, someone can tell me so. I presume that, when SHR does that, it will do so in consultation with its stakeholders, who are both tenants and the landlords it regulates. The committee will be able to get that information directly from the regulator.

David Stewart: The Scottish regulators code of practice is in draft form. Are you saying that there is no role for Government in the draft code of practice?

Margaret Burgess: Bill Barron might want to come in, as he deals with the regulator. My understanding is that the regulator will consider anything that the Government has to say but, at the end of the day, if there is an independent regulator and the Government is seen to put influence on or to direct that regulator, that independence is compromised.

David Stewart: Obviously it is for Parliament to make decisions on this issue, but by and large it is Government that takes forward legislation. How else are we going to have new changes and regulations?

Margaret Burgess: We have not had any proposed to Government at this stage, by Parliament or by any committee. Have we?

Bill Barron: No.

David Stewart: It is the draft code of practice.

Bill Barron: As I understand it, once the code of practice is approved by Parliament and comes into force, it will require that the bodies subject to it have in place their own independent and impartial appeal mechanisms. The code puts the onus on the regulator to work out its own system.

David Stewart: I presume, however, that bringing legislation forward is part of the Government's programme for government. Who else, would you suggest, would bring the legislation forward—the committee or a member?

Bill Barron: What legislation are we talking about?

David Stewart: You are talking about the draft code of practice. Is that not going to have statutory hold on regulators?

Bill Barron: I assume that it will. It is going through Parliament now, is it not?

Margaret Burgess: The code of practice is for all regulatory bodies. Once it has been approved by Parliament, each regulatory body has to set its own processes for handling appeals and complaints.

David Stewart: I understand that, minister; I am merely asking what the Government's position is on that. That is what I am trying to flesh out from you.

Margaret Burgess: On the general code of practice? I will come back to you on that. It is not an issue for me specifically, but I will certainly come back to the committee on it.

David Stewart: Thank you—I would appreciate that.

The Convener: Are there any other questions from members on the SHR or any other matters that we have discussed this morning?

Members: No.

The Convener: Are there any further points that you would like to make, minister?

Margaret Burgess: No, I have covered everything.

The Convener: In that case, I thank the witnesses for their patience and for their comprehensive and thorough evidence. That concludes the committee's public business; we will now move into private session.

11:19

Meeting continued in private until 11:56.

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