



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government and Communities Committee

Wednesday 16 November 2016

Session 5



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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

11th Meeting 2016, Session 5

CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

DEPUTY CONVENER

*Elaine Smith (Central Scotland) (Lab)

COMMITTEE MEMBERS

*Kenneth Gibson (Cunninghame North) (SNP)

*Ruth Maguire (Cunninghame South) (SNP)

*Graham Simpson (Central Scotland) (Con)

*Alexander Stewart (Mid Scotland and Fife) (Con)

*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Nicola Barclay (Homes for Scotland)

David Bookbinder (Glasgow and West of Scotland Forum of Housing Associations)

Tony Cain (Association of Local Authority Chief Housing Officers)

Ian Cooke (Development Trusts Association Scotland)

Julia Fitzpatrick (Horizon Housing Association Ltd)

Professor Kenneth Gibb (University of Glasgow)

Ruchir Shah (Scottish Council for Voluntary Organisations)

Fraser Stewart (New Gorbals Housing Association Ltd)

Mary Taylor (Scottish Federation of Housing Associations)

John Wilson (Glenboig Neighbourhood House)

Mhairi Wylie (Highland Third Sector Interface)

CLERK TO THE COMMITTEE

Clare Hawthorne

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Local Government and Communities Committee

Wednesday 16 November 2016

[The Convener opened the meeting at 10:02]

Community Empowerment (Scotland) Act 2015 (Subordinate Legislation)

The Convener (Bob Doris): Good morning everyone and welcome to the 11th meeting in 2016 of the Local Government and Communities Committee. I remind everyone present to turn off their mobile phones. As the meeting papers are provided in digital format, tablets may be used by members during the meeting. If you see us with laptops, we are honestly not doing other things; we are looking at our committee papers to better inform the questions that we have this morning.

We have a full house; no apologies have been received, I am happy to say.

Item 1 is subordinate legislation on parts 2, 3 and 5 of the Community Empowerment (Scotland) Act 2015. The committee will take evidence from a number of witnesses. Nine Scottish statutory instruments relating to part 2 of the act on community planning, and part 5 on asset transfer requests were laid before Parliament on 10 November 2016.

Further SSIs relating to part 3 of the act on participation requests are expected to be laid before the Parliament later in the year. Evidence relating to that section will refer to regulations that are currently in draft form and will feed into formal scrutiny of the final instruments.

With that said, I welcome Ian Cooke, director of Development Trusts Association Scotland, Mhairi Wylie, chief officer of Highland Third Sector Interface, Ruchir Shah, policy manager at the Scottish Council for Voluntary Organisations, and a weel-kent face around here, John Wilson, the chairperson at Glenboig Neighbourhood House. Good morning and thank you for attending this morning.

As we indicated, there are no opening statements at this stage so we will go straight to questions if witnesses are okay with that. Andy Wightman has indicated that he would like to ask the first question.

Andy Wightman (Lothian) (Green): The statutory instruments that we are considering are

part of a broader package of statutory instruments that are necessary to deliver the Community Empowerment (Scotland) Act 2015. Given the complexity of some of the instruments and the detail that has gone into them, the Government consulted on them earlier in the year. Has that consultation been broadly adequate? Do you feel that the responses that either you or others have put in have informed the statutory instruments that are before us? Are you broadly content with that outcome?

The Convener: Who would like to go first?

Ian Cooke (Development Trusts Association Scotland): I will kick off.

I will focus on the asset transfer instruments, because that is what we have been most involved in, both in terms of our work historically and in terms of what we have done with the working group that has been producing the statutory guidance.

There have been lots of opportunities for consultation at the different stages of the Community Empowerment (Scotland) Act 2015—probably more than is the case with the average act. In this latter part of the process, my sense is that there has been a bit more of a reaction from local authorities and public bodies against the asset transfer provision. From what we have seen of the guidance—obviously, we just got sight of that fairly recently—it looks reasonable, but my concern is that we are facing a wide range of attitudes in authorities and public bodies, ranging from local authorities that totally get the concept and are up for it and have been engaged in the process for some time to ones are far more recalcitrant.

I think that the guidance will work with the local authorities that are interested in asset transfer and want to engage in it. I am much less convinced that it will have an effect on the local authorities that are less keen to do so.

The Convener: Does anyone want to add to that? It does not have to be specifically on asset transfer.

John Wilson (Glenboig Neighbourhood House): Ian Cooke has outlined some of the concerns that have been raised regarding local authorities that are not as willing to participate in the community asset transfer process as others.

For nearly two years, Glenboig Neighbourhood House has been involved in discussions with the local authority about developing a community asset transfer policy, and has been working on that with three organisations in North Lanarkshire. The difficulty is that that process stopped when the Government said that it was going to produce its own guidance. Like Ian Cooke, I fear that,

although local authorities that are keen to fully participate in the process and work with communities that are interested in community asset transfers will do the job well, local authorities that are reluctant and which resist that move will not do so.

Some of the responses of local authorities and public bodies to the consultation that took place over the summer raise a number of issues about the ownership of the land, what can be transferred to communities and what should not be. The reality is that the community asset transfer process and the idea of community empowerment was about trying to ensure that, where communities could justify making an application for community ownership, the public bodies would work with those communities to help that happen.

The difficulty that I see is that many agencies will use the consultation process, and perhaps the guidance that has been issued, to resist working with communities to consider community asset transfers, whether the communities that are involved are geographical communities or are communities of interest.

Ruchir Shah (Scottish Council for Voluntary Organisations): There was a long lead-in in terms of the consultation on the bill—I was a member of a community empowerment reference group that was set up two years in advance of the act coming into being. There was a long period of engagement and a lot of interest at the time.

Right from the start, it was evident that there was a fundamental difference in thinking between local authorities and community and voluntary organisations. That split in thinking seems to carry on all the way through the process, so I am not surprised to hear colleagues such as Ian Cooke say that there has been a bit of a push-back from local authorities more recently.

During the consultation, we realised how much interest there was in ensuring that there were mechanisms by which the local authorities that would be quite interested in transferring assets and engaging more closely with their communities could do so legitimately and much more easily. One of the problems that we identified at the time, particularly in relation to participation requests, was that, if a more formal mechanism was coming on board, local authorities that already had very good relationships with communities might say, “Right. Hang on a second. We will prioritise the formal mechanisms and some of our more informal conversations with communities will then suffer as a result.” We were a bit concerned about that.

I have just heard the shift in priorities echoed in what John Wilson has said. Part of the thinking in local authorities is that, where a more formal

mechanism is in play, there is almost an expectation that energy and resources should be put into that. I am a little concerned that local authorities that have advanced and have good relationships with communities, particularly on asset transfer and participation, might get tempted away from that and that there is a danger if the guidance is too prescriptive.

My concern about the guidance that has been consulted on in the past couple of months or so is that we have not been able to get the same level of engagement, interest and enthusiasm in the detail that there was during the build-up to the bill. I think that some of the provisions that are now coming out are being done very much more on the hoof and that more considered engagement took place for the bill.

Mhairi Wylie (Highland Third Sector Interface): I would like to make a general point. I echo some of what has already been said. There is a challenge. I agree that there has been a long run-up, and we have had good opportunities to have input, but I am a wee bit concerned. I know the effort that we put in in Highland to consult community groups that have had multitudes of questions right from the introduction of the bill. I am not convinced that there are people throughout Scotland who have confidence in understanding the legislation enough to go out and engage with communities and educate them so that they could have put forward questions to influence the consultation. There has been a bit of a gap in how we educate people when we get down to the finer detail, and particularly at this stage.

The Convener: Those answers have inspired a couple of supplementary questions from MSPs, but does Andy Wightman want to follow up on what has been said first?

Andy Wightman: Yes. Obviously, I agree that the process has been a long one, and it is a bit exhausting at the end of it. However, we have the instruments that will make the act work and give communities the opportunity to utilise it for the first time.

To build on those answers, in general the rules around participation requests and asset transfers are perhaps necessarily complex and bureaucratic, given the act. I want to pick up on Mhairi Wylie’s point about working with communities. How important will it be to get an easy-to-use guide to the powers? At first blush, communities will not look at a statutory instrument, and they will not just have the powers in question; they have powers under other legislation, such as the Land Reform (Scotland) Act 2016, to look at and evaluate in order to determine the best way forward. Informal approaches have, of course, always been a route. How is a process navigated in which the local authority might insist that formal

routes are used when informal routes might be more productive?

Mhairi Wylie: That is massively so. It is not just about the guidance but about how communities are supported to understand and implement it. Communities are phenomenal, but they do not always agree with each other, let alone with anything else, so they need a lot of support. We are very lucky to have had support across agencies, and specifically from DTAS, when we have been out engaging with communities. We need more collaborative support to ensure that communities understand. They need an easy-to-understand document that they can to some extent hold the local authority and other public authorities to account against.

John Wilson: On Mr Wightman's point about bureaucracy, as I understand it—I was a member of the committee in the previous parliamentary session and went through the committee's scrutiny of the Community Empowerment (Scotland) Bill—the committee was attempting to make it easier for communities to engage and to make requests for community asset transfers, and not to make the process overly bureaucratic. As Mhairi Wylie said, the difficulty is that, when we start to make things overly bureaucratic, the bureaucrats take over.

In many cases, communities have a simple ambition: to take over the running, ownership and delivery of their services. If you make the situation overly bureaucratic, you will frighten those communities out of fully engaging and participating in the process. We have the legislation in place—it is the guidance that will be set out in the statutory instruments that are being laid before Parliament—and it made it quite clear that we wanted to make community engagement easier. If we get statutory instruments that make things more difficult and bureaucratic, that will defeat the purpose of community empowerment and engagement in this process.

10:15

Ruchir Shah: There are three scenarios to take into account. First, there are local authorities that do not want to transfer assets or participate, and they will easily find ways around any guidance or rules that come into play under the community empowerment legislation. Secondly, there are local authorities—or, at least, departments of local authorities—that are very keen and interested and totally get the idea behind enhancing their communities and encouraging them to make best use of the assets in the area or opportunities to engage. Those authorities will be doing that sort of thing anyway, regardless of the legislation.

What we need to focus on is the third scenario, which lies in the middle—in other words, the local

authorities that are a little bit ambivalent. There might be some champions in those authorities who totally get it and want to support their communities, while there are others who remain to be convinced. The provisions that we are discussing could be a powerful tool for them and would allow them to say, "This is a route we can follow and a process we can use" and to reassure those who are less inclined to give it a shot. That is, I think, where the provisions have the most value and what the guidance has to speak to.

The Convener: A couple of members have supplementaries.

Graham Simpson (Central Scotland) (Con): Thank you for your opening comments, which I found quite interesting. I speak as a serving councillor in South Lanarkshire, where a lot of this work is already going on.

I was interested to hear about North Lanarkshire. I believe that Mr Wilson is involved in a group that has taken over the community centre. Is that right?

John Wilson: We lease a former local authority-run community centre, from which we run a number of services, including the local post office. However, the lease is on a month-to-month basis, and I can go into detail later about some of the issues that we have faced in trying to move things forward and take ownership of the building.

Graham Simpson: The message that I am getting from all of you is that councils can use the legislation and guidance however they like. The question, therefore, is whether the guidance is robust enough.

Mhairi Wylie: To be honest, I think that we need to expand this beyond councils because, having spoken to a number of people in the community, I know that it is not just council assets that they are looking at. We need to be careful here. Yes, councils are involved, but how is this going to work with our national health service and other national bodies such as Police Scotland and the Scottish Fire and Rescue Service?

Ian Cooke: In answer to the question whether the guidance is robust enough, I would probably say that, at the moment, it is not. It could be tightened up. If this exercise is about shifting power relationships between communities and the wider public sector, getting the guidance and the detail will, as members have said, be crucial, and I am not quite sure that we have got the balance right.

This will always be difficult, because it is also about shifting minds and changing cultures within organisations and, indeed, communities. That will take time, but we have an opportunity here to tighten the guidance and make it more robust.

Graham Simpson: How would you tighten it?

Ian Cooke: I have not looked at the guidance since the end of last week but, from what I have seen, one obvious area will lead to wasted time and effort by communities and potentially wasted public money if we do not get it right.

There is an informal process where the community can approach a public body about an asset, but nothing really happens until the community makes a formal asset transfer request. At that point, what is called the validation date kicks in. That means that the asset in question cannot be sold on in the intervening period until the process is concluded.

The problem is that, to get to that point, community organisations will often need to change their governance and set up a company. They will have to do business plans, suitability studies and options appraisal exercises. It is a lot of work and effort; to get all those ducks in a line is quite a challenge. In the meantime, the local authority or public body can go ahead and sell the asset. That raises the question of whether that is the best use of communities' time. A second question is who is going to fund that work. Is the Scottish Land Fund or the Big Lottery Fund really going to fund that sort of feasibility business planning work if it knows that the local authority may sell that asset in the intervening period?

The Convener: Thank you.

Elaine Smith (Central Scotland) (Lab): May I come in with a short question?

The Convener: Yes, but after Ruth Maguire who has indicated that she wants to come in.

Ruth Maguire (Cunninghame South) (SNP): I want to explore that issue a little more. There will always be a tension between balancing the empowerment of folk and the bureaucracy—if we want to call it that—that is required to make sure that the transfer will be competent and work well. Communities may not traditionally have the skills that are needed, such as for setting up or changing the governance of assets; taking over assets is almost like running a business a lot of the time.

How do we get to a really good point? We are discussing giving over public assets; although we need to do things informally, quickly and easily, we also have to protect those public buildings and services. I would like to hear your opinions on those key factors. How do we make sure that our communities are ready?

Mhairi Wylie: That is a question that came up a lot when we spoke to people in communities. They are very conscious of the fact that, if they or other members of their community are to take on those

assets, they need to ensure that the processes are there.

They had no particular solutions on that issue. We need to go back to basics to ensure that people have opportunities to develop their skill sets and that there is support for them, and we need robust but fair processes so that they make effective use of those opportunities.

John Wilson: The Glenboig community has been ready for almost 17 years to take on assets. We attempted over the past nine years to acquire the community centre, for which we had the lease. When that fell through because of planning restrictions that were placed upon the community, we decided on another site and were involved in negotiations for five years with the local authority about a community asset transfer. We are now back to considering the community centre because the council, as part of its review of facilities, asked whether we would be interested in it. We said that it would be useful for us to do that.

Communities themselves are more aware than anybody of what public assets are, and they want to defend them. A person may be told by a local authority that the community centre is hired out for 20 hours a week, and a community can take on the ownership of that. The community centre in Glenboig is used now for about 70 hours a week; that shows the balance that has to be struck between talking about public assets and community ownership. Many communities throughout Scotland want to take ownership because they see the failings of public bodies in how those facilities or land have been operated or managed. Many communities in Scotland understand the concept of public assets; they want to ensure that the best use of those assets is achieved. If that means taking on ownership, that opportunity should not prevent them from moving forward. We should consider the whole issue of public assets and the community good that can be achieved by asset transfers.

The Convener: Mr Cooke, do you want to add to that?

Ian Cooke: It is a good question. I do not think that we have ever suggested that asset transfer or community ownership should be easy. You are right—there is a lot at stake. Getting the process right is as important for the community as it is for the public body that is disposing of the asset.

We talk about sustainable asset transfer. It is a case of getting the process right so that the disposing authority can have the confidence that the issue will not bounce back in a year or two's time. Over the past 10 to 15 years in Scotland, we have accrued a lot of experience on how to do this, and the success rate is impressively high. It is

certainly a lot higher than the start-up rate of private sector businesses.

I do not think that the process should be easy, but it must be fair and proportionate. If the 2015 act is about empowering communities, we cannot have them running around doing all sorts of work that might ultimately lead to nothing. That would represent a disempowerment of communities rather than an empowerment. There is a fundamental issue at the heart of this discussion.

Ruchir Shah: I think that the answer might lie outside the 2015 act and the guidance on it. Scotland was recently selected to be a pioneer in the Open Government Partnership, which means that, for the next two years, Scotland will be able to showcase to a global audience how it is being open, transparent, participative and engaging. There is a bit of a momentum and an incentive behind that, certainly at Scottish Government level.

If, in addition to asset transfers, participation requests and all the various instruments in the 2015 act, we also had a very open approach, whereby decisions by public authorities about their assets, and the data that is fed into those decisions, were shared much more transparently and openly with the public, the hard light of day would easily reveal whether a sudden decision to sell a building had been made merely in response to the fact that a community was seeking an asset transfer or whether, alternatively, selling the asset represented a much better and more cost-effective approach. If the process was much more transparent and open and everybody knew what the situation was, the community would be much more able to decide whether it should invest its resources in a feasibility study, for example.

This entire provision, in combination with an open government approach at local and public authority level, might be the trick that is missing.

Ruth Maguire: Those were really interesting answers. In relation to what John Wilson said, there is a community in my constituency that has taken a huge amount of time—through no fault of its own—to go through the process, but it has got there now.

When we talk about community voices, those voices are not always reflective of the whole area—they are sometimes the voices of people who have the skills and the confidence to make their voices heard. It is necessary to get a balance to make sure that, when we talk about what the community wants, that is reflective of the whole community. Getting the balance of that process right is crucially important.

The Convener: Given that you namechecked Mr Wilson, I think that we should ask him how he makes sure that his organisation is representative

of the whole community and not just of those who seek to be involved.

John Wilson: Glenboig Neighbourhood House has regularly carried out surveys among its population. For the past nine years, we have held open days on any plans that we have had for the community, whether for new facilities or new services. The plans have been made available and the local community has had the opportunity to come and view them. They have been displayed for the various groups that we help to support so that the views and aspirations of those individuals and groups can be reflected in what we are trying to achieve.

10:30

There is a balance in ensuring that the wider community is consulted and informed and can participate in the process. We have an annual general meeting, which the population of Glenboig is invited to attend so that they can express their views and concerns and hear what is happening in the community, and we provide regular newsletters.

Not every community group does that but, given my past work experience, I agree with Ms Maguire that it is good practice to do that and to ensure that, if you are speaking on behalf of a community, it knows that you are speaking on its behalf. In that way, it can be reflected in the views and opinions that are put forward.

However, I would also throw this to the other side. If we consider public agencies and local authorities and the things that they have done to communities without any consultation, we see that both sides—not only communities but public agencies—need to be more forthcoming in terms of the consultation processes that they use when they do things to communities.

The Convener: That is very appropriate point, Mr Wilson. Mhairi, do you want to comment on that?

Mhairi Wylie: I will make a quick point. We spoke to more than 100 community organisations and representatives about the 2015 act, and that was the number 1 issue. There is no easy solution, and it becomes even more difficult when we talk about communities of interest or association rather than just territorial or geographic communities. It is something that we, as support mechanisms for communities, need to be very strong on. There is no perfect answer; it has to be unique to each community.

The Convener: Do Mr Shah or Mr Cooke want to add anything?

Ian Cooke: It is a good observation. There is no easy answer, but if a community is trying to utilise

either the community right to buy or asset transfer, they have to demonstrate public support, and in some cases, it is quite an undertaking to do that. As Mhairi Wylie said, it is about sharing good practice, but the role of community bodies is clear in the guidance. I think that John Wilson's point is that a democratic accountability mechanism has to be built into the bodies that can take on assets, and particularly public assets.

We have got the framework right. Communities are by definition quite messy and there will be tensions, but we can share good practice and build on that. To me, the issue is not a show stopper. There are other, more technical issues that we need to focus on.

The Convener: Mr Shah, do you want to add anything?

Ruchir Shah: No.

The Convener: Elaine, you wanted to come in earlier. Has the moment passed or do you want to come in now?

Elaine Smith: I think it is still worth while for me to ask my question. I also want to ask about participation, but we have not got to that yet.

The Convener: I will bring in Alexander Stewart before you move on to that.

Elaine Smith: Okay. I will briefly ask Mr Cooke about something that he said earlier. Sorry—I should say thank you to all the witnesses for coming, as it is the first time that I have asked anything.

Mr Cooke, you expressed concern about an asset transfer situation where a community is going through the process of trying to take over an asset but, in the meantime, the local authority or public body sells it. Is there a case for saying that, if the community reaches a certain point, the asset should be frozen? Should we look at whether that should apply?

Ian Cooke: Yes. At present, the point when the asset is frozen is quite far into the process. For the community to get to that point, it has to invest an incredible amount of effort and energy and, probably, access quite a lot of public money for a venture that could ultimately be unsuccessful.

I will give an example. I got a phone call this week from one of our members in Glasgow, which is an experienced development trust that owns other properties. A janitor's house has been lying vacant for 10 years in that community. The development trust has spoken to a local school come up with a project that they both believe would benefit the school and the community. The development trust contacted the local authority and said, "Here's what we're thinking. What's the situation?" The local authority's response was to

immediately put the house up for sale and market it.

That reflects some of the attitudes that the 2015 act has to take on. The development trust in that situation is an experienced one. We have to give less experienced organisations, particularly in disadvantaged areas, a fighting chance, and the point at which the asset is frozen is crucial to getting this right.

Elaine Smith: If a community has been using an asset on a month-to-month basis, such as Glenboig Neighbourhood House as outlined by John Wilson, and they expressed an interest in acquiring it, it would not seem fair for the local authority to suddenly decide that the asset should be sold off for commercial reasons. Is that the kind of thing that you are thinking about?

Ian Cooke: Absolutely. If Mark McRitchie from Community Central Hall in Glasgow were here, he could tell you that the organisation has been run from what was formerly the Methodist central halls in Maryhill Road in Glasgow for 20-odd years. It poured in lots of money that it raised to try to keep the building wind and water tight and to develop it. A number of years ago it asked the local authority whether it could buy the asset, because it had put a lot of investment into it and that made a lot of sense. The council said yes. There was a willing buyer, a willing seller and no problem about the price, but five years later that has still not happened. I do not know what happens in those situations, but there seem to be in-built blocks in the culture or the mechanisms of some local authorities and public bodies operating against such transfers.

Again, that is what the guidance needs to address.

The Convener: I should have said at the outset that we were hoping that Mark McRitchie, the chief executive of Community Central Hall in Glasgow, would come along today. I know the organisation very well and commend its work. Thank you for mentioning it.

After the meeting, perhaps you can tell me whether the janitor's house is in my constituency. If it is not, there is a similar situation elsewhere in Glasgow. Before we move on, do you have anything to add, Mr Wilson, given that you were namechecked?

John Wilson: I want to follow up on what Ian Cooke has said. I would argue that the point where a community declares an interest, either in land or premises, is the point where the local authority or public body should put a freeze on that asset, to say that a community interest has been declared.

In terms of some of the responses to the consultation process over the summer, the local authorities and other public bodies are talking about community groups carrying out feasibility studies, business plans and valuations in order to take forward the business case for acquiring an asset—that all takes money. It takes time to acquire that money and it takes time for the work to be undertaken.

Ian Cooke highlighted a good example in that if the local authority is made aware that there is a vacant property or piece of land and then decides to put it on the market, that defeats the whole purpose of community empowerment and the ability of the community to acquire the asset for its benefit.

The Convener: Do you have a period of time to suggest for that? I know that it is like asking, “How long is a piece of string?” Many communities may make an initial declaration of interest and not have the capacity or support to follow that up, so there could be a freeze on a range of assets. Would three months or six months be appropriate? Are you thinking of having a cooling-off period during which the council could not market that land or property? Where would we strike the balance?

John Wilson: It is all of those, convener. If the community has identified a potential asset transfer, the local authority should take that on board and work with and assist the community group to go through the hoops that the authority has asked them to go through. As I said, to carry out a feasibility study and ensure that the group is capable of moving forward will take time. The piece of string might be three, six or even 12 months, but what is important is that the local authority declares that land or asset frozen until such time as the community group has the wherewithal to come back and say that it is interested in taking it forward, with the resources to do so and providing all the information required, or say that it has looked at the business case and that it will not work for the group, so it is willing for the local authority to dispose of the asset.

That is part of the difficulty. In many cases it is when the community identifies a piece of land or an asset that the local authority finally realises that they have it on their books and decides that it has to think about selling it or making some capital gain out of it.

Alexander Stewart (Mid Scotland and Fife) (Con): Thank you for your answers so far, which have been very relevant. As a serving councillor in Perth and Kinross, I have seen the massive excitement that communities have when they have the opportunity for engagement, although that sometimes leads to frustration because of the complex issues that they then become involved in. As you said, one size does not fit all. A community

sees something being successful elsewhere and thinks that it can do the same, but when it finds that there are further obstacles, excitement becomes disappointment and disillusionment. I understand the need for the guidance and the opportunity that it offers, but I am not sure how we get through that.

I have seen two groups trying to do the same thing. One group has been very successful, while the other has got nowhere and has become frustrated by the process, which it thinks has not worked for it. The question is how we manage that. The guidance needs to give people a flavour of what to expect. If the local authority or health board, or whoever has control of the asset, does not want to give away that control, there will be frustration in moving forward. How can we square that circle and ensure that there is a good response and outcome for the community? I have seen groups that have been excited and enthusiastic and for whom the process has worked well; others have been turned off and are frustrated because they have become embroiled in regulations.

The Convener: That brings us back to the details of the guidance. If the guidance comes into force, how can we review it for the future? We would welcome your thoughts on that. Mr Cooke mentioned a lack of robustness in some areas.

Ruchir Shah: There is definitely a case for strengthening the guidance and possibly for strengthening the regulations off the back of that, but we should be aware that we are in danger of chasing bad practice by issuing more and more regulations and guidance. That leads to more bureaucracy, which might work in one or two cases but is a burden for everyone else. The danger is that those public authorities that genuinely do not want to play ball will always find a way around the process, thus creating endless bureaucracy for everyone else as we try to introduce more regulations.

As I said, the open approach—strengthening freedom of information requests, open decision making and speeding up the publication of decisions, minutes and so on—has a strong part to play. Take the case of the janitor’s house that was mentioned earlier—if the local authority had known that it would have to explain its decisions or make its decision making public, it might have thought twice about taking that decision. If it still took that decision, it would have needed to be very confident that it was doing so in the best interests of the wider community.

Ian Cooke: That is a good question and one of the challenges. We have about 240 members throughout Scotland and we get phone calls from different groups at different stages of the process. There are things that we can do in the guidance

and things that are beyond the guidance but which we must not lose sight of.

The process should not be easy. We are trying to test whether there is a credible proposition from the community and part of our jobs—the guidance helps with this—is to ensure that the community goes into it with its eyes open, so that it knows the implications and how much voluntary effort will be required. The community must be clear about the business plan. That is the key thing—in my experience, too often business plans are weak and sometimes local authorities are not the best readers of such plans.

The Scottish Government is placing increasing expectations on communities. If we are serious about that, we have to keep investing in communities and ensuring that they have the support to ensure that such endeavours are long term and sustainable.

10:45

Mhairi Wylie: I echo what Ian Cooke said. Elements of the guidance could be tightened up, but there need to be things that sit in the act. If you were to go back to the principles, the ethos of the policy is community development. Therefore, we need to invest in community development and in communities themselves. We need to ensure that the guidance allows for that credibility of community voice.

A wee while ago, I had an experience while working with DTAS and a community. The community was struggling to get anything going, partly because of the small number of people there who had bought into the principle and it could not develop a business plan. We need to support communities so that they have full buy-in from the whole community. You could strengthen elements of the guidance in order to do that. Outside that, more needs to be done.

John Wilson: Mr Stewart's original question was about community expectations, and he gave an example of two organisations in Perth and Kinross. One had a good experience; the other had a bad experience. Public agency and local authority staff are on a learning curve, too. It is not good enough to say that the communities that want to engage in the process have to be trained and sufficiently knowledgeable about what they want to do. Work also has to be done with public authorities so that their staff understand what the legislation is about and what we hope to achieve through it.

It was envisaged through the legislation that there would be greater community empowerment. If we have resistance in public agencies or local authorities to community asset transfer—at whatever level—barriers can be created to stop

communities from acquiring those assets. It might not just be the chief executive or the council leader who is creating a barrier; someone lower down in the machinery might be saying, "I'm not really keen on transferring this asset. I can see a better use of this asset for something else, rather than giving it to the community to operate."

We need to ensure not only that communities are informed, trained and sufficiently knowledgeable, but that local authorities and public agencies are suitably knowledgeable about the objectives that are set out in the legislation. That is about giving people greater influence and control over what is delivered in their communities.

The Convener: We have just under 10 minutes left for questions. A couple of members still have themes to cover, with the possibility of a third member coming in—Andy Wightman might come back in, if there is time.

Kenneth Gibson (Cunninghame North) (SNP): I think that everyone in the room is supportive of community empowerment and ownership, where possible. I am sure that everyone would agree that the initiative for community ownership should come from the community itself.

A few years ago, the local authority in the area that Ruth Maguire and I represent decided—more or less unilaterally—to try and offload community assets on to communities that were not only unprepared for that, but had no desire to take them on for a variety of reasons that I am sure you would be familiar with. What advice can we give to communities in those circumstances? What support can we give them?

John Wilson: I think I know the case to which Mr Gibson refers. It was about the transfer of an asset that was running at £0.5 million annual loss from the local authority to the community in the hope that the community would be able to run it and take on the debt.

That example takes us back to the need to look at the sustainability of a transfer, the business plan and the assets and whether the community group is fully versed in what it is going to do. At the end of the day, all the information on what would be involved must be made available to community organisations if they are to take on an asset. It is not about local authorities just deciding to dispose of assets that they cannot run at a profit by giving them to the community in order for the community to take on the liability and responsibility for running the facilities. It is about ensuring that any community organisation is fully aware of any issues that may arise. Therefore, the business case for taking on an asset must be looked at to ensure that it is viable.

Ian Cooke: One of the strengths of the 2015 act is that the community can make a bid for any asset. That kind of mitigates the danger of the public sector just trying to dispense with its liabilities, as opposed to assets. Part of our work, which is funded by the Scottish Government, is to encourage community organisations to make a critical choice and to understand whether something is an asset or a liability and, if it is a liability, whether it could be made an asset. In some cases, it could be, and we have some good examples of things being turned round in that way.

In my experience, communities work around market failure, either private sector or public sector market failure, which is challenging. As I said, they have to go in with their eyes open. As John Wilson pointed out, the business plan is critical. If a community cannot make something stack up or it does not have sufficient capacity, it should not go anywhere near that. Sometimes, a good outcome for us is if people in the community explore something and come to the conclusion that it is not for them or that there is another asset that would suit their purposes better.

The Convener: Because of time constraints, if Ms Wylie or Mr Shah does not need to come in on the issue, we will get some of the dialogue back and forward that helps our scrutiny. If there is a burning issue that you must raise, please let me know, but Mr Gibson wants to follow up on that.

Kenneth Gibson: It is just a short follow-up. About six or seven years ago, North Ayrshire Council decided that, to reduce its liabilities and help with budgetary issues, it would simply say to a community, "You take over the community centre, or it's going to close." Basically, the council put a gun to the community's head. Obviously, there was a furore about that and those things did not actually come to pass, but I am concerned that with the legislation, and given that local authorities and other bodies are under continuing pressure, there could be a push for communities to take on assets when they are not ready.

How can we cushion communities? We want to encourage people to take over assets where they have the potential and community capacity to do so, but we do not want people to be pushed over a cliff. At the end of the day, an asset could be lost because a public body does not want it and the community is not ready to take it on.

The Convener: That is a really helpful point, although I am not sure whether there are specific answers to it, other than agreeing with it. We will hear from Mr Shah and then move to the next line of questioning.

Ruchir Shah: The key thing there is the furore. The furore was there because it became public knowledge that the plan was to try to offload

assets that needed to be enhanced, possibly to communities that could then bring in Big Lottery money or whatever to repair and enhance the assets.

On the core of the question, if there is an obligation on public authorities to share, on request from a community, any information or feasibility studies that they have commissioned about the assets that they hold, that would suddenly start to open up the conversation a bit more. Communities would be able to make a better informed choice on whether it is worth going down that route. Indeed, communities need that information to demonstrate that, even with knowledge of the assessment done by the authority, there is still an advantage in repairing an asset, so they want to pursue that. That should still be acceptable. The key thing is that the conversation needs to be opened up, and the documentation, analysis and data need to be shared more openly.

The Convener: Is it also reasonable to say that we should not assume that something is a liability just because a local authority or other public body is losing money, because it is not being run as a business? I am thinking of Cadder community centre in my constituency, where Glasgow Life put the padlocks on and, a few months later, we took the padlocks off along with a local housing association. By definition, that saved the local authority money, because it disinvested from the local community. That community centre was never intended to be run for profit.

When an asset is to continue to be used for community benefit, should we expect local authorities and other public bodies not just to pass it to the community but to provide a dowry or some of the revenue running costs? I sneaked in ahead of Elaine Smith with that question, but I wonder whether it is important to put that on the record. Has that happened elsewhere, or should it be happening?

Ian Cooke: It has happened elsewhere, and it is really helpful to put that on the record. From what we have heard, the problem is that the process is quite confrontational. We are trying to get to a point at which we have constructive dialogue between the public sector and the community sector, we know our respective strengths and we come up with solutions for particular problems. Therefore, that suggestion should be on the record, because there are examples of that approach helping, particularly in the short term. It certainly changes the mindset of the local authority, because the process is then not just about getting rid of an asset; it is about redefining the partnership with the community to try to make the asset work in the longer term.

The Convener: I indulged myself to put that on the record, so thank you, Mr Cooke. I should point out that, after £1.2 million from the Scottish regeneration fund, the community has a new community centre with the housing association as the anchor tenant, because the community got involved and tried to save what it saw as a community asset, which is a real win.

I hope that Elaine Smith will accept my apologies, but hers will have to be the final question.

Elaine Smith: That probably brings me quite neatly to my question, which is on the section on participation requests, which we have not really covered. I was interested in the issue, and I thank John Wilson and Glenboig Neighbourhood House for giving us the annual report, which contains a section on consultation. I know a bit about that, having been the constituency member for that area and now being a regional list member, so I am aware of the particular consultation that is mentioned in the annual report. I want to ask John Wilson how the community participation requests might work from that. Would there be a lot of unfunded costs for community groups?

The Convener: Before John Wilson responds—and I will allow Elaine Smith a supplementary—if any other witnesses have final remarks, now would be a good time to make them, because we are getting very short for time.

John Wilson: The issue with participation requests, and part of the reason for submitting the annual report, is that the Glenboig Neighbourhood House is involved in delivering a range of services, some of which it delivers as standalone services—in childcare and elderly care, for example—while others are delivered in conjunction with the local authority and the health board. In terms of participation requests, Glenboig is actively involved in and runs some of the services that are made available Coatbridge wide, so we have a good relationship. However, we have to ensure that that relationship is maintained and that other communities have that opportunity to engage with the process.

Earlier, we talked about the liabilities, and the convener referred to the liabilities in a community facility that the community took on and was able to turn round. In many respects, community participation could result in better delivery of services in communities. If communities are allowed to get involved in the decision-making and participation processes of the local authorities in their areas, that could be beneficial to the local authority and to the general wellbeing of the population.

The Convener: Does Elaine Smith want any of the other witnesses to comment on that?

Elaine Smith: No. Obviously it is an interesting example, but I would like to know whether the other witnesses think that there is anything that should be covered by the participation request process that is not included in the draft regulations.

The Convener: This might be the last opportunity for witnesses to speak, so they should feel free to add anything that they have not been able to say so far. Let us start with Mr Cooke.

Ian Cooke: It seems that there are two things that need to be disentangled in that particular provision in the legislation. There is the right to participation, the right to information and the right to engage, which is great, but there is also the right for communities to request to deliver or co-deliver a service; John Wilson's experience relates to that. For us, that is the more exciting part, because that is the new part of the 2015 act. Perhaps the guidance would benefit from disentangling both those issues.

Mhairi Wylie: When we have done our engagement work around the 2015 act, that is the section that people are most interested in. Without a doubt, even when all the points that have been picked up on—about the spectrum of possible involvement—have been explained, people have dived straight into delivering services. That is the part that they are focused on.

I do not think that we have done enough yet to get across the outcome improvement process to people, and that is what they are being asked to participate in. By its nature, that is a very public sector-focused and bureaucratic way to describe what happens and we need to break down some barriers about what that actually means and how it applies to what we are trying to do. Nevertheless, this is an exciting aspect of the 2015 act and I look forward to seeing how it works in practice.

Ruchir Shah: My comment is a slightly blunter version of what Mhairi Wylie said. When we first saw the proposals for putting in the participation requests—not on the delivery side, but the requests to participate in the outcomes—we were quite concerned. It almost seemed like a request to be heard, and that jarred quite a bit. Are we at a stage in local authority engagement with communities at which we actually have to have a process by which people need to make a request even to be heard?

I mentioned earlier our concern that those departments within public authorities that already have a good relationship could have energy drawn away from them by that provision, because civil servants and officials would feel the need to focus their energies on those areas that had a much more formal process. Having said that, it is still quite early days, and there is potentially a lot of

value where there are much more bureaucratic authorities that need to have a much more formal process in order even to get a conversation started. At this stage, it is early to tell how that will pan out and I suspect that we will need to revisit guidance in this area over the coming years.

11:00

The Convener: Given that the statutory instruments will come to this committee, would you be content for them to come into force with the caveat that this is not the end of the story and that they will have to be reviewed and monitored? I am not trying to put words into your mouths, but eventually the legislation will come to the committee, which is why we are doing the scrutiny. With all the caveats that have been given, would you be content for the instruments to come into force? It would be good to get an indication of that.

Ian Cooke: If there was the possibility for them still to be tweaked before that happened, we would support that. The suggestion of reviewing them after a period of time, to see where the weaknesses are, would be welcome too.

Mhairi Wylie: By and large I agree, but I should point out that there are other things that need to sit alongside the instruments, as noted in the paper, to do with the practicalities.

Ruchir Shah: Yes. I think that continuous review is quite important.

John Wilson: As I said, all the SSIs will have to be taken together and looked at as a whole, rather than being adopted piecemeal. Like the others, I agree that the legislation should be under constant review, particularly by this committee.

The Convener: I am sure that we will want to do that. This has been a useful evidence session and I thank all the witnesses for attending. At our meeting on 23 November, we will take evidence from a number of public bodies, including Police Scotland, Highlands and Islands Enterprise, NHS Ayrshire and Arran, Strathclyde Passenger Transport and Scottish Natural Heritage.

11:02

Meeting suspended.

11:07

On resuming—

Draft Budget Scrutiny 2017-18

The Convener: Good morning, everyone. Agenda item 2 is to take evidence from a number of witnesses on the Scottish Government's draft budget 2017-18. Given that the draft budget has yet to be published, the committee has agreed to undertake pre-budget scrutiny looking back at what was spent in 2015-16 and—to the extent possible—at what will be spent in future years. This is the second of two sessions on pre-budget scrutiny and will focus on housing.

We have a large witness panel with us, which I am delighted to see. We have Nicola Barclay, chief executive, Homes for Scotland; Mary Taylor, chief executive, Scottish Federation of Housing Associations; David Bookbinder, director, Glasgow and west of Scotland forum of housing associations; Tony Cain, policy manager, Association of Local Authority Chief Housing Officers; Fraser Stewart, director, New Gorbals Housing Association; Julia Fitzpatrick, managing director, Horizon Housing Association; and Professor Kenneth Gibb, director of policy Scotland, University of Glasgow. Thank you for coming along.

We will ask you specific questions as the evidence session goes on, but I will start by saying that it seems to be clear, despite the other pressures that are on the Scottish budget, that housing is one of the few areas in the Scottish Government budget where we anticipate a significant financial commitment. We are interested to know what the opportunities are to maximise the benefits for affordable housing from the budget. Perhaps that is a good place to start. As we discuss that, we will look at some of the challenges in making that happen.

Who wants to start on what the opportunities will be from the next budget and what they were in previous budgets?

Mary Taylor (Scottish Federation of Housing Associations): I commend the commitment to increase investment in housing. That is very welcome, and will help to partly restore us to where we were, with a steady housing supply and a fairly stable system. All our evidence will highlight the difficulties that we face in trying to get back to where we were and the impact of the disruption on our current practice. However, there is no question but that the commitment to invest over a five-year period and at a rate that helps to achieve affordable rents for people who need to live in rented properties is hugely welcomed by all and sundry. The commitment is borne out by the research on the extent of the unmet housing need

in Scotland that was commissioned by the SFHA, Shelter Scotland and the Chartered Institute of Housing Scotland, the professional body for housing. The research identified that unmet need to be for 60,000 affordable homes. A target of 50,000 is not quite 60,000, but I do not want to pick at straws on this occasion—if we can get to the 50,000, we will be doing really well.

David Bookbinder (Glasgow and West of Scotland Forum of Housing Associations): As Mary Taylor said, the commitment to build 50,000 affordable homes, along with the increased grant rates, is hugely welcome. You asked about opportunities. To cut to the chase, there is a real opportunity here, aside from the scale and the numbers game that obviously has to be played as part of achieving the target, to align the broader Scottish Government policy direction of empowering communities—an issue that you discussed in the previous evidence session—with this major house-building programme. We are anxious that, in parts of Scotland, the opportunity is being missed to maximise the role of community-controlled housing associations, which have for so long played a role in the wider regeneration of those communities. It is early in the programme, but we are anxious that community-controlled housing associations are being squeezed out at this stage.

The Convener: We might come back to that, Mr Bookbinder. Are there any additional comments about where the opportunities sit?

Julia Fitzpatrick (Horizon Housing Association Ltd): To our knowledge, this is the first time that a Scottish draft budget has made an explicit acknowledgement of the contribution that accessible homes—and not just affordable homes—can make to addressing poverty and health inequalities. In that context, there is a real opportunity to look at how the 50,000 homes are delivered. They need to be built and shaped with national direction to link in to the national health and wellbeing outcome. That is a terrific opportunity. Our concern—and I hope that we will get more of a chance to talk about this later on—is that there is perhaps not the corollary of a focused investment to deliver that.

Professor Kenneth Gibb (University of Glasgow): Convener, you used the word “benefits”. There are important economic benefits to building affordable housing. We know that big multipliers are attached to investment in housing and house building and construction in general. More than that, my colleague Duncan MacLennan often talks about housing as “essential economic infrastructure”. That is the idea that if you build new housing supply—social, affordable and private housing—you are able to sustain greater economic growth, because you are supporting the

locations where people want to live, you are giving people reasons to stay somewhere and you are attracting new people into an area. More to the point, as far as the Scottish Government is concerned, you are also creating a tax base and potential tax revenue through that investment; in the future, those will be much more important.

Tony Cain (Association of Local Authority Chief Housing Officers): Although I echo much of what has been said, and the local authority sector welcomes the medium-term commitments, the increasing grant levels and the Scottish Government’s support and very strong commitment on affordable and particularly social rented housing, if we have a concern, it is that the organisations involved plan on a 30-year horizon and they are delivering an asset with a life of at least 100 years.

A five-year planning horizon is all very well, but as we sit here the sector is still recovering and doing its best to gear up from a substantial reduction in resources four or five years ago. It takes four years to train an electrician, a joiner or a plumber. We are in the process of increasing the number of apprentices and trainees and increasing our capacity to invest and to deliver. If in four or five years’ time we are faced with another sharp reduction in investment, much of that capacity will be lost and much of that energy will be wasted. In addition, many of those people drawn back into the sector, particularly trainees and apprentices, will find themselves without a job. The longer-term matching of the financial planning horizons against the asset and organisational planning horizons is an issue for us.

11:15

Nicola Barclay (Homes for Scotland): Finally—although I am not sure whether I am the last one to speak for now—I want to reinforce Professor Gibb’s point about the benefits of all tenures of homes. Obviously, this session is focused on the delivery of affordable homes, but we cannot forget the impact that the private sector has on that through its section 75 obligations and how it works in partnership with the affordable sector to unlock sites that provide accommodation for all.

The Convener: Thank you. It would be a full house if Fraser Stewart wished to comment. Do you want to add anything, Mr Stewart?

Fraser Stewart (New Gorbals Housing Association Ltd): I am concerned that, if there is too much of a rush, things might not be done to the quality that is required. In the Gorbals, we have just demolished 65 per cent of the housing stock that was built in the 1960s and 1970s. I have a concern that the quality, the thought that goes

into the planning and the means of procurement might not deliver sustainable housing and communities. Capacity has been hugely diminished by some previous Government initiatives and so is possibly not there to deliver as quickly as everybody would like. In that context, people should not panic and the process should be spread over a longer period, if that is necessary. An additional year to do the right thing would be the right way to invest public money.

The Convener: I will follow up on some of that, and then I will bring in other members.

Nicola Barclay mentioned that the private sector has a role in affordable housing. As all MSPs do, I started to think about my constituency. In Hamiltonhill in the Glasgow Maryhill and Springburn constituency, we have a proposed development through a partnership between Scottish Canals, Glasgow City Council and various providers that involves 200 social rented houses and 200 private houses. It is unclear who the private delivery agent will be, but the partnership bodies are starting to talk about what the housing mix might look like.

Elsewhere in my constituency, there are large swathes of land that we are desperate to see developed with the correct type of housing developments. That means social rented houses, but we are also keen to get a mix. Are there deep and meaningful links and conversations between the social rented sector and the private sector? There must be significant opportunities. For example, when I met a local housing association in Possilpark, the chief executive said that they would always say that they want more social rented housing in the area, but they actually want private housing as well, because the area needs a mixed community. Are conversations taking place between local authorities, housing associations and the private sector?

Nicola Barclay: They certainly are. The majority of our members are in the private sector, but some are registered social landlords. A lot of our members have built really good relationships with local housing associations across the years, and whenever they acquire a site and have section 75 obligations, they know which RSL they will speak to. They will have spoken even before they put in the bid to buy the land, because they know from the beginning that it will be a mixed-tenure development.

We have learned the lessons of the past, when we had swathes of either social rented stock or private stock on its own and a lack of community facilities for either. As a former planner, I can say that the profession has recognised that we have to plan for new communities and we cannot assume that they will happen. We have to ensure that we have a mix of tenure so that people can stay in an

area as they move through their housing journey. Someone might start out in a social rented unit and then be able to move to mid-market rent or, with the benefit of something like help to buy, move on to the housing ladder. However, people do not want to move out of the area where they have grown up and where their friends and family are.

It is crucial that we all work together, which is why we all sit on the joint housing policy and delivery group. That is a recognition that there has to be a joint approach.

Mary Taylor: I am glad that Nicola Barclay raised that point about the joint delivery group. That is at the national level, and those conversations definitely take place there. There are good conversations taking place at that level, but they also have to happen at the local scale. At the moment, we are all waiting for the SHIPs—the strategic housing investment plans—and at the local scale, some people are actively engaged in producing those. In those plans, every local authority should set out not only the needs but the opportunities for all tenures of housing, so that they know where the investment can and ultimately will take place through the local planning agreements, which will be signed in the aftermath of that.

If I have a concern, it is that we are aiming to hit the target for 35,000 social rented homes. We probably need to overshoot the 35,000 target, because not all sites can be developed at the same speed. Fraser Stewart is absolutely right to say that there is a danger of rushing at some things. Unless we get the parameters right at the start, there is a real danger that we will build in mistakes. We need to work closely at a local scale with all the potential parties to identify who can contribute what to meeting need. That should produce an oversupply, but attrition will mean that some of the potential suppliers will fall by the wayside anyway.

Tony Cain: The strategic planning framework for housing at a local level has been developed specifically to encourage and strengthen local working between the public sector and the private sector. Whether we are talking about the housing need and demand assessment process, which involves a wide range of partners through local housing market partnerships, or the process of developing local housing strategies, the local authority must engage with a wider range of partners, including the private sector. Nicola Barclay and I both served on a local housing market partnership in my area a number of years ago.

I think that the situation has improved and our familiarity is getting better. One of the benefits of that is that a number of decisions have been taken

to invest explicitly in rented—whether mid-market or social rented—housing, as a lead investment in larger private sector schemes. That gives the developer the confidence to put in the infrastructure, to open a site and to start building. It gives them the space to test the market and develop a product.

I think that such joint working is taking place and is improving. There is always scope for improvement, but it is better than it was 10 or 15 years ago.

Fraser Stewart: The Gorbals project is probably the biggest and most successful urban regeneration project in the UK since 1992. The fact that a community-controlled housing association has been at the very heart of that has been a key characteristic of its success. That is undeniable and is accepted by all the people who come to visit the Gorbals.

Everything must be done in the context of collaboration within an agreed framework, which, typically, would be led by the local authority. A huge concern of mine is that, if the process is left to the private sector—this is no fault of the private sector—the partnerships that are developed might well be partnerships with well-kent faces rather than—in my and other people’s opinion—the most appropriate developer, which in virtually every case, we would argue, is a community-controlled developer. Such developers do not always exist, so that is not always possible. There are cases in Glasgow in which community-controlled developers have been marginalised, which means that their expertise—the kind of expertise that we have brought to the process over the past 25 years, which has led to huge success—will be lost.

If it is a question of community empowerment and recognising the quality that communities can bring to things, we need only look at the Gorbals. That is our key point.

The Convener: A couple of members want to come in on that. Before I bring in Graham Simpson, I have a final point, which is that the people who matter are the communities that are in housing need. I would be concerned if, as Fraser Stewart seemed to suggest, there was a disconnect between some of the strategic planning that is being done and local community-controlled housing associations. That would worry me deeply.

What discussions take place at local authority level with local communities on the type of housing that they need and the aspirations that they have to build communities? I can speak only for my constituency, but the first time a community knows about a new housing development is when they see the sign go up and engineering work starts. That is when I get people calling my office to ask

whether it is social housing and, if so, whether they can get a house. There is clearly a disconnect with the local community on some developments, and I would be worried if there was a disconnect with community-controlled housing associations as well.

How do we fix that? What is going wrong?

Fraser Stewart: We could start by having nationally agreed protocols on how community engagement ought to be undertaken in areas of major—and, indeed, minor—regeneration, and the prospect of the inclusion of appropriate community-controlled organisations should be taken on board. That does not happen as part of the process. Sometimes it happens by accident; sometimes it is done deliberately. In Maryhill, community-controlled organisations have deliberately been included in the process through a strategic framework created by the council, but that has not happened in other areas.

The Convener: I am not going to indulge in talking about Maryhill, because that is my area. I will bring in Mary Taylor, after which we will move on to the next question.

Mary Taylor: I want to clarify how the system ought to be working. We have not seen the SHIPs yet and we will not see them before the end of the month, so it is too early to judge whether people have had that opportunity yet.

What ought to be happening is that people across the country should be having discussions about what land they have, what schemes they have an appetite to develop and on what terms, so that those can be put into the mix. From a number of conversations with people in local authorities across the country, I know that that sort of thing is going on. It needs to be open to everyone to make that contribution in order to meet the target. Involving communities happens at a later stage once schemes are actually in the agreed programme—that is when communities have every opportunity, through the normal planning channels and engagement with community councils and all the rest of it, to know what is being proposed for their areas. If communities are not engaging with the process that is different, but there are processes in place that allow communities to engage.

The Convener: In my experience, communities are sometimes looking for coproduction—they do not want to be consulted at phase two or three, but want to sit down at the initial stage with the planners and say, “Let’s shape this community together.” That does not always happen—at least not in my constituency. However, let us not prejudge what is about to happen.

Julia Fitzpatrick: I have two points. To give a practical example, Horizon is based in West

Lothian and we are currently involved in a couple of developments in two small villages. One project is with a local development trust, so it is very much community-led and partnership based. Some coproduction models are emerging, particularly in relation to the rural housing grant. The other project is in Stoneyburn, where the community council were probably the people who initiated the discussion to which the local authority has responded. It has taken a very long time to deliver—for all the reasons that Tony Cain has referred to. However, there are models and good practice out there. At local level and in relation to local authority involvement, we are generally invited to discussions about the content of the SHIPs. There is some good stuff going on.

When we talk about communities, we are also talking about communities of interest. In many of the strategic plans, we see a lack of involvement and real coproduction with disabled people. That is where there is room for improvement.

Graham Simpson: I will pick up on the point, which Mr Bookbinder first raised, about smaller housing associations being squeezed out of the market. Some smaller associations in my area have mentioned that to me, and I mentioned it in a speech in the chamber, but—unfortunately—the housing minister did not bite. Perhaps the committee will get a chance to quiz him on it.

My questions are for all of you, as you are all involved in the sector. How do we sort out that issue? How do we get a greater variety of people involved? How do we spread the load? How do we take away control from the big boys and pass it down to smaller associations?

David Bookbinder: I will kick off, as the questions go back to my point, but I will be brief. It is early days. We are getting the impression that some associations have asked to be at the table but will not find themselves with schemes under current SHIPs. We expect that impression to be confirmed by some of the SHIPs that we will see in the next couple of weeks.

Tony Cain mentioned the ramping up that is needed and that takes time, which will be the case for some associations in some areas. We are talking about associations that have said that they are ready to make a contribution, despite the problems of previous years. The forum would say that there does not need to be any kind of us-and-them approach to other providers. The programme is huge and there should be room for everyone. Maybe there is a missed opportunity.

By and large, our members will probably be proposing smaller schemes that complete or contribute to completing sites in their areas that they have had their eyes on for a few years. It takes more programme management to deal with

a larger number of smaller projects, but that community input is essential to go along with other parts of the programme.

Perhaps our first impression is that councils might find it easier to deal with a larger provider that is doing a larger project than to deal with five providers that are doing smaller projects, but it is early days.

11:30

Fraser Stewart: If more empowerment, coproduction and ownership are wanted from smaller groups, giving that priority has to become part and parcel of local authority and Scottish Government policy and protocols; otherwise, the smaller players will not be able to compete with the bigger players. Smaller groups have to be given a definite priority because of the added value that they bring, but that does not happen. It did not happen 15 years ago, because there were no big players then. However, now there is a huge Scottish group and a huge number of large England-based RSLs that are looking for development opportunities. In that context, the smaller players need statutory protection and the bar should be set higher to encourage them to up their game.

Tony Cain: Local authorities have a responsibility to have an eye on the provider framework locally and to make strategic decisions about where investments will take place and by whom they will be made. That should be done transparently, openly and collaboratively. There are 60 or 62 housing associations in Glasgow and 90 or so developing associations across Scotland. It is pretty unlikely that they will all get a slice of the pie, and it would not necessarily be helpful if we started from the position that everybody has to get something, if our objective is to deliver the houses that we have to deliver in the most efficient and cost-effective way.

It is not for me to defend individual local authorities. I expect decision making to be open, transparent, explicit and based on a set of strategic objectives around the provider framework, but that is likely to mean that some organisations do not get what they want. If that is going on, it will be unfortunate for those associations, but they should raise that with local authorities.

Mary Taylor: I echo what David Bookbinder said—it is not about us and them. The SFHA represents all types of associations, of all scales and across the country. I have said that everybody needs to contribute to meeting need. For some, that will be on a very small scale; for others, that will be on a very large scale.

I think that I am right in saying that, until recently, about 40 associations out of the nearly

160 associations that there are across the country have been actively developing. That number is lower than it was five years ago, which is a consequence of the cuts. That is where the gearing up needs to take place, and some people are taking the time to do that. Doing that has all the same issues of training people as Tony Cain mentioned in relation to electricians. There need to be intelligent clients to commission at the start of the process, and it takes time for people to gear up to what is needed. There are other issues, which panel members have commented on, such as the risk assessments that associations have to make about whether to develop, on what scale and terms, over what period and with which partners. All those discussions are actively happening across the country, so people are making their own judgments on those matters.

To echo Julia Fitzpatrick, this is about not just the generality of needs but particular needs—especially those that relate to the health and wellbeing agenda—and being able to support more supported housing, which is actively being undermined by some of the changes that are coming down the line from Westminster on the local housing allowance for supported accommodation.

Nicola Barclay: I will use the analogy of the reduction in small and medium-sized enterprises in the private house-building industry. Those that are still there are not being supported by the planning system. Given the scale of the challenge of solving the housing crisis, huge sites are being allocated. They will be controlled by one or two big players, and there is no opportunity for the smaller local builders to come in and do smaller sites.

I assume that the situation is similar on the RSL side. We need to have a balanced land allocation that suits a number of different providers.

The Convener: That is helpful.

Professor Gibb: I reinforce what David Bookbinder and Mary Taylor said. In my written evidence, I said that for a long time some associations have made a rational and active choice not to develop. Mary Taylor referred to 40 out of 160, and I am sure that some associations that want to be at the table are not at the table. When they are already community anchors, that is unfortunate.

I should declare an interest. I am the chair of a housing association that is a Scottish subsidiary of a UK national body. The approach should not be them and us; the co-production question also relates to housing associations. We have been involved in joint ventures and working in partnership with community-controlled associations and we hope to do more of that in the future. There are mutual benefits to both groups.

The Convener: Does Graham Simpson want to add to that?

Graham Simpson: No—I am keen to hear from other committee members.

Elaine Smith: Before I ask Mary Taylor a question about her submission, I will pick up on something that she said earlier. She talked about the changes that are coming to local housing allowance. I ask her to explain that further, particularly given the intimations from the Scottish Government that it might hold off on taking control of social security until 2020. Will she expand further on what the implications might be for budgets—particularly those for supported accommodation?

Mary Taylor: I draw a distinction between the powers that will come to the Scottish Government under the Scotland Act 2016, which are for universal credit flexibilities, and the powers to top up other benefits and to continue to mitigate and so on. The Parliament is committed to bedroom tax mitigation in full, but there are implications of other welfare benefit cuts from Westminster that might need mitigation in the future, on top of the bedroom tax.

On the universal credit flexibilities, we have worked hard as the national body to ensure a robust commitment to protecting landlords' income so that, if a tenant is eligible to support for housing costs through the welfare benefits system, that can be paid direct to the landlord rather than going to the tenant. Our monitoring shows that that issue is affecting our cash collection rates. I will not mention figures because they are quite alarming—if they were to be replicated on a scale, they would seriously damage the sector. That is being factored into risk assessments about universal credit by local people who know about that.

On top of that, we have the local housing allowance situation, which was announced this time last year and is not affected by the 2016 act or the additional powers. New tenants who are aged under 35 are already affected, because the LHA rates that they are eligible for—that information is appended at the back of Tony Cain's paper for ALACHO—are higher than most social rents. Gaps of between £5 and £15 a week are already emerging for people who are aged under 35. As things stand, most social rents are below the LHA, but one or two are not.

The big issue down the line is supported accommodation; we hope to have further dialogue with the Scottish Parliament on that in the near future. We are waiting for the Department for Work and Pensions to publish research that it undertook in Wales, England and Scotland on the costs of supported accommodation, which will have a direct bearing on projects for people with a

physical disability, people with a learning disability, people with mental health problems, older people and so on. This is no longer about people of working age—the effect is across the population. Until we see that research and the exact details of the proposals that are due in less than three years' time, it will be difficult to judge the situation. Those who work in associations that provide predominantly supported accommodation might reasonably question whether it is safe to develop this, that or the other project if they do not know whether they have rental income security, as Tony Cain said, for 30 years down the line. They might think that there is a risk that all tenants—not just new tenants—will have their housing and support costs capped to the level of the LHA, which is born of private sector rents that have nothing to do with social housing funding or rent levels.

Elaine Smith: I asked a question about that in the chamber—

The Convener: I am sorry, Elaine, but Mr Bookbinder wants to add to that. That was a helpful issue to take us through. The Social Security Committee in this place will look at some of the issue, but how it impacts on investment for affordable housing is of direct interest to this committee.

David Bookbinder: I will complement what Mary Taylor said. In our evidence, we gave an example of a new-build scheme coming off site in April 2018 or any time in the three years after that. It is quite possible that 50 or 60 per cent of the lets might go to people who are aged under 35. Some of them will be coming out of homelessness, some will be on the waiting list and a good proportion will be in receipt of benefit. The rent might be—I do not know—£80 or £82 per week in 2018, but £68 is as much as they will get from the benefits system, because of the LHA cap. That will be a huge shortfall for maybe half the lets in that new-build scheme. That is a graphic example.

Julia Fitzpatrick: I will supplement what has been said. I agree absolutely with Mary Taylor and David Bookbinder. The Westminster Government is already talking about ways in which people who live in supported accommodation might be exempt, but the changes are absolutely going to constrain investment in a necessary resource that aligns with health and social care integration and the outcomes from that.

Another point is not about supported accommodation. Horizon specialises in integrated and inclusive communities where we provide housing for disabled people just as ordinary housing. The rent levels for people who live there are often higher because of the degree of adaptation of those properties, but those people are not in a category. We calculate at this stage

that there will be shortfalls of £40 a week for some of those people.

There is a link to investment. Without some sort of capital support for the build costs of such housing, the only way to support it is through higher rents. That is where we get into a bit of a double whammy for those people.

Another double whammy is that universal credit has specifically excluded from eligibility any tenant costs that relate to adaptations. A number of things are coming together.

Tony Cain: I do not disagree with anything that has been said, but I will add to it. Members will have seen from our evidence that we have focused primarily on the impact on the homelessness service on a number of fronts. That is our major concern. I think that we will deliver the 50,000 homes, but I have a bigger concern about what will happen to homeless folk over the next five years. When we look at the LHA cap, we see that 11 of the 26 stockholding authorities are already charging more for a one-bedroom flat than the shared accommodation rate in their local area. Another five are within a distance of that and are likely to be captured in that group in the period of the LHA cap until 2020.

Offering a single homeless person who is on benefits a property that their benefits will not cover will not be regarded as a reasonable offer. That is not an appropriate outcome and an authority would not be able to make that offer. Local authorities are already talking about restructuring rents in order to bring them below the LHA cap, to allow them to continue to meet needs. We obviously have a concern.

Housing associations across the piece offer about 23 or 24 per cent of their lets to homeless folk, which is significantly lower than the local authority sector figure. However, even that relatively low level of accommodation of homeless folk in the sector is severely threatened by the impact of the LHA cap, particularly on younger single homeless folk.

The Convener: Will the impact be on the ability of social landlords to seek housing association grant funding to build, because of the business model and the level of insecurity from rents? We are considering the budget soon and we will be concerned if that is the case.

Tony Cain: The impact will play out in a number of areas. If a landlord cannot be certain about getting rent at a particular level and that level is required to fund a scheme, it will look for more money, such as a capital grant to support the scheme to have lower rents, or it will not go ahead with the development.

The situation will unquestionably impact on the development programme in the medium term, as will the current uncertainty about rents and support funding in the supported sector because, although it appears that there might be arrangements to assist with the funding of existing projects, it is now extremely problematic to plan funding for new projects. There is a difficulty for providers that want to provide 15 or 20 new units on a site in three years' time, because there is no certainty any more about the availability of the core revenue stream—the rental stream.

11:45

Mary Taylor: A worked example might be useful. If it costs £150,000 to build a house to the standards that are required today—including land, fees and VAT—and if £70,000 of that is funded by grant, the other £80,000 has to be funded from private borrowing by a housing association. If it is a local authority, that will be public borrowing but, to commit to that borrowing, the provider—whichever type of landlord it is and whatever the type of funding—has to have confidence in its ability to repay that over time.

That is why, when 60 per cent of our rental income derives originally from housing benefit, because the tenants to whom we let still need support to pay the rent even with the modest rents that are charged for social housing, any change that disturbs the long-term security of that rental income will be of great concern. Any responsible landlord that is looking to develop new housing will have to factor such matters into the equation when deciding whether and to what extent to develop.

The Convener: I will bring our deputy convener, Elaine Smith, back in to follow up on that, after which she will seamlessly take over in the chair because I have to go to another meeting. The First Minister is appearing at the Conveners Group shortly and I have to go and prepare for that.

Elaine Smith: What Mary Taylor has described is an issue. I raised it in the chamber a couple of weeks ago through a question; we need to explore it a lot further. I have a specific question for Mary about her evidence on a separate fund for special needs housing. The subsidy working group recommended such a fund but the recommendation was not accepted. Do you know why?

Fraser Stewart: I was on that working group, and no good reason was given.

Mary Taylor: I am sorry—was that question to me?

Elaine Smith: Yes, but only because I picked it up from the SFHA submission. Perhaps you can answer first and then Fraser Stewart can respond.

Mary Taylor: At the time, Alex Neil was the cabinet secretary responsible. The subsidy review group—on which Fraser Stewart sat on behalf of the housing associations' forum and which the SFHA was on, but not me personally—recommended that if the objective of having more people living independently at home or in homely settings was to be achieved, a greater strand of investment needed to be protected for that. To be frank, I have no idea why that recommendation was not accepted, because all the other recommendations—bar one on environmental funds—were accepted and implemented with immediate effect. They also had the desired effect of getting people to reconsider development because the risk profile had changed.

Fraser Stewart: As Mary Taylor said, there was no good reason why that recommendation did not flow through the system. Such housing has a huge impact, particularly on organisations such as Horizon, in which a disproportionate amount of funding goes to special needs. The thinking is that overall developments will subsidise special needs aspects, but if the majority what of an organisation is building is, for example, wheelchair-accessible housing, it does not have a chance.

In Glasgow, our target is for, I think, 10 per cent of housing to be built to wheelchair-accessible standards. That is not suitable for our organisation because the on-costs of that kind of housing are phenomenal. It is just plain wrong for those costs not to be taken account of at the capital end of things—the grant side. That should be addressed if there is enough money to do it. Unfortunately, however, there is nothing that the capital side of things can do about the dysfunctional nature of the benefits system. We cannot put the Scottish Government's money into subsidising things that are plainly wrong on the revenue side; it has to be dealt with by revenue contribution, if at all.

Elaine Smith: How does that fit with the bedroom tax mitigation?

Fraser Stewart: The bedroom tax mitigation has worked really well in Scotland; that was perfect and was done on a revenue basis. In the grants system, local authorities moving to bring down certain costs to below the LHA to protect under-35-year-olds could be the wrong thing to do politically. I completely sympathise with why they would want to do that—to find ways of making sure that costs are reduced—but it would be far more sensible for the Scottish Government, if it is able, to give direct revenue subsidy. If subsidy is done at the provider end, that will allow rents to be set by Westminster policy. Who knows where that would end? It would be a very dangerous precedent to set.

Julia Fitzpatrick: I was not involved in any of the subsidy working groups, so I cannot say why a

decision was not made in favour of a subsidy, but I guess that one possible reason was that it might have been quite difficult to work out how much it should be.

I want to offer the suggestion that we are talking about two different types of additional grant being required to support building of the types of homes that we need. One grant would be at the more specialist end, so perhaps a flexible approach that would allow decisions to be made case by case would be more appropriate. I think that that is what the working group had come up with. The other would involve thinking about how we can ensure that the portfolio of new housing will include enough housing that is easily adaptable for wheelchair users and for a range of other needs. It is not widely known, for example, that someone who uses a Zimmer frame needs as big a house as a wheelchair user does. Horizon has done work with our parent company, Link Group, on how much it costs for the additional floor area, wider doors and the additional space that is needed, so we would be delighted to work with the Government on coming up with a specific figure that would encourage and support the housing industry to deliver better results than it has managed to deliver over the past three years.

The Deputy Convener (Elaine Smith): I now take over in the chair, as the convener has left. The next question is from Ruth Maguire.

Ruth Maguire: I would like to talk about subsidy levels. I was interested in Professor Gibb's submission, in which he discussed disparity between social landlord and local authority subsidy benchmarks. You state in your evidence that you think that it is right, but that maybe the proportions are wrong. Can you expand on that?

Professor Gibb: I should start by saying that I was not on the subsidy working group, and that there are other people here who know a lot more about the issue than I do.

Tony Cain and I were talking about the subject before the meeting. My position is that, in general, because local authorities can borrow longer term and from the public sector, they should be able to get a better deal, on average, than housing associations. Tony may take a different view, but I think that there is a case for suggesting that local authorities could survive with a slightly lower grant on that basis—other things being equal. That does not say anything about what the ratio or the correct disparity ought to be, but such a measure would clearly have implications, because it would change the size of the pot that would be available to both groups, which would obviously impact on what councils can do. That is the implication that follows my observation. I could not possibly begin to say what the right ratio is, although I would be

interested to hear from my colleagues what they think.

The Deputy Convener: Tony Cain was mentioned, so let us ask him to comment.

Tony Cain: It is a common misconception that local authority housing services can borrow at rates that are lower than those that are available to housing associations. Housing revenue accounts are charged at the pool rate—the internally calculated average for all the council's borrowing—and the rates currently range from just under 4 per cent to about 5.75 per cent, so there are local authority landlords that are paying nearly 6 per cent on their borrowing, even now. It is not getting any cheaper.

Our concern about the differential—again, it is not an area in which we have majored in our evidence, because I am far more concerned about what is happening in homelessness and mental health services across Scotland—is simply that it means that council tenants pay a higher proportion of the cost of every new house that is built in the social rented sector than RSL tenants do. My question is very simple: why is that fair? They are not any better off, they are not any less likely to be dependent on housing benefit and they are no better equipped to pay that higher proportion, but council tenants, through their rents, pay a higher proportion of the construction costs of new social rented housing than their counterparts, often in the same street, in the RSL sector. My question, when the issue is raised again, will be to help me to understand why that is fair. I do not believe that it is.

The Deputy Convener: It is handy to get questions on the record, but at the moment it is members who are asking them. *[Laughter.]*

Ruth Maguire: I, too, would be interested in the answer to that question.

I am going back a little bit to housing for older people or adapted housing. We have heard that we need mixed-tenure communities. What can we do to help the private sector to build those types of houses, as well. What can be done to ensure that we have mixed-tenure communities?

Tony Cain: On accessible housing—wheelchair-accessible housing in particular—the sector as a whole generally plans around identified needs. For the most part, it is doing a reasonable job. The vast majority of people over the age of 60 in this country—something like 80 per cent of everybody over the age of 60, not older people in particular—are owner-occupiers. The question should not be how we get more into the social rented sector, but how we get more wheelchair-accessible and highly adaptable housing into the owner-occupied sector, because that is where the issues around accessibility, particularly for older

people, will start to arise in a big way in the next 10 years.

Nicola Barclay: I am nodding away here. We have a huge amount of selling to do to older people who own their homes to persuade them to downsize. I do not think that, as an industry, we provide much of a product at the moment, with just one or two main players who do housing for older people. You will know them—I do not need to advertise them. There are far more organisations in England that provide older people's housing. That is something that I have raised with our members, and there seems to be little appetite at the moment—although I know that one of the Scottish National Party's manifesto commitments was to consider some kind of help-to-buy model for older people. I have yet to see any detail on what that will be like, but I would be very happy to work with the Government to shape that model as it brings it forward. I do not think that it will be a help-to-buy mortgage product, but it could provide some way of incentivising people to move out of that large home, which is perhaps historically a family home, and to move into other accommodation. Once someone has a financial incentive and a product there, our members—the house builders—will start to consider providing suitable accommodation if they see a market opportunity.

The Deputy Convener: Do you wish to explore anything further on that, Ruth?

Ruth Maguire: No—that is fine.

Kenneth Gibson: On that last point, when I was a councillor in Glasgow way back in the 1990s, when people actually had large houses—and there was a big shortage of family houses—tenants were offered smaller houses in better parts of the city to try and free up those larger houses. I would have thought, however, that, for an owner-occupier selling a four-bedroom and going down to a two-bedroom, the incentive is that they will probably make quite a bit of money if their mortgage is paid off. I am not sure how much support the taxpayer should give.

My question was going to be similar to yours, convener, about the Westminster cuts to housing benefit and universal credit for social housing tenants posing a significant threat to the success of the new-build programme, but I have been adequately answered by the panel on that.

I wish to ask Nicola Barclay something about her submission. She says:

"Despite slippage in programmes and projects having RSL support, builders have encountered local authority unwillingness to add 'shovel ready' affordable housing projects to SHIPs/Programmes. This is hampering the delivery of affordable homes as it means Scottish Government subsidy cannot be secured."

Will you tell us about the difficulties that have been encountered and how they can be countered?

Nicola Barclay: That response was through our asking members for feedback on those matters. Our members who have noticed the opportunity of the Government requirement to provide 50,000 affordable homes and which have moved into that sector, but are private developers rather than RSLs and are trying to build partnerships with local authorities to get their sites into the affordable housing programme, are not involved in the SHIP already, so they have been restricted from doing so. There is a lack of flexibility.

12:00

Kenneth Gibson: Why is that happening and what is the motivation behind it from a local authority perspective, in the view of your members?

Nicola Barclay: I cannot answer for the local authority. I do know whether it was because it already had its SHIP in place and did not want to change it. The local authority might have felt that a new site coming in would make something else drop out the bottom. I am not close enough to the individual example to give you any greater detail. I hear Mary Taylor saying something beside me—she might be able to shed some light on the subject.

Mary Taylor: Nicola Barclay offered a possible explanation, but I have not heard examples of what she suggested. I would want to know more before commenting in detail.

The Deputy Convener: Do any other panel members wish to contribute?

Tony Cain: The situation is likely to be about strategic fit. It is as simple as that. The programmes are relatively long term—lasting three or four years—so it is not necessarily helpful to have someone popping up at the end of a programme and saying "I've got this. How about it?"

Nicola Barclay: It is maybe about a developer moving into a new market area in which it does not have a history and therefore does not understand the relationships and processes that are already in place, or it might not be the right time to apply for its site to be part of a SHIP. I am happy to go away and find out more about that, if Mr Gibson is interested in it.

Kenneth Gibson: Thank you for that. I have a follow-up question on the Homes for Scotland submission, which states that

"we should continually look at ways that efficiencies in delivery can be increased."

I am sure that everyone would agree with that, but the submission also states that

“at the moment there is a different design brief and expectation of finished product for every new affordable scheme, RSL or Council. This it could be argued does not result in the best use of money.”

A counter to that could be that if things were otherwise we could end up with all the houses just being the same boxes throughout the country. Are you arguing for some kind of hub approach?

Nicola Barclay: We need to look at standardising house types, which we can do without them all looking identical from the outside. There is a lack of efficiency when eight different RSLs have eight variations in design. There should be a standard design in the first place, so there are efficiencies to be made in that respect. We should not be looking to have identical houses across the country, though—we would always want to reflect some of the local vernacular. However, we can certainly make efficiencies in design, especially if we are looking to modular construction to increase the supply of housing. A more manufactured style or process for housing delivery would help the supply and speed up the process.

Mary Taylor: I echo the point about the move towards off-site modular construction or prefabrication—the terms are pretty interchangeable. We need to modernise the way in which we approach construction, but that requires long-term planning and long-term commitments for the capital investment to be made by private sector developers—it is usually those that produce prefabricated housing. I know from discussions that we have had with some developers of their nervousness about expanding their capacity unless they have confidence in the long-term supply.

I do not agree that the way in which we are doing things at the moment is inherently inefficient, which is what Nicola Barclay was implying. I am not convinced by what I know of the costs of modular and prefabricated construction that it is necessarily cheaper. However, if we were to move to greater volume, it could be cheaper. I have seen a Link Group housing association scheme in Alva where the external cladding on the houses makes them fit in with the local environment in a way that you would not have believed if you had seen the buildings arriving foil-wrapped on the back of a lorry—I kid you not—because you would have thought that they were all going to be exactly the same. However, once they have been clad, they look much more suitable.

The Deputy Convener: I am going to bring Mr Gibson back in, but Julia Fitzpatrick has a quick comment.

Julia Fitzpatrick: On standardisation, one of the reasons for needing to vary design is that all housing associations work off a design standard that was completed in 1998. That needs to be improved and updated to get us to the point at which we could have some variation and stronger design standards, which would be a good base for something that could read across to the private sector very constructively.

Kenneth Gibson: Mary Taylor’s submission suggests that

“local authorities should make greater use of their power to use new supply funding to support housing associations, working closely with their local authority, to acquire and improve private tenement flats which have fallen into poor condition.”

I would go beyond that. In the rural areas in my constituency, many people are resistant to schemes—even if it is only eight, 10 or 12 houses—being built in a village. They would much prefer that the local authority or housing association took over a derelict cottage, restored it and brought it into the public sector, whether through local authority or RSL ownership. Are you looking to do that, not only in flats but other types of housing?

Mary Taylor: I suspect that the point that you are citing was actually made in the Glasgow and West of Scotland Forum of Housing Associations’ submission, but I do not disagree with it.

Kenneth Gibson: No, it is in yours, actually.

Mary Taylor: If it was definitely in my submission, you obviously know it better than I do. I am sorry about that.

Associations throughout the country are doing that kind of work and have been for years, but it has to be done within a local climate of responsiveness. The problem with the subsidy framework is that it works only for new housing. We have members that would really like to develop existing system-built housing, which would lend itself to being occupied by older people in a more supported environment than the environment in which they currently live, but the subsidy framework does not allow investment other than through those members’ normal revenue programmes, which is simply not affordable.

David Bookbinder: As well as the additional subsidy for tenemental improvement, a key to making improvement work is the housing association working hand in hand with the local authority, because without the local authority’s ability to support owners with at least some of the costs that they will be faced with in such situations, and to support improvement post acquisition, it is hard to take such tenemental schemes forward. Nonetheless, we are hopeful

that, as the current five-year programme develops, more and more local authorities will see that approach as a part contributor to the overall new supply programme.

Tony Cain: The acquisition of housing in the second-hand market is already an important part of the affordable supply programme. It is not quite the case that it is not supported by the grant arrangements, but it is not explicitly dealt with in the guidance. Scottish Government officials are approving grant for the acquisition of individual properties outwith the homeowner support fund, but that is being done in a relatively ad hoc way. Something like 10 per cent of the houses that have been developed in the past five years were purchased, not built.

We have argued that there should be a more explicit approach to funding individual acquisitions, but that needs to be backed by a strategic framework for them in the local authority and its conversations with the housing association. The City of Edinburgh Council, for example, has a sophisticated programme of disposing of houses when it has one left in a block and maintenance of it is a problem, and of acquiring houses where only two have been sold and having majority control makes a difference to management of the houses and to the service to tenants. Most landlord authorities are developing such frameworks. Those strategic frameworks now need to be matched by a clear and explicit position within the affordable housing supply programme. Acquisition is an important part of the programme.

Alexander Stewart: We have had some very strong evidence from you all. I take on board all that you have said, but the balance of trying to ensure that we capture our ageing population as well as the ones at the other end of the scale—the younger ones who do not have opportunities and are trying to get them—creates a dynamic that can be problematic because it does not really fit properly. The whole system is not working for everybody and, as a result, we need to be specific about who we try to represent within that base. I would like some of your views on how we attempt to do that.

On the stock itself, when we build houses, there will be an opportunity to deal with energy conservation. Should we use that funding to try to ensure that the stock is at a reasonable and strong level, or might trying to achieve that be a slight waste of money when we could do more with it if we try to deal with some of the disparities that we have across the sector?

The Deputy Convener: Is there anyone whom you specifically want to ask first, Mr Stewart?

Alexander Stewart: Whoever wants to answer, convener.

The Deputy Convener: Who wants to volunteer?

Mary Taylor: You are right to highlight that we have to address both ends of the spectrum. The people in the middle are relatively well housed unless they are homeless. Recent press coverage has highlighted the fact that life crises can hit anybody at any time and can result in homelessness and destitution, but it is young people who are particularly badly off at the moment. I do not think that we are doing anything specific about young people, but their needs should be met if we are meeting the needs of the general population.

Where there are older people or people with particular needs—whether those are disability support needs or whatever—a more focused endeavour is required. In the earlier part of the conversation, it struck me that the committee could ask for an analysis of the SHIPs that come in—if you will forgive the pun. Will it be three ships? No, it will be the 32 SHIPs coming in just before Christmas—but I will not pursue that joke any further. It would be appropriate for you to ask for an analysis of what needs are being met by those SHIPs and, in particular, how far they go towards meeting the needs of older people and people with particular needs that we highlighted as having not been responded to previously. If the SHIPs are falling short, maybe there is a need to go back to ministers with that specific recommendation and ask them to explain why it was not accepted the first time round.

David Bookbinder: I may have misunderstood part of the question, but I do not think that any of us here would think that, in the new affordable social housing programme, the energy efficiency standards in the building regulations should be changed in any way. They are, rightly, challenging, but they are a key part of keeping those houses affordable in the long term, and in the current climate that is absolutely critical. Whatever issues we try to address elsewhere in the system, none of us would think that that should be done at the cost of energy efficiency.

Tony Cain: How the existing stock is treated and maintained is critical. Eighty per cent of the houses that will be standing in 2050 are standing now, and many of those are not good enough as far as energy efficiency is concerned. To be fair to the Scottish Government, the Scottish energy efficiency programme, which is a national infrastructure priority, is in the process of developing a response.

Some big asks are being made by organisations such as the existing homes alliance around how quickly houses should be brought up to an adequate or appropriate standard, and there is a judgment to be made about what is achievable

with the resources that are available. However, that conversation is a strong one and the issues are fairly well understood, as are the risks that are associated with that action. For example, if you insist that a property cannot be occupied unless it meets a particular standard but the cost is beyond the owner or landlord, what happens to that property?

That takes us to a secondary question about the rate of demolition. At the present rate of demolition, the currently standing public sector housing would still need to be standing in 900 years' time. We do not demolish many houses, and at some point we will probably need to think about demolishing more than we do.

More broadly, there are issues for older people, as I have said. Most of them are owner-occupiers, but not all of them by any means are without a mortgage and have a substantial house that they can sell. Some research that was published not long ago by the Scottish Futures Trust and the University of Stirling clearly indicated a growing cohort of low-value property owners who may still have substantial mortgages—they may have taken out an interest-only mortgage 30 years ago—and who now stand very little chance, as they age, of moving from their first-floor, four-in-a-block flat to something more appropriate in the owner-occupied sector. There is a substantial challenge for that group of owners that we need to think about.

The Deputy Convener: Mary Taylor wants to come in. I must ask you to be brief, as we are getting to the end of our time.

Mary Taylor: In addition to acknowledging Tony Cain's point, we need to recognise that much of the existing stock is tenemental in nature and requires collective solutions. However, such solutions are very difficult to achieve when there is multiple ownership of tenements.

Julia Fitzpatrick: I always think it a shame to think about younger and older people in binary terms. On the issue of design, we need to look at proportions in the new homes that we build. We should ensure that 10 per cent of the 50,000 new homes are built to a design standard that would accommodate easy adaptation for full wheelchair use. We also need an intermediate standard to make a broader range of homes suitable for the large majority of home owners.

A key issue for the existing stock is adaptation. A proportion of the existing stock will not be adaptable, but quite a lot of it is. The Scottish Government has its adaptations demonstration sites, and evaluation of those is under way. There will be a lot to learn about the funding and investment systems, but I would argue for a higher

base level for 10 per cent of new build and then allow for more investment in adaptations.

12:15

The Deputy Convener: Thank you. As Alexander Stewart has no further questions, I will turn to Andy Wightman.

Andy Wightman: Professor Gibb said that there is a strong case for providing relevant but non-budgetary housing spend information on things such as tax breaks and benefits. We are scrutinising the budget and it appears from your evidence that, broadly speaking, you are all pleased with the direction of travel, the money and ambition that are being talked about and the programmes that are developing.

Nevertheless, there are still serious problems around existing homes, homelessness and the specific needs of sectors such as the elderly, the disabled and so on, and I wonder whether Kenneth Gibb and others might comment on the other non-budgetary spends that might be looked at. For example, could we eliminate the uplift in land value arising from planning approval, which would release about 30 per cent of housing costs? Can we look at, say, planning issues in central Edinburgh, where a lot of properties that would be far better in the social rented sector are being bought up by Airbnb? We do not seem to have much control over that.

Finally, what can we do to increase the amount that is spent on existing homes, particularly tenement properties? In Edinburgh, a housing association recently took over a block with 100 tenants that had been threatened with eviction. These issues are not going to go away.

The Deputy Convener: Mr Wightman has given us a few thoughts of his own but perhaps Professor Gibb could contribute.

Professor Gibb: I want to make two broad points. First, in order to understand the housing system, we need to think about the budget as a whole—and by that I mean the budget in the broader sense, not just the budget that the Scottish Parliament has a direct say over. As well as the spend on housing, we need to think about relevant subsidies or taxes such as the land and buildings transaction tax, the additional dwelling supplement and the tax breaks for the buy-to-let sector and how they are changing. Those things are all relevant. We have talked a lot about benefits and the importance of the benefits system. Even if the Parliament does not have control over some of them, you need to present those figures to show the totality of what is going on and to give a better sense of the choices for allocating our funds.

My second point, which might be moving a little bit away from what Andy Wightman was asking about but is still relevant, is the way in which we present our budgets. When I was involved with the Infrastructure and Capital Investment Committee in the previous parliamentary session, we discussed this issue at some length. How do we present the fact that we spend money in year 1 and then make some decisions to build, do some building work and finally have some outputs? We do not really track how we get from inputs to the outcomes that are meant to be at the centre of what the Scottish Government's work is all about. Our budgets set out what we are spending now for outcomes in the future, and we need to present that much more systematically to see how effective things are.

I certainly support a much broader, system-wide approach to thinking about what is spent on housing and the decisions that the Scottish Government makes. That is important. We also need to present things much more clearly than we do.

The Deputy Convener: Many thanks. Mr Wightman is interested in the views of the other panel members. Please indicate if you wish to contribute, and please keep your comments brief.

Nicola Barclay: We have to take a wider look when it comes to the budget. I will not bore you with the substance of our written response to question 8 in the committee's call for evidence because you have it in front of you, but we need to focus on the funding of local authority services, especially around planning, building control, and roads construction consents, all of which will be required to build those 50,000 homes and more. At the moment, those services are in decline, with people leaving and not being replaced, and we are concerned that local authorities are going to struggle with all the applications that will be coming across their desks.

The other key issue for me is how we fund education. We were delighted with the Government's £50 million infrastructure loan fund, which is available for unlocking sites, but education provision is specifically excluded from it. I recognise that £50 million would not get you very much in the context of education, but we need to look at how we fund education, because that is probably the biggest block to sites coming forward. There are sites for which there are developers lined up and which have plans that have received planning consent, but there is no solution to how we deliver the schools that are required for the houses in those developments. I would really appreciate scrutiny and further discussion of that issue.

Tony Cain: I have two quick points to make. The absence of taxation on housing that is not in

use unquestionably encourages overconsumption. We can see that in the underoccupation figures in the owner-occupied sector. I think that that distorts the market, and in the longer term it needs to be looked at.

In response to Mr Wightman's point about the landlord in Edinburgh, the other problem that we have is the fact that the private rented sector legislation allows landlords simply to evict tenants when their businesses fail or change, or when they decide to disinvest or to reinvest elsewhere. There is no protection for tenants in those circumstances, and that seems to me—as we said in the evidence that we gave at the time—to be wholly inappropriate.

Kenneth Gibson: I have a small supplementary. Nicola Barclay mentioned planning. Do you believe that full-cost fees for applications would be one way of resolving the problem of the decline in the number of people who work in planning departments and so on?

Nicola Barclay: As part of our submission to the planning review, we have suggested that increasing planning fees is necessary. The house-building industry would support that in return for a faster, more efficient service.

The Deputy Convener: The issue that was raised about education provision is interesting.

I will bring in Graham Simpson, after which we will have to draw the session to a close.

Graham Simpson: I do not, in fact, have a question.

The Deputy Convener: Excellent. In that case, I will go round the witnesses and ask each of them whether they would like to add anything to what they have said or whether there is a burning issue that they would like to share with us that has not emerged because the right questions were not asked. I will start with Nicola Barclay.

Nicola Barclay: An issue that I thought that we would talk about but have not is the help-to-buy scheme. The new scheme that we have in place—the help-to-buy affordable new-build scheme—is working very well. In this changing world in which we live, we have concerns about the impact on the mortgage markets. The scheme was set up at a time when things were looking much more certain than they are now, given the current geopolitical climate. The tapering down of the ceiling price for the help-to-buy scheme from £225,000 to £200,000 to £175,000 has made our members concerned that we will end up with a scheme that will be of use only to people in very few parts of Scotland. I just wanted to reinforce that point.

Mary Taylor: Some of the challenges that we face have possible inflationary cost implications and the potential to slow down the pace at which

we can deliver on the target. That is a comment not on the appetite to deliver on the target but on some of the practical constraints. Among the practical constraints that it might be worth returning to on a future occasion are those that relate to the use and the valuation of public land—the issue is about not just privately owned land but publicly owned land—and the way in which the utilities respond to the development of infrastructure that is necessary to open up new land opportunities.

David Bookbinder: There will be huge pressure on local government and the Scottish Government to deliver at scale. It is encouraging to have spent some of the meeting thinking about the community-led nature of the provision as well as its quality and diversity. We must make sure that those things are on the agenda as we deal with the pressure to deliver at scale.

Fraser Stewart: I am extremely worried that we might be underestimating the logistics and the scale of the challenge that we face. I do not know whether we will be able to deliver, and that needs to be looked at closely.

Given the range of the issues that have been raised today, we must ask ourselves whether we have a coherent and consistent Government policy for dealing with all those aspects and whether we have the right machinery in Government to have all those questions properly addressed. At the moment, I doubt it. Since the demise of Communities Scotland, a huge resource has been missing there, and that should be revisited.

In the context of all those considerations, community ownership and empowerment must be given formal prominence and priority. It has not previously had that prominence, and it could wither on the vine unless it is given more support and we take up the challenge. You have heard today about all the stuff around the Community Empowerment (Scotland) Act 2015. If you want co-production and ownership, you will have to support it.

Finally, I am seriously scared about modular construction after seeing what happened to the Gorbals. We are nowhere near being able to do that properly in Scotland, and we should not overlook that point. We should get to that stage—indeed, the Government should put a lot of money into research to support that—but at present we are miles away from it. Standardisation is hugely difficult and will not work in the inner city until we move on to catch up with the Japanese, whom we are currently about 30 years behind.

Tony Cain: I simply draw the committee's attention to the points that we make in our written evidence about the homelessness service and

vulnerable homeless people, including the multiple excluded homeless who currently suffer levels of ill health and early death well beyond those in our most deprived urban communities in Scotland. For those who use the homelessness service long term, we are talking about an average life expectancy of 43 for a woman and 47 for a man. They are being failed by our health service, particularly our mental health service, and significant aspects of the homelessness service and temporary accommodation provision need to be improved.

Julia Fitzpatrick: To connect with Mary Taylor's point about inflationary pressures, particularly in relation to demographic change and older people, I suggest that we need some additional premium in the subsidy to support new housing for older and disabled people. Linking that to the point that Kenneth Gibb made earlier, I think that we need to look at the budget more widely instead of looking just at housing, as there are cost benefits to, say, the health system from enabling people to live independently for longer in communities without that level of care.

Professor Gibb: Inspired by what Tony Cain has said, I will make three quick points. First, I will carry on talking to him after the meeting about the costs of local authority housing finance. More important, he made a critical point about tax breaks for owner-occupiers. I see a lot of nodding around the table, but things such as capital gains tax and council tax are the hardest political logjam to break. We have recently experienced just how hard it is to make radical reforms to council tax.

Finally, Tony Cain made an important point about the need for long-term planning and long-term proposals for the housing programmes that we want to deliver. A lot of public policy analysts argue that it is hard to create policy programmes that run through one parliamentary session into the next, but it can be done. It has been done in housing; indeed, the implementation of the homelessness legislation shows as much. We should not dismiss the idea that we should make plans for longer than five years in the areas that we are interested in, because that reflects the long-term nature of those areas.

The Deputy Convener: Thank you. To pick up on a point that was made, I advise the panel that we will be taking more evidence next week on community empowerment, so you might want to take an interest in that session.

Thank you all for coming along to the meeting this morning—although I see that it is now the afternoon. As previously agreed, we will now move into private session.

12:28

Meeting continued in private until 13:00.

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