



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 7 December 2011

Session 4

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INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

11th Meeting 2011, Session 4

CONVENER

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

DEPUTY CONVENER

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

COMMITTEE MEMBERS

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab)

*Neil Findlay (Lothian) (Lab)

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

*Alex Johnstone (North East Scotland) (Con)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Fiona Ballantyne (Communications Consumer Panel)

Olga Clayton (Association of Local Authority Chief Housing Officers)

Professor Michael Fourman (Royal Society of Edinburgh)

Councillor Brian Goodall (Convention of Scottish Local Authorities)

Rebecca Maxwell (Society of Local Authority Chief Executives and Senior Managers)

Alan McKeown (Convention of Scottish Local Authorities)

Peter Shearman (Broadband Stakeholder Group)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

Committee Room 5

Scottish Parliament

Infrastructure and Capital Investment Committee

Wednesday 7 December 2011

[The Convener opened the meeting at 10:00]

Broadband Infrastructure Inquiry

The Convener (Maureen Watt): Good morning, everyone. I welcome you to the 11th meeting in 2011 of the Infrastructure and Capital Investment Committee. I remind everyone to turn off their mobile phones and BlackBerrys, as they impact on the broadcasting system. I have apologies for absence from Malcolm Chisholm.

Agenda item 1 is further evidence in connection with our work on broadband infrastructure in Scotland. The committee will hear from organisations with an interest in the development of broadband in Scotland. I welcome Peter Shearman, the head of infrastructure policy on the broadband stakeholder group; Fiona Ballantyne, the member for Scotland on the Communications Consumer Panel; and Professor Michael Fourman, the chairman of the digital Scotland working group of the Royal Society of Edinburgh. I invite the witnesses to comment on the economic advantages of Scotland developing its digital connectivity and the disadvantages of its not doing so.

Professor Michael Fourman (Royal Society of Edinburgh): We have considered that issue. A 10 per cent increase in take-up leading to a 1 per cent increase in gross domestic product is the figure that came from the Organisation for Economic Co-operation and Development and is driving broadband investment among lots of our competitors. Broadband provides access to markets, information and education; makes the delivery of services more efficient; and attracts tourism—nowadays, many people will not go to a place where they cannot remain connected. Over the next 20 years, the speeds that our leading competitors are delivering will increase exponentially, as they have over the past 20 years and, unless we keep pace, we will be at a disadvantage compared with many other countries.

Fiona Ballantyne (Communications Consumer Panel): It has been estimated that people who are online can save £560 a year, which is a 2008 figure. I suspect that because so much more is now accessible through the internet, today's figure is higher. A saving of £600 million through online service delivery in the public sector

has also been estimated. From the consumer's point of view, there are a lot of impacts. It is about inclusion in daily life, which, in itself, has an economic impact for people.

Broadband is very important for the competitiveness and efficiency of small businesses. Small businesses that are based in areas that do not have a good broadband service or that have an unreliable broadband service tell us that it generally takes them longer to do things than it takes their competitors, which has an impact on their business. They tend to be less efficient and perhaps cannot use the latest sophisticated software. They also have problems maintaining contact with their customers when they leave the office if there is not a good mobile broadband signal.

The disadvantage of people not being connected is that it contributes to the increasing digital divide. By not being connected, people are very much separated from the rest of life as it now goes on.

Peter Shearman (Broadband Stakeholder Group): I echo those sentiments. In previous years, the link between broadband and economic growth was not particularly well made but, in the past couple of years, that has definitely changed. A lot of work has been done by the OECD, and Arthur D Little recently carried out a piece of work on the increase in productivity that accrues with increasing broadband speeds and take-up. There is definitely a link. That work also shows the importance of take-up rather than speed. On the consumer side, one of the biggest wins would be to increase the level of take-up of broadband generally rather than necessarily take-up of the next technology.

We need to focus future investment, and the biggest wins will be from increasing take-up among consumers and, for economic purposes, among small and medium-sized enterprises. In Scotland, the number of SMEs that do not currently have connectivity is particularly high.

The Convener: Will you briefly describe the work that you have done to assess the impact of the current broadband structure in Scotland? How did you go about the work that you described in your written evidence to us? The RSE has done a major piece of work.

Professor Fourman: The RSE per se has not done any studies but, together with some colleagues—in fact, driven by some colleagues—we did some work on, first, the demographics and the spread of the population and, secondly, distances from exchanges, which reflects work that the Office of Communications, SamKnows and others have done.

In most of Scotland, unless we can shorten the length of copper that links people to the exchange or wherever we are delivering the broadband, we will not get next-generation speeds.

The conclusion of our work was twofold. First, we found that, surprisingly, 90 per cent of Scotland's population is more densely spread than the first 90 centiles of the population of England—we worked that out by taking the population of an output area for the census and dividing it by area. Therefore, once we get to communities, we find that they are closely knit, geographically.

Therefore, the problem that we identified is not that Scotland is more difficult to get to because everyone is in isolated little farms, but that Scotland is more difficult to get to because the communities in which most Scots live are more widely separated. That is why we recommend building an infrastructure that reaches every community, after which, we believe, the market would do the job. Our work was done by analysing published figures, using standard statistical and geographical layout maps—simple analyses.

Fiona Ballantyne: Our research is very much about take-up and consumer issues rather than about the infrastructure. I do not know whether you want me to talk about that just now.

The Convener: We will come to that later.

I invite Gordon MacDonald to take up questioning on the development of the cabling and network.

Gordon MacDonald (Edinburgh Pentlands) (SNP): In previous evidence sessions, we have heard that Scotland's digital infrastructure is lagging behind that of other countries in Europe. For example, Ofcom has suggested that the development of fibre-optic cable networking in Scotland is flatlining. How are other countries addressing the availability of broadband infrastructure? In particular, are they all going down the road of digital fixed broadband, or are some going down the mobile broadband route?

Peter Shearman: I am happy to take that question.

If we look at European comparators, we find that there are probably two groups of countries. The first group is the western European countries, which have fairly well-developed market structures that are largely dominated by incumbent operators and based primarily on the copper network. For a number of those countries, the roll-out and take-up of fibre-based services for residential users have not developed all that quickly. They are certainly ahead of Scotland but are not necessarily ahead of the UK as a whole.

In other parts of Europe, particularly in eastern Europe where they have much higher penetration

of fibre-based infrastructure, they have benefited from more lax regulatory arrangements, particularly around things such as deployment of overhead cabling. There are pictures of Budapest with fibre just strung up across buildings, which makes it a lot cheaper to do. That has an impact on visual amenity and the security of the network is not quite what you would need it be for services in this country, but those countries tend to be ahead and to come ahead of the UK in international rankings.

On the particular challenges that Scotland faces, our modelling broadly chimes with the work that Michael Fourman's group has done. It is a case of backhaul provision to local exchanges, so that the actual capacity goes into communities. That is a problem common to rural areas across the UK, but is a specific challenge for Scotland. The other aspect is take-up, because in areas of lower take-up there is less incentive for the market to invest further. So, although density plays a role, there is a reason why Edinburgh is seeing a much larger investment in next-generation access fibre from Openreach than Glasgow is—the level of take-up in Glasgow is significantly below the Scottish and UK average. Does that broadly answer the question?

Gordon MacDonald: What about mobile broadband? A report from the International Telecommunication Union suggests that in Sweden 84 per cent of people have mobile broadband subscriptions; 72 per cent in Portugal; and 67 per cent in Austria. Those three countries are broadly similar to Scotland in their rural nature. We are suggesting that we go down the fibre-optic route; why are these other countries going down the mobile route and getting speeds in excess of 10 megabits per second?

Peter Shearman: Sweden has already had its 4G auction, which is probably helping; in the UK we have not yet released the digital dividend spectrum. Also, take-up of telecoms services in Scandinavian countries is generally much higher—that is just a fact. There are a number of jokes that say that the first thing that they set up is the telephone exchange, then the hospital and then the school, so that may explain the Swedish. I am less able to explain the Portuguese and the Austrian examples, but it is an important point because, to come back to the work that Ofcom is doing, the current numbers suggest that internet use on the mobile network is increasing in Scotland and we think that that has an important role to play.

For fixed contracts, you need certainty of income and credit checks in order to be able to sign up to a 12-month deal, and that might not align with your expected income over the period. The mobile model can be pay-as-you-go, which

allows for a much greater sense of control over your expenditure and therefore makes access easier. It also obviates the need for a personal computer and, given that skills are such a challenge in this area, the fact that you do not require a knowledge of PCs to make a smartphone work may have a significant role to play in increasing the take-up and use of mobile internet more generally in Scotland.

Professor Fourman: May I add to that? The use of mobile connectivity will increase—even within one's own home, one wants to be mobile. Most people now have wi-fi within the home, so they can just move around, and they expect to be connected when they are outside the home. There is no disputing the fact that mobile will be important and that, for many people, a mobile device may well be the only way in which they connect. However, it will still not work unless the community has a connection to the internet that will carry the data signal. The mobile operators cannot provide a data service to a community that does not have access to sufficient backhaul.

The first time that the problem was identified in Scotland was in the "Connecting Scotland: our broadband future" report in 2001, which considered what backhaul would be needed to satisfy the likely demand in five towns. We have updated that and considered what backhaul a community of 2,000 would need to satisfy the expected demand. It does not matter whether those people are using mobile or fixed connections to the internet because they would still be producing the demand. That is why we have recommended that a fibre connection is needed for that size of community. Other technologies will run out of steam and the community will not keep up with the rest.

10:15

Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP): I am perhaps one of the more technologically challenged members of the committee. The Royal Society of Edinburgh submission states that the society wants the Scottish Government and Parliament

"to commit to the creation of a backhaul fibre network that brings an open access hub to every community in Scotland."

Professor Fourman, you have mentioned the backhaul issue, but will you explain your comment to me in layman's terms?

Professor Fourman: With water, we all have our little half-inch copper pipes and we can turn on the taps, but if there was only one half-inch copper pipe coming into a village, when all the people turned on their taps in the morning, they would all get just a little dribble. It is exactly the same with

broadband. Although a relatively small pipe comes into people's houses, when those are aggregated to get the level required to take things back from a community to the network, a fat pipe is needed. Fibre provides pipes that are about 10,000 to 100,000 times as fat as any other technology, which means that fibre is the technology of choice for that process of taking things back.

When the fibre is in place, we can create fixed connections to homes, put up a mobile mast, build a data centre or produce a local wireless network, which instead of using fixed connections to homes, uses the sort of wireless technology that people have in their homes to take the data out to those homes. An example of that is the Tegola network that is being built in the Loch Hourn, Sleat and Knoydart area, which is delivering to people on Knoydart 20 megabits a second, which at the moment I cannot get in Edinburgh.

When such provision is suddenly put in place in communities that have had nothing, take-up is around 90 per cent. In communities where something has been in place and a small incremental increase is offered, the take-up is often disappointing for the provider. The take-up in the cities is often lower because people have other ways of communicating. In rural areas, there are no alternatives for communication, so take-up is much higher.

I hope that that explains the backhaul issue. We need fat pipes to reach everywhere, otherwise people in remote areas will get only a dribble out of their tap.

Adam Ingram: The other term was "open access hub".

Professor Fourman: Where BT has an exchange and delivers connections into homes, through local loop unbundling, other suppliers can use those connections to deliver into homes. However, the current regulations do not say that if a business wants a special connection, BT has to sell it to them and give them access at the exchange, or that if someone wants to set up a local wireless network such as the Tegola one, BT has to give them access. We want to open up the opportunities for communities, because there is lots of room for innovation in what can be done with the data connection once it is in place. To allow any one provider to have a monopoly over that reduces the opportunities for communities and therefore for Scotland as a whole.

Adam Ingram: Obviously, competition can drive down prices.

Professor Fourman: Yes—competition in service delivery can drive down prices and create innovation.

Adam Ingram: Am I correct to say that there would be no shortage of players in the marketplace or of people who would take advantage of open access hubs? We seem to have a situation in Scotland in which BT, in particular, is almost the—I hesitate to use this word—monopoly infrastructure provider.

Professor Fourman: Ofcom said, I think, that it has a significant market position. That is not unique to Scotland. Peter Shearman talked about the incumbents in other areas. Where there is a large fixed infrastructure that has been invested in during the standard copper telecoms era, people are trying to get as much return out of the infrastructure as they can. Putting in the new connectivity can only increase the competition for their customers and the services that the connectivity brings.

We think that there should be the network that I talked about. I brought with me a picture of the joint academic network—JANET—because I thought that it might help to make concrete what I am talking about. JANET links a lot of sites in the United Kingdom and in some ways is an example of what we are suggesting. It is about getting together to procure a national network, which provides high-speed connectivity between a number of nodes. The various universities and colleges then run their own networks around those nodes, but they have fast connections to the global internet.

The network enables academics to have connectivity. I have 100 megabits at my desk; some people in my building have a gigabit to their desk, because they need it. Such things become possible when we have a large network. The network is procured; the universities do not own everything but procure the connectivity and run it as a network.

The nice thing is that the network delivers connectivity and there are services on top that people can take or leave, and it is possible to build other things on top between different universities. The idea is that once we have the bottom layer—the connectivity—we can build all sorts of services and opportunities on top of that. We need the openness that enables different people to come in and do different things, because new things will happen on the internet that we have not imagined and we want to open up those possibilities.

Adam Ingram: As you said, JANET is a procured network. You are calling for the Scottish Government to fund a “fibre backbone”, as you described it.

Professor Fourman: I do not think that we said anywhere that the Scottish Government should fund it; we said that the Scottish Government should ensure that it exists—there might be other

ways of doing that. I looked up the costs of the JANET network today and as far as I can see they are of the order of £50 million per annum. When the McClelland report came out there were stories about the cost of the Scottish Government’s connectivity being around £200 million. I understand that the estimated costs have gone down, perhaps even as far as £50 million, but they are still significant and comparable with the cost of JANET.

One possibility might be for the Scottish Government to procure connectivity but add the rider that there should be public benefit from making available open connections to third parties at the places where the Scottish Government’s connectivity is delivered.

Adam Ingram: What do we need to do to develop a fibre backbone? How should that happen and how would responsibility for the development be shared?

Professor Fourman: I do not think that there are easy answers to your questions. I certainly do not have an immediate answer; I am an academic, not a businessman or a developer. However, let us consider the example of JANET, which reaches—albeit with lower bandwidth than reaches some parts of the UK—many places in the Highlands and Islands, through the University of the Highlands and Islands, and many places that would otherwise be inaccessible. That is done by procurement on an open market, in accordance with normal rules, from the providers—the BTs, the Verizons and so forth.

It is not beyond the wit of man and woman to put together an organisation that would do that. Exactly how it would be done in our commercial and political framework is more for you than for me to say. I would welcome detailed discussions on the issue and would throw my piece in, but I do not have an immediate solution.

Adam Ingram: Do other witnesses want to comment on how we should develop a fibre backbone and who would be involved?

Peter Shearman: Michael’s point about using the existing Government spend is sensible. It is certainly an approach that a number of English local authorities have adopted. NYnet, in north Yorkshire, has spent a number of years aggregating the local authority spend on networks across various public services and can use that as an anchor tenancy for a wider fibre network that will serve local businesses and residents. I suggest that that is probably a good model to start with. It is unlikely that the market will come up with that itself, as the investment challenges are quite significant for market players in a lot of those areas. However, if you can get the connectivity in place—that is the main gap—perhaps the market

will do something in the local community. The question is, how much of a priority is that for the Scottish Government, given other spending commitments?

Adam Ingram: We have a funding pot, as it were, of something like £143 million. That should go some considerable way towards driving connectivity forward. What would you say would be the priority use of those funds? Would it perhaps involve local consortia of people coming together to bid for money from the pot to get the ball rolling? How should we progress?

Peter Shearman: From the UK perspective, there is the broadband delivery UK—BDUK—programme, which the Department for Culture, Media and Sport oversees. It uses the gap funding model, which will work in some instances but is not appropriate for every situation. NYnet is an example of a solution in an area where people have said that such an approach is not for them, because they believe that there should be some form of public involvement and shared risk.

There are ways to make the money go further, and the Scottish Government should give consideration to which funding model would be the right one. Joint venture models can help to share the risk with the private sector. There is a significant downside if take-up is low, which is a factor in Scotland. If the Government can offset that by undertaking some demand stimulation initiatives in local communities and businesses and sharing the take-up risk, that will help the money to go further, as it will encourage matched funding from the private sector, which will help to meet the Scottish Government's ambitions.

Adam Ingram: Professor Fourman, in your paper, you warn against patchwork coverage across Scotland. Does that drive you to conclusions about how the process should be funded and directed?

Professor Fourman: Yes, because, unless we have that core network, we will fall behind. There are many areas in Scotland where we can get speeds of up to 2 megabits a second using existing technologies. However, in a few years' time, people will say, "2 megabits a second? That's nothing!", and, in 10 years' time, it will look really bad. If we are going to keep up at all, we will have to make the investment at some point.

The pathfinder project represented an outstanding vision, but when it was implemented locally, some of the global view got lost. The idea that it would bring connectivity that is available to others got lost in the procurement process and mixed up in state-aid rules. Frankly, it brought little benefit to communities, other than the educational benefit that was achieved by bringing the network directly to schools. However, the network is largely

unused outside school hours and is not available for local businesses or even to stimulate out-of-school learning. We missed a trick there 10 years ago.

Now, we have the opportunity to make a big difference with fibre technology. If the fibre is put in the ground, it will last at least 30 years and will be totally adequate for whatever we can predict will come from communities for a long time. We cannot say that about most bits of technology. This is amazing stuff.

We must draw for Scotland a map that is something like the JANET map, and we must make such connections. NYnet provides a good example, and JANET is a good example of a public sector body that is charged with doing such a job. There are more examples than that—we could go into detail.

Enough experience is around in the UK to allow us to say that we could bring something together. I sense enough will in Scotland right now to do that, so I would like it to happen.

10:30

Adam Ingram: You talk about the procurement process, whose transparency you questioned in your submission.

Professor Fourman: I was referring to the procurement process for the BDUK project in the Highlands and Islands, when exactly what was being procured was never made public, as far as I could tell. That meant that people had no opportunity to comment or suggest improvements. I have some idea of what is happening there, but I have no idea of what is happening in detail. It would be better to make such processes open, so that we could discuss whether they contribute to a pan-Scotland policy or just plug a gap. I do not know the detail of the Highlands and Islands project.

Adam Ingram: I understand that the Scottish Government will publish its strategy for rolling out next-generation broadband soon. Have you participated in or been asked to contribute to discussion of that?

Professor Fourman: Yes. I was at a productive workshop here a week ago.

Peter Shearman: I will pick up the patchwork point. A lot of our work, on which I have spent a lot of time in the past couple of years, has involved addressing how to enable competition based on the open-access model across networks that are operated by different players.

In the current market structure—cable excepted—access to the BT copper network is bought by the other big retailers, which are

TalkTalk and Sky, and they offer services in that way. Those retailers have never offered services over someone else's network. In relation to that, the big shining example is the KCOM Group in Kingston upon Hull, on the Humber. That is the only regional body that remains from the original regional licences that go back 100 years. KCOM has no competition on its network, so customers can get only the Karoo broadband service from KCOM; there is no BT, TalkTalk or Sky.

Competition is important to drive down prices, provide innovation and increase take-up—all that is connected. My comment on the patchwork issue is that we have tried to find mechanisms to make the market work, although we have not quite got there yet. It would be in Scotland's interest to ensure that whatever happens in the Highlands and Islands is joined up with what happens in the rest of Scotland and creates a scale to the market. That is what the issue comes down to.

Kingston does not have enough homes to make it worth it for other communications providers to invest in offering a service there. Scotland as a whole has the required scale but, if provision is fragmented, the situation will become more challenging and Scotland will not have the benefits of competition that open access should develop.

The Convener: I will follow up a point to make things simple for me, as I, too, am not very technologically minded. Big companies and organisations that need excellent connectivity, such as universities, go to a provider such as BT or put out to competition a contract to install better connectivity than is currently available. Is that correct?

Professor Fourman: In general, they go where better connectivity is available. That does not mean that it will be available right the way to their premises, but it will be available near enough to make it worth getting.

For example, I was down in Bristol recently for the NextGen conference and we went to Aardman Animations, the company that makes the Wallace and Gromit films. It needs lots of bandwidth because it produces its own videos, a lot of the production of which it outsources. It also does videos—advertisements and so forth—for all sorts of clients, so it wants to be able to communicate with its clients. It had two problems. There is fibre about a mile and a half away from where it is in Bristol, but it took the company eight months to get connected to it. It had all sorts of problems, involving harbour masters and wayleaves—it was a history—so even when an organisation is near the fibre, there can be a problem.

Had Aardman been located in some parts of Scotland, it would have found the process much more difficult. Such connection would not be

possible in Mallaig. There are places where there just is not the stuff nearby. Up the east coast, we are pretty well served. In the Gyle, we have ScoLocate, where the various providers all come together. A company that is based in the Gyle can get very good service. People go to such areas because they want good service, but they will not go very far away, because that would make it much more difficult and expensive to get good service.

When it comes to the question of how we cover Scotland, if we wait for the market to do it, it will not happen, because people will come to the places where the connectivity is rather than put it in. What amazed me when we did our work is that the length of fibre cable that would be needed to complete the coverage of Scotland is not enormous, albeit that it sounds enormous—it is of the order of magnitude of a couple of thousand kilometres. I talked to a man from Fujitsu recently and said that that is what it would take. He said that he would average out the cost at £30 a metre. When you do the sums, you find that it is not big money to get this stuff in the ground. Once it is in the ground, finding someone to operate it and to put in the active equipment, which will need replacing regularly, will not be a problem, because the people and the communities that want to connect at the ends are there.

We have quotes from companies such as Lancaster University Network Services that say that if we could connect to a community, the charge for managing that connection, providing the end-user equipment and ensuring that it all works would come out at £30 per megabyte per year—not per month—which is nothing. With a 20 megabit connection, that would be sufficient to give a speed of 20 megabits a second to about 50 people, because of the contention ratios in the user network. Once the network is there, people will use it and services will sit on top of it, but there is no incentive for people to build out the network and make that capital investment when, instead, they can attract the business customers to where they are.

The Convener: It has been suggested that, to rectify the coverage issue, more use should be made of public sector networks and infrastructure, which is what the McClelland report recommended. For example, in evidence, a representative of Aberdeen city and shire economic future said:

“the public sector's existing property portfolio could be used as an incentive for wireless operators to deploy base stations in public buildings. That would help to reduce costs and attract operators”.—[*Official Report, Infrastructure and Capital Investment Committee*, 23 November 2011; c 429.]

Do you have any comment on that sort of strategy?

Professor Fourman: I think that it is extremely sensible. In fact, I am going to a meeting in London to discuss ways in which the JANET network might contribute connectivity in places where it would not otherwise exist. If that works, we will do experiments in Scotland to see what happens when we put hubs in places where there are currently none. The only example that I know of a fibre connection that is saturated or used all the time is the connection to CERN in Switzerland; the data comes out of that at such a rate that a fibre pipe is needed all the time. However, most connections between countries or cities have spare capacity because the fibres' capacities are really large, particularly in Scotland; demand will grow, but there is currently spare capacity that we should use.

Peter Shearman: One element of maximising the investment potential is to aggregate public sector spend and another is to use public sector assets, such as base stations in public buildings, publicly owned duct networks or closed-circuit television. That can all help to reduce the cost of investment for operators.

Professor Fourman: The fact that there is unused capacity in many places makes me suspect that going out to tender for a network that connected all of Scotland would result in very good tenders in many places where people have assets that are not earning anything but which could contribute. Of course, new build would be required in some places, which is the point that we are making.

The Convener: But even then could we use things such as existing utility ducts and pipeworks?

Professor Fourman: Absolutely. Every time that we do something on a road we should put in a duct; it is almost cost free to do that when a road is being resurfaced, but it is not cost free to put it in later. Once the duct is there, it is almost cost free to put the fibre down it. It is worth while to invest in ducts, just in case they are needed.

The Convener: Should future planning and building regulations make it compulsory to put in digital infrastructure?

Professor Fourman: We suggest in our report that that should happen at the level of civil works, such as roads and bridges, and at the level of housing developments, which should have ducting that is suitable for putting in fibre. It would be preferable to have fibre put in, but ducting is important because one day, perhaps in 30 years' time, people will want to change it and we need to ensure that it is easy to do that when the time comes.

The Convener: Regardless of the size of the development.

Professor Fourman: Yes. Many developments will not yet have connection to fibre, but a duct going out to the roadway would still make perfect sense. The cost of doing that would be trivial compared with the cost of putting in all the rest of the utilities. Fibre might not yet come to a roadway, but there can be regulation to ensure that when it comes it will be easy to do the last bit into a house. If that is not done, the last bit into a house is the most expensive bit.

Peter Shearman: From the developers' point of view, there is a publicly available specification for next-generation wiring of houses that the Government published about a year ago. One of the challenges is to make developers aware of that. There are some quite forward-thinking developers who include fibre infrastructure as part of their utility offerings for development sites, but by the same token some developers do not do that and some are unaware of the possibility. Local planning authorities could certainly have an impact in that area by raising awareness of what developers need to do in new-build sites.

It certainly makes sense to use utility infrastructure and spare capacity. The areas that show the most promise in that regard are the pipes in the sewer networks and the overhead infrastructure of the electricity networks. There are challenges in that regard on the revenue side for the regulated utility, but the UK Government has been exploring that with Ofwat to try to make some changes. The Scottish Government should be a part of that area of interest.

The Convener: Jamie, do you want to come in?

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): My line of questioning has been usefully explored already.

10:45

Neil Findlay (Lothian) (Lab): The witnesses have spoken about the market. The market will go where the take-up is greatest, where the profit is greatest, and where the costs are lowest. That is how the market works. Is there consensus among the witnesses that any market-led solution will not deliver the infrastructure required for the whole of Scotland?

Professor Fourman: Absolutely.

Fiona Ballantyne: Even if it delivered the complete solution, it would take a very long time.

Peter Shearman: The private benefit to the operators does not cover the whole of the economic benefit or the social benefit to Scotland.

Neil Findlay: Various organisations—local authorities, community groups and the rest—have said that Scotland seems to be taking a market-led

approach, while other areas are taking a different approach. In Wales, for example, the Welsh Assembly seems to be taking the lead in the roll-out across the country. Should we be taking that sort of approach? Are things really so different in Wales? What can we learn from what is happening there? Should the Scottish Government not be taking a lead, rather than leaving things to market-led solutions?

Professor Fourman: We have said consistently that the Scottish Government should be leading on this. That does not mean that we think that the Scottish Government will have to put in a huge amount of money, but it will have to put in a huge amount of leadership.

Peter Shearman: A key thing is to secure as much private sector investment as possible. BT has not yet finished saying where it will deploy to. If BT Openreach can go further in Scotland than BT has so far said that it will do, it would be worth while not to freeze out that investment by going too far with immediate promises. A strong lead is required.

In Wales, the challenges are similar to those in Scotland. Cardiff and Swansea will get a bit of private money, but the rest of the country will require a lot of Government intervention, and that is the approach that the Assembly is taking.

Neil Findlay: Many groups have suggested to us that a huge amount of effort seems to be going into creating a patchwork of community groups, local authorities and business organisations, in which people are doing their own wee bit to try to get ahead of the game in their area. Is that resulting in wasted money and effort? The word “wasted” might not be the right one, but I will give you an example. We heard about a community group that is trying to get connectivity in the glens of Angus. The group has gone through a series of consultations, but even though everybody agrees that they would be greatly helped if they had broadband, there is no money to put broadband into the glens. Those people have been through a lot of work and hassle—and that situation seems to be repeated across the country—but if the Government were to direct the work, we would be bound to save a lot of money and effort.

Fiona Ballantyne: Going through that process can be hugely frustrating for community groups. To be successful, a group needs a champion or champions within the community, and they need some technical expertise, but they also need some money. People can galvanise support and get a head of steam behind their idea, but if money is not there, most of them will hit a brick wall.

Professor Fourman: Near here, community groups to which I have spoken in East Lothian have sound projects for delivering broadband

locally that—as has happened in the Angus glens—have fallen down because the groups cannot get access to backhaul at an affordable price. So, yes, their effort has been wasted or unfruitful so far, not because they had a Mickey Mouse design for what they wanted to do or because they did not have enough money to do it, but merely because the backhaul was not available.

The group that has LEADER funding to take broadband out to Garvald and around Haddington is having problems in getting a backhaul connection. It can get a connection in Macmerry, but that would cost twice what it would cost to get one in Edinburgh. Given that there is a fibre connecting the two, the cost of delivering that service in Macmerry should be no more than the cost of delivering it in Edinburgh; it is simply what the market will bear.

We do not need the fibre available right there in every community. In the Sleat and Knoydart example that I have talked about, the backhaul comes from the Gaelic college of the University of the Highlands and Islands on Skye, 25km away. The last bit can be delivered to a small community by wireless, but that cannot be done for the whole of Skye—it needs to have the fibre coming out. We need to get fibre accessible everywhere. These community efforts would then often be the way that the gaps would be filled in. The moment that people saw that communities were filling the gaps, companies would spring up from people saying, “We know how to do this. We’ve done it in our community. Let’s form a company and do it for the next community.” I know people who are thinking in that way.

Neil Findlay: At the moment, if communities have people with the skills, ideas and motivation to do that, they are ahead of the game. However, if communities do not have such people, what happens to them? Do they just get left behind? That is not how things should be.

Professor Fourman: The moment that the backhaul is available, you will see small or large companies coming in and filling the gap because there is business to be done at the end using those community methods. However, I agree about the current situation.

Neil Findlay: At the moment, communities rely on organising themselves and taking the initiative.

Professor Fourman: Even where that happens, they are limited by the main connection.

Fiona Ballantyne: The communities are coming in because nobody else is doing it. The connection is not being provided for them, so they are taking action themselves. That is where we get a patchwork rather than an overall approach and

sharing of best practice that allows the opportunity to be provided.

Peter Shearman: Those communities that can build and run their own networks—excepting the backhaul issue—will be the exception rather than the rule. There are companies that can help—Fibrestream, Gigaclear, Rutland Telecom and those sorts of guys—that do specific community-based activities, but to take a holistic approach along those lines will be quite challenging. The single biggest thing that communities can do is organise demand. Demand stimulation and awareness raising really help the business case for private sector investors. If investors had assumed that they would get 30 per cent take-up after four years but 90 per cent of the community signed up to take the service, that would make it work for them where they previously did not think that it would.

Neil Findlay: Your organisations are only three of God knows how many organisations that are involved in this. How on earth will all those organisations play a part in delivering broadband in the future? There seem to be dozens if not hundreds of different interest groups and parties involved in attempting to roll out some sort of network. What role will your organisations play in the future of that?

Peter Shearman: The broadband stakeholder group is a policy advisory group that works at the UK level. Our role has been to advise Government on the procurement approach for BDUK and on how it can maximise the money that it has available. Our members are the main industry players. We have a broad spectrum of 20 or so industry members, all of whom will be involved in the deployment of broadband or the use of the networks. That includes guys like the BBC and ITV, as broadcasting is a part of our conversation as well. Our role is to advise Government on the implementation of the overall strategies.

Fiona Ballantyne: Likewise, we are a policy advisory group advising Ofcom and other stakeholders on the consumer interest. We advise Ofcom about the consumer interest in the markets that it regulates, and we advise Governments and other stakeholder organisations that are developing policy in the area. We do not do; we advise.

Professor Fourman: As you know, we are Scotland's academy, so we do all sorts of things.

When the Carter report came out, we felt that there were some points missing, certainly in a Scottish context, and that we had expertise that could be brought to bear in the analysis of the distribution of population, in looking at the physics of the situation and in saying that, for Scotland, the real problem is backhaul.

We made a contribution and we are continuing to contribute as we can, by explaining and developing the conclusions of our report, but we have no long-standing need to be in the area. In fact, our interests will probably now move to the issues of take-up. Our contribution has been to identify some problems clearly and do a job of public understanding, which as scientists we often do to say that there are some things that can be said clearly. In this case, the thing that can be said clearly is that, without fibre, Scotland will be left behind. After that, we leave it to you or the Government to make things happen.

Alex Johnstone (North East Scotland) (Con): The subject areas that I wanted to cover have been touched on, but working on the basis that the best way to get a straight answer is to ask a straight question I will cover them anyway.

Evidence from the RSE suggests that the Government's targets could be met by patching existing infrastructure, but it also says that that approach would be disastrous in the long term. In an ideal world, what would your structure be for the roll-out of broadband across the whole of Scotland?

Professor Fourman: In an ideal world?

Alex Johnstone: Yes.

Professor Fourman: We would have about 1,700 places in Scotland where there was a market that delivered connection to the open internet, similar to what someone might buy now in the Gyle. In other words, those places would be connected by a robust fibre network, and the market would then do the rest.

For instance, you could say that all of Scotland's schools would have one of the hubs. I have done some work to suggest that, if that happened, you would need only 300 more places to cover the whole of Scotland. That is an approach that uses just schools; I have not looked at what would happen if you used schools and local council offices.

There are all sorts of places that are already in public sector ownership and need connectivity. If you used them as hubs, you would do what we recommend in our report. All that you would then need to do is sort out the commercial and organisational stuff that says, "These hubs are connected by fibre, here is the way that somebody accesses them and here are the terms on which that happens." We believe that you would then find that the problem would be solved by the market.

Alex Johnstone: We know that, over much of Scotland, copper takes over when the fibre runs out and that the distances involved make it a practical solution. The concern is that there are large areas of Scotland—perhaps the least

populated areas—where that will not be possible. What mix of technologies will be necessary to get the service to that last 5 per cent?

Professor Fourman: If you had those 1,700 hubs, everywhere bar Fair Isle would have broadband within about 20km—but Fair Isle is a rather special case. Where the population is sparse, there are wireless technologies, which have been demonstrated to work well, that could take the service to a house or a group of houses. Where there is a population of a couple of hundred in an isolated hamlet, you could have wireless technologies taking the service to the hamlet and either copper or fibre within the hamlet. That would work perfectly well and would be possible to install.

My concern is what happens in some of the suburban areas that are 5 or 10 miles from our main cities, where the population may be too dense for the wireless solutions that we have explored in the remote areas—wireless has limitations in its overall capacity—and where there are large distances between the homes that are too long for copper and which make it too expensive to put in fibre.

Those areas will be quite a challenge and I would like some work to be done on that matter but, generally, about 80 per cent of the population of Scotland live within 500m of 2,000 neighbours. It is incredible how tightly knit most of Scotland is. Wireless solutions will work fine for about 10 per cent of the population—that is the last 10 per cent in, for example, BT's terms. That leaves about 10 per cent in the middle, who live in not very close-knit suburbs. I am not sure what technologies we will end up using for those people.

11:00

Alex Johnstone: Will 4G have a role?

Professor Fourman: In all those situations, 4G will have a role in that, where you have a point of presence, you will put in a mast and there will be 4G. The questions are, "What is its reach? How do you relay the signal if you want to cover a big area?" I am sorry, but I do not have in my head the detail on the reach of the 4G signal.

Where the population is more spread out, a repeater mast is needed. If the area is very sparsely populated, that mast might be for only half a dozen people, so it is not worth paying for it. Technologies are emerging. For example, Vodafone is producing technology using femtocells, which are little cells that people can put in their homes. It will also produce devices that businesses can use. Once the backhaul connection is available, the cost of the end-user equipment is £60—the device is plugged into the internet and it provides the user with Vodafone's

signal, so they get their mobile phone connection just from putting in the £60 device. In a village, the device could cover a small area around its location. Those areas are easy, but the suburbs will be hard.

Peter Shearman: With 4G, the coverage depends on the spectrum band that is used, so 800MHz will be really good for increased coverage of the cell.

Within the last 5 or 10 per cent of the population, 4G wireless services will be the technology of choice and some of them will need to use satellite towards the end of that tranche. One 4G 800MHz licence currently has coverage obligations on it, so it has to cover a certain population.

Alex Johnstone: As part of the process, should we consider setting higher targets for the area covered?

Peter Shearman: That is exactly the point I was getting to. In terms of current 3G coverage, Scotland does better than Wales but it does far less well than England and it is below the UK average. There is a coverage obligation on a national licence. Where is the operator most likely to focus its coverage? Probably not in Scotland. One point to think about is how the licence is set up and whether it focuses just on coverage of the UK or specifically on coverage in the nations, with a target that must be reached within each nation. My mobile operator sponsors will perhaps not thank me for suggesting that, but from a Government perspective it is an option that is worth considering.

In many rural areas, a lot of spectrum goes unused. Current 3G spectrum goes unused because operators do not have coverage or because only one operator has coverage. Making use of that spectrum is difficult within current market structures, but there is a lot of potential that is worth exploring.

Alex Johnstone: Does that include white space within the broadcast network?

Peter Shearman: Yes, white space can be added to that. A lot of capacity goes unused, but finding ways to access it can be difficult. White space is probably easier to get to, but it has slightly less capacity than the existing mobile spectrum that is not utilised.

Alex Johnstone: My final question is another relatively simple one, but it could go a long way. We have heard many examples of how broadband is being developed in other countries. From those examples, do you have a preferred model that would best suit Scotland?

Peter Shearman: Scotland's geography probably means that it faces unique challenges.

Certainly connectivity to islands is something that few other countries have to struggle with. The geography is such that a Dutch Reggefiber will not suddenly appear; it is far easier to dig up roads in flat places—

Alex Johnstone: You have got me worried. We are on our own, are we?

Peter Shearman: No, in urban areas the issues will be similar to the issues in the rest of the UK. It is the issue to do with the island and highland areas that makes Scotland unique.

The Convener: You are not going to tell us simply to do what country X, Y or Z did.

Peter Shearman: No, and that is partly because a lot of other countries do not have a plan.

Professor Fourman: There are countries with plans that are in some sense more comparable with Scotland than Holland is. Finland, Sweden and the Trentino region of Italy have all led from their Governments in slightly different ways.

In Sweden there is a patchwork approach, which works. There is a collection of networks; each municipality builds its own network and each housing estate can do so, and the networks then connect together. Recently, I asked someone from Sweden, “How do you get the backhaul to that place way up in the north of Sweden?” He said, “Well, we pass the traffic to the next community.” That is literally what they do in Sweden. They have done what the internet originally did—that is, they have lots of little networks and they connect them together. Sweden has found a different solution, but I do not think that it would work in Scotland or be the best approach for Scotland. A national core network will give better performance in all sorts of ways, and better resilience—well, possibly not better resilience, but certainly better performance.

Finland has put a requirement on the operators to provide what we would call a fibre hub within 2km of every community. A community is defined as more than eight houses—if I remember rightly; it might be more than 12 houses—within a 1km square, so it is pretty small.

In Trentino there was a Government plan to invest a lot in a core fibre network. Whenever they put a tunnel through the Alps or dig a road they put in fibre, so there is a fibre network that connects everywhere—and then the rest is happening.

Neil Findlay: Is the company owned by Berlusconi?

Professor Fourman: Trentino is a law unto itself. It is a rather interesting thing, actually. It is definitely not owned by Berlusconi.

The Convener: We should move on.

Adam Ingram: Professor Fourman, you mentioned the pathfinder project and said that state aid rules had been quite obstructive. For the record, will you flesh out what you said?

Professor Fourman: My understanding is that, in the 2001 paper that I mentioned, a key driver in the thinking behind putting the network in was that the investment would create an infrastructure that third parties would be able to use to provide business and consumer connections. However, when the network was put in, it was procured simply to deliver services to schools, so when communities subsequently asked whether they could get connectivity from the pathfinder project, they were told no, because the network was not procured with that in mind and people would get undue advantage if they made profits from it. That is my understanding of how the situation played out.

I have read a little around the issue and I understand that it is possible to include other public benefits in a procurement. In other words, it is possible to include the requirement to provide such services in the procurement. Had that been done in the pathfinder project, it would have been fine under state aid rules. They do not in themselves mean that the approach cannot work, but in that instance the procurement was such that it precluded other uses of the network.

Adam Ingram: Thank you.

The Convener: Jamie Hepburn has questions on broadband take-up.

Jamie Hepburn: The written evidence from the Communications Consumer Panel provides useful figures from the “Communications Market Report: Scotland”, which states that 30 per cent of adults in Scotland do not use the internet at any location, compared with a UK-wide figure of 20 per cent. Of those in Scotland who do not use the internet, 30 per cent say that it is because they do not know how to use it, whereas the rate for the UK is less than half of that, at 14 per cent.

I ask the witnesses in general, but particularly Ms Ballantyne, given that I cited her organisation’s evidence, to say what they believe the key barriers are to the take-up of broadband in Scotland and what needs to be done to engage with people who feel that broadband is not for them.

Fiona Ballantyne: You set out the key reason that people in Scotland give for not being connected. As you say, in Scotland, 30 per cent of those who do not use the internet say that they do not know how to use it, which compares with just 14 per cent in the UK as a whole. That suggests that a higher percentage of people in Scotland feel that they lack the skills or knowledge. Another interesting point is that 22 per cent said that they have no need for the internet, while only 8 per cent

quoted price as a barrier. Price is often thought to be more important than it is, whereas the issue is more about people's attitudes to using the internet. We need to overcome some of those attitudes.

A key point that is relevant to efforts to increase take-up is the fact that people buy benefits—they buy a computer and broadband package because of what it can do for them. People who do not know or understand what a computer will do for them simply will not engage. Why would they spend the money? All our research shows that we need to find compelling reasons to take people into using a computer and broadband, such as the ability to talk to their grandchildren in Australia through Skype or to follow their local football team on the internet.

To give a simple example, recently, an elderly lady with no digital skills suddenly asked her daughter for a Kindle because she had seen one and realised that she could increase the font size on it. That meant that she could start reading again, as she had virtually stopped. Of course, the next thing was that she was on Amazon downloading books. That took her on to the computer and, once she was on Amazon, the world was her oyster. We need to find that initial thing that takes people in. A lot of work can be done on that, and many of the digital participation groups work with people on it. Family and friends are also extremely important as they can be mobilised to work with people who are not on the internet to help them find ways into it.

In Scotland, we have particular issues with the over-55s, people on low incomes and those in the D and E social groups, who are underrepresented in access to and use of the internet. That impacts on Scotland's overall figure, which is that only 61 per cent of people have broadband compared with 74 per cent in the UK. That is because of the population distribution in Scotland. We have problem areas that we must target to increase take-up.

Jamie Hepburn: From my experience, I can say that it is cheaper to follow a football team on the internet than it is to pay at the gate.

You cited cultural or systemic barriers to accessing broadband and the internet more generally, but you said that expense is not particularly significant. You said that it is an issue for 8 per cent of people who do not access the internet, although I make it 14 per cent, because there are three categories: 8 per cent said that a computer is too expensive, 4 per cent said that access is too expensive to set up, and 2 per cent said that charges are too expensive. However, 14 per cent is still a small proportion of the overall number of people who say that they do not need or want to access the internet. On that basis, what is your opinion of Consumer Focus Scotland's

suggestion that social tariffs be introduced to make it cheaper for certain individuals to access the internet?

11:15

Fiona Ballantyne: It would depend on how they were implemented. If they formed part of the kind of universal service obligation that we have with telephones, they might help. However, given the low number of people who cite price as an issue, I would be concerned about any such move. Moreover, people tend to overestimate the cost of getting connected. As research across many markets—not just the communications market—has demonstrated, people sometimes cite price as a reason for not doing something instead of going into their real reasons. It is easy to say, "I can't afford it. End of conversation."

Jamie Hepburn: But might the converse also be true? Instead of admitting that price is a problem, might people say, "I don't want to access the internet because I don't know how to use it"?

Fiona Ballantyne: We need to concentrate on value for money. If people see a reason for having access to the internet and appreciate that it will do something for them, the issue of price becomes far less significant. Price is an issue to people who do not know how they would use the internet. As I said, it can distract us from looking at certain much deeper reasons. In any case, there are ways around the price issue; for example, some people use the internet by proxy through their friends or family.

We have carried out a lot of in-depth research to tease out the price issue, and we found that it tends to diminish as we establish a relationship with the interviewee and get more and more into the other reasons. It is not a huge barrier. I would have a problem with the introduction of a social tariff if it meant that the funds that are available for addressing other issues were reduced. It is not a magic pill or a silver bullet; if it were to exist, it should be part of a package.

Jamie Hepburn: Can you tell us a little more about the research that you have carried out and what you hope to achieve through it?

Fiona Ballantyne: We carry out quite a lot of research. I believe that our submission refers to the framework—

Jamie Hepburn: Perhaps we are talking about the same project, but I understand that you have also carried out research into people who are offline in areas of extreme deprivation.

Fiona Ballantyne: I can certainly talk about that. As you probably know, only 50 per cent of people in Glasgow have broadband. The panel is carrying out a fairly major piece of research that

covers the whole of the UK but is aimed at trying to understand what the issues are for low-participation groups, how they can get the most out of being online and how we can increase their breadth of usage. We want to explore the key barriers in areas of deprivation. We will be getting the thoughts and views of stakeholders and front-line people on those low-participation groups and we will be doing in-home interviews with people who are not connected, who are low users or who have been connected but have since dropped their connection. In those interviews, we sit with people at the computer and see how they are using it, so we can start to understand what excites people and what puts them off.

We are also going to carry out a number of in-depth interviews in Glasgow to get to some of the key elements of the problem. Given that that is qualitative research, it will focus on the hows and whys and will go into depth with a small sample of people. As we build confidence with them, we will be able to touch on some fairly sensitive matters. It is difficult research, because it involves asking vulnerable people to talk about their vulnerabilities. It will not give us the total solution to the Glasgow problem but, in the context of the wider research that we are doing, it will start to define some of the key issues.

Normally, after the qualitative research—the hows and whys—we go on to do quantitative research, which allows us to see the extent to which the views and opinions that have come out are replicated in the population that we are examining. Although we do not have the budget to do that quantitative research, I am pleased to say that there is a strong possibility that a major charity that I have been talking to will take the research that we have done and explore it further. I cannot tell you the organisation's name as it has not agreed to do so yet, but I hope that we will have solutions to the Glasgow problem by some point next year.

Jamie Hepburn: I will not press you for the name. Is the research that you are conducting in Glasgow part of your consumer framework for digital participation?

Fiona Ballantyne: No, it is a separate project.

Jamie Hepburn: Will you tell us a little about that framework?

Fiona Ballantyne: We developed the framework in order to look at the five-stage journey that people take to get online and stay online. The initial piece of research was a literature review that considered something like 71 reports—there is a lot of research in the area—and identified the key issues. After we developed the initial framework, we went out to talk to people and find out the extent to which it reflected the

journeys that they were making. It can be used by policy makers to help them to see what is needed in order to get people connected to the internet. It helps them to identify the gaps and overlaps in provision and to target new provision.

There are five stages to the journey: getting interested; getting online; making it work; enjoying the benefits; and managing the risks. Within that, there are various things that people need to achieve in order to move on to the next stage. We can use the framework to chart the journey that various groups need to make. An elderly person with no computer experience might have to move through all five stages of the journey. A younger person might be further towards the right-hand side of the journey and might need to consider only the final stage, which involves managing the risks. A parent might have some of the confidence issues that are a feature of the middle stages, and might also be concerned about managing the risks.

At a policy level, the framework enables policy makers to see what is needed. At the front line, it enables people to adjust their services to help the groups that they work with and address the issues that they have.

The Convener: You said that people need to see the value-for-money aspects of digital connectivity, but surely it is not only about value for money. It is also about, for example, ensuring that children have access to the internet for their learning. People might disadvantage their children if they do not have that connectivity.

Fiona Ballantyne: Yes. When I talked about value for money, I meant that, by paying however much you pay—£15 or £20 a month—you get all these benefits, such as the fact that your children can use the internet to help with their education, you can buy things more cheaply online, and so on. Understanding all the benefits of being online is what makes people willing to pay the money, as they consider them to represent value for money.

The Convener: As there are no further questions, I thank our witnesses for their evidence. If there is anything further that you think that we should know, please send it in in writing as soon as possible.

I will suspend the meeting briefly to allow a new panel of witnesses to come to the table.

11:24

Meeting suspended.

11:27

On resuming—

Homelessness Inquiry

The Convener: Item 2 is our first session of evidence on progress towards meeting the 2012 homelessness commitment. I welcome the witnesses, who are Olga Clayton, head of community care and housing at North Ayrshire Council, from the Association of Local Authority Chief Housing Officers; Councillor Brian Goodall, chair of the 2012 steering group, from the Convention of Scottish Local Authorities; Alan McKeown, head of housing at Angus Council, also from COSLA; and Rebecca Maxwell, assistant chief executive, sustainability, economy and environment, at Stirling Council, from the Society of Local Authority Chief Executives and Senior Managers.

I start this session by putting three questions together so that we can get a general background to the situation. First, how has progress towards the 2012 commitment impacted on the way in which homelessness services are delivered across Scotland? Are you confident that local authorities will be able to meet the 2012 commitment? Are there any persistent barriers that will make the 2012 commitment difficult to meet or to sustain after December 2012?

11:30

Councillor Brian Goodall (Convention of Scottish Local Authorities): The impact has been very significant. The existence of the target has focused minds in local government, but it has perhaps taken some local authorities longer than others to get to a stage where they are ready to embrace and deliver on the 2012 target. Generally, though, the majority of local authorities will be able to deliver on the target.

The target is very much a numbers exercise, but the key issue for us is addressing the impact on people who are experiencing homelessness or who are at risk of doing so and ensuring that we deliver better outcomes for them. That is the key target that we should all aim for rather than just viewing it as a numbers game, with the eradication of priority need groups.

We are in a positive place in terms of the culture shift, which has been major in many authorities. The majority of local authorities have the ability and commitment to deliver, but there have always been barriers to that. Given the recession and the upcoming welfare reforms, which I am sure we will get on to, there are threats out there. It is therefore not an easy task, but local authorities have certainly come a long way in their ability to deliver.

We have been pleased to help with that over the past couple of years in trying to get a focus on the 2012 target through the Convention of Scottish Local Authorities and Scottish Government steering group.

Alan McKeown (Convention of Scottish Local Authorities): What Councillor Goodall said is right. Since the implementation of the Homelessness etc (Scotland) Act 2003 and the initial work and resources that were put into it, we have seen what I would class as dramatic improvements in my working lifetime in how we handle the homelessness system. It used to be about gate keeping and exclusion, but it is now about assessment and inclusion. We have made huge efforts to ensure that we know who we are dealing with, that we keep people in the system and that we focus on good-quality outcomes. We are also now moving away from outputs in terms of numbers to outcomes for individuals, which is incredibly significant for how we do our business. The outcomes agenda will provide a platform for further significant improvement in the personalisation of services.

One of the things that we need to do next is to look at homelessness as an enablement service, so that we lose the focus on the language of homelessness and start looking at housing options and outcomes and building sustainable solutions for individuals. Local government is in a good place to be the leader of that. We cannot do it alone, though, so we need to ensure that we bring in the totality of the resources in the system to get a whole-systems approach to the issue. However, we have made significant improvements.

Olga Clayton (Association of Local Authority Chief Housing Officers): One of the areas in which improvement has been greatest is the shift in culture and focus for how we deal with homelessness. Partnership working has been key, but the early adoption of a prevention and early intervention approach has been important for the homelessness agenda. That approach will now stretch across the whole policy agenda, but it has been critical in enabling us to make progress towards reaching the 2012 target and has interesting lessons for the wider policy agenda in Scotland.

Rebecca Maxwell (Society of Local Authority Chief Executives and Senior Managers): The other culture shift has been to recognise from a whole-council perspective that homelessness is not just a housing issue but something that we need to take a corporate approach to and which is a significant part of the agenda.

On partnership working, local authorities cannot lead and deliver on homelessness themselves. We need to embed partnership working across the sector more widely to ensure that all can play a

part and that homelessness does not get lost among other agendas.

The Convener: We will move on. If some of the barriers do not come up in the discussion, we can come back to them.

Adam Ingram: Olga Clayton referred to the homelessness prevention agenda. I had the pleasure of a visit to North Ayrshire the other week, where I talked to people from the Ayrshire and south hub—I think that that is what it is called—which is supported by the Scottish Government to encourage prevention activities through the provision of guidance and so on. The hubs enable a housing options approach. Could Olga Clayton flesh that out a bit for the committee?

Olga Clayton: We have had the housing options approach in place in North Ayrshire partially since 2005 and fully since 2007. As you say, the approach has been adopted throughout Scotland and the hubs are one of the main ways of delivering it. Going back to what Alan McKeown said, I think that it is about looking at the individual's issues and finding appropriate outcomes for them. We moved away from the approach whereby, under the homelessness legislation, when someone came through the door and said, "I'm homeless. I need a house," the solution was to decide whether they qualified for a house and, if they did, where that house should be and who should give it to them. We now take a much more personalised approach, looking at the individual's underlying issues.

First, we consider whether the person really needs or wants to move or whether what they are presenting with are different issues. I will give an example. Our early experience was with 16 and 17-year-olds, because a third of homelessness in North Ayrshire was coming from that group. The number of people presenting as homeless was increasing all the time, and we got to the point at which we felt that we were really not addressing the underlying issues. When we started to talk to those people and their families, we found that what we were seeing was a symptom of underlying issues such as unemployment, misunderstanding of benefits and family conflict, which often happens at that point. For that particular group, we invested heavily in training our staff and in using external family mediation, focusing on prevention for them.

Our options approach, which developed that approach further, is delivered across the piece. Now, when someone comes to us, instead of seeing them as homeless and in need of a council house, we consider the range of issues that they have and what options are available. For example, for many people in our area, the private sector is proving to be a sustainable and good-quality

option in areas where there is a particularly low level of social rented housing. We consider the range of options, which are sometimes not about moving house at all. People used to move house when they were fleeing violence—either domestic violence or external violence—but an option for them is for us to put in greater safety measures and work more closely with the police, which reduces their need to move. We take a tailored approach in which we look at the reasons underlying homelessness presentations and have a range of options available that are tailored to deal with those.

Adam Ingram: The surveys that you have carried out suggest that access to a council house is not at the top of people's list of wants and that people are instead focused on access to a house in a particular area. That makes quite a difference to how you tackle the homelessness agenda, does it not?

Olga Clayton: It does. Many people still prefer a secure council tenancy. We get representations on that basis and that option is open to people. However, we were slightly surprised to find that people are more willing than we expected to consider private sector options. It is important to them to maintain their community links, their links to their children's schools and their links to employment. However, that is based on the fact that we have a rent deposit scheme and work with landlords who meet certain quality thresholds. In some areas, there are wider issues with the quality of housing in the private sector that limit its ability to meet needs and to play a proper role. That is an area in which more work needs to be done.

Adam Ingram: I do not know whether anyone else wants to comment on that. The rent deposit scheme is an important feature, although it could be threatened by the proposed welfare reforms. Others might want to pick up on that.

Councillor Goodall: The private sector has a key role to play, especially in a preventative approach, which will be more appropriate in some areas and circumstances than in others. In general, the identification of the preventative approach as a good example of good practice that was delivering was an early outcome of the 2012 steering group. Recognition of that and the need to share good practice led to the establishment of the hubs and the provision of Scottish Government resources for them, which was very positive. That is one of the best examples to come out of the 2012 steering group of the culture shift that is needed within local authorities, which I mentioned earlier.

In many areas, we have moved away from an approach of people saying, "Aye—that'll work for them, but we're different," to front-line officers embracing, through the hubs, a prevention

approach that they had resisted. That is a positive outcome from the hubs, which demonstrates that they could be a useful mechanism for sharing best practice in other areas.

Adam Ingram: Will that shift be permanent?

Councillor Goodall: Absolutely—we need to make that the case. The approach to 2012 needs to move away from being about a target and about something that happens next year. It needs to be about how we establish a new approach and deliver it sustainably in the years to come.

We will never eradicate the occurrence of people finding themselves with housing difficulties, but we can address a lot of circumstances and we can prevent the majority of people from needing to go down the homelessness route. However, when that is unavoidable, we must have in place a system to react and provide appropriate accommodation for people. That takes time and has major resource implications, which we will probably discuss. The prevention approach has been a clear example of how getting more authorities to do what North Ayrshire Council did has helped us to deliver progress towards the target.

Alan McKeown: Olga Clayton highlighted a couple of issues, such as the key one that we are not talking just about council housing. For a long time, people thought that going to the council for an assessment meant going for a council house—that is still thought by some people to an extent. We must shift the language to the whole system, which means that we assess a person's housing needs and their wider support needs, largely through the single shared assessment model, which takes us into a world of corporate support through the community planning partnership and not just the council.

A person's best housing option might not be a council house. For example, the readiest opportunity for someone who is in employment might be in the private rented sector or might be a form of low-cost home ownership or outright home ownership. We can help to pinpoint for people reputable independent financial advice models, for example.

A game change is going on around 2012. It is a pivotal moment when we can switch the balance away to much more enablement and people taking control of their own destiny. We will still be able to provide support, but it will involve enablement rather than doing things to people.

I think that a housing bill is forthcoming. That offers the opportunity for us to pause for thought on the housing system that we have and the housing system that we want to have in the next 10 or 15 years—or 26 years, if we consider when I will reach pension age and retire. I have a stake in

what we do now. I was around in 2003, when we developed the Homelessness etc (Scotland) Act 2003 and talked to committees about that, and I vividly remember those committee discussions.

We have an opportunity to look at the situation afresh now. It is difficult to put into context how different the culture of the system is now from what it was in the early 1990s and onwards. We need to take that learning and move it ahead. Olga Clayton's authority has been a catalyst for that. We are all looking at and developing housing hubs and we are all working furiously. We are redesigning services and putting money into the subject. That is making a difference.

Adam Ingram: On my visit in North Ayrshire, I was struck by how much working collaboratively was welcomed by everyone around the table. I got the impression that they very much wanted that to continue post-2012. That applied not just to local authorities but to the connection with the Scottish Government. Some people said that they would never have thought of contacting the Scottish Government until that approach was adopted and that they found that extremely useful for developing the agenda locally. Do you foresee that work happening post-2012? Does it depend on continued funding for hubs?

Alan McKeown: I will speak about what we are doing in Tayside and Fife. We are getting together with all the authorities through the hub model and independently of that to look at where we go next, how we share expertise and sometimes resources and what our policy platforms are. We do not need structural change to share policy platforms across areas. Some of my staff ask why we do not have a Tayside-wide allocations approach, albeit that we have community-based lettings plans that can fix community needs. The hubs have been a catalyst for that wider debate.

There is a real appetite for making it better for the customer. Does that depend on future resources? There are resources in the system. The first thing that we are all doing is looking at what we should do with those resources and whether we can make more of what we have. If we can get close to the levels of success that Olga Clayton's authority has had with the housing options approach, we will be able to redesign our services. For example, my authority is looking at moving away from hostel provision towards mainstream, community-based provision. That will free up the staff from hostel provision, which is very expensive, and allow those resources to be reallocated to front-line services, which will benefit not just what we call the homelessness agenda but the wider housing network.

Is the issue one of additional resources? We cannot deny that there is a big need for capital to build more houses but, when it comes to revenue

for running what we have, housing is very good at making best use of what it has.

11:45

Councillor Goodall: The housing options hubs are evolving, and I think that there is potential for them to develop. The provision of resources would assist that process but, so far, the hubs have demonstrated that they have been able to achieve an awful lot with limited resources, not just on culture shift but in other areas where achievements have not previously been made. They have shown themselves to be excellent vehicles for sharing best practice, resistance to which has been experienced in the past.

The housing options hubs have a real future and there is a lot of enthusiasm within them. They will probably evolve and their membership may change. There should be increased involvement of registered social landlords and other partners, particularly in relation to prevention and other issues to do with homelessness. There is potential to do more with the hubs if they can be sustained, whether through direct resource provision or through working more effectively with the existing resources.

Adam Ingram: What types of homelessness prevention activities were the most successful? Olga Clayton highlighted the work with 16 and 17-year-olds that helped to divert those youngsters from homelessness, which involved negotiating with the family to prevent them from leaving home and making themselves homeless. Is that the most effective activity that you have undertaken, or are there others that are proving highly successful?

Olga Clayton: That one was particularly effective in that we immediately saw the return of 92 per cent of the youngsters to the family home, where they were maintained. That is the beginning, not the end, of the service. A shift took place in the homelessness service that saw us support them and their families in the home and work with them to plan when they would eventually leave, which they would do in a sustainable way. That was the shift that took place.

We expanded that work to cover people from the age of 16 to 25. Over the piece, 60 per cent of the youngsters concerned return to the family home, after which we work with them in a planned way to look at what their options are.

We have undertaken a range of activities, some of which it could be said relate to crisis points. We have an extremely effective home security project that works with women who are fleeing domestic violence, which was a major driver of homelessness in North Ayrshire. That involved us going back to first principles and thinking about the way in which the system was set up, which meant

that the women and children who were the victims had to leave their houses. It is about providing options. We give women in that position the option of having their house made extremely secure. We give them 24-hour access to special response from the police so that they do not have to move and their children do not have to move schools. We have seen big reductions in homelessness in that area.

We used the same approach to antisocial behaviour and external harassment. In our area, we had a culture whereby people thought that the answer to a neighbour problem was a move. We have developed a solution in our antisocial behaviour strategy, which is where the wider community planning aspect comes in. Our strategy has different tiers of intervention, from early neighbourhood mediation up to much stronger and more effective investigation and enforcement. That has had a big impact as well.

We have developed a range of solutions for different people at different times. We worked through all the different causes of homelessness, looked at them from first principles and asked what we needed to do to deal with them.

Relationship breakdown is still the biggest driver of homelessness. We do not have a solution for that; we have not cracked it. Within families, we can manage it, but when the relationship breakdown is between partners, it is a huge driver—quite aside from domestic violence. However, we can consider people's housing options and ensure that not everyone is diverted into the homelessness system. That is neither what they need nor what they want. Our homelessness presentations have reduced by more than 50 per cent over the past four years, the impact of which has been that the percentage of housing allocations to homeless applicants has been 25 per cent. We do not set a target for that—for example, that we will allocate only 25 per cent of houses to homeless people. We do what is appropriate.

Resources have been freed up for everyone else. We were in danger of having a system in which there was a perverse incentive to go homeless because it was the only way to get services. In the past, if someone had a mental health or an alcohol issue tied up with a housing issue, the only way in which they could get support was to go through the homelessness route, and that was not right.

We have asked ourselves what we need to do when people present with problems that might put them at risk of homelessness, and how we can make early interventions. That is a huge area of work, and it may tie in with what Rebecca Maxwell said earlier about a shared agenda with health and social work. We need to improve on that.

Rebecca Maxwell: I will turn the question around and consider an issue that we still find extremely challenging—clients who present with multiple or complex needs. I am thinking in particular about clients whose needs may fall just below the trigger points in individual service areas. If we could focus more on how we improve our partnership working, it would pay benefits.

Councillor Goodall talked about expanding membership of the housing options hubs, and it may be worth considering input from health and social care services in those. Health and social care services face a huge range of pressures, and we have to be alert to the risk that the homelessness agenda will be squeezed out of discussions. Those services need to play a part in addressing homelessness.

Alan McKeown: I will compare and contrast my experiences with Olga Clayton's. In 2006-07, our local authority accepted that we had to work through the issue of priority need. In some areas, 95 per cent of our allocations have been to priority groups—most of the people would be classed as homeless, but some groups of elderly people have been in there too. We know the impact of having to provide that volume of support. Our duty in legislation is to provide housing and support, although no one is compelled to take the support. We will do all the assessments, but people can say, "Actually, I don't want that support." We are now going in the other direction, and we are all now in a benchmark club—the Scottish housing best-value network. Olga Clayton mentioned a figure of 25 per cent; we are sitting at 65 per cent.

We consider housing options, not just in terms of homelessness but in terms of a redesign of services. We ask whether our services are as good as they can be for individuals. When a 16 or a 17-year-old comes out of care, giving them their own tenancy can be the worst thing to do if they do not take any further support. We acknowledge that, and we work closely with colleagues in social work in trying to redesign services. That would not have happened without our approach to housing options. The commitment to change and the pace of that change would not have been the same.

Olga Clayton: I will say something about the link with the agendas of social care and health, specifically in relation to children. It strikes me that two parallel approaches to young people are developing. For looked-after and accommodated children, local authorities have raised the age at which they continue to keep contact and provide support. Local authorities and other partners put huge resources into maintaining families and keeping them together. On the other hand, the homelessness agenda seemed to be driving different behaviours. If a 16-year-old came to the local authority's homeless department, we would

immediately facilitate a breakaway from the family—without necessarily even talking to the family.

We have tied up those agendas, and asked why, if it is right that looked-after or accommodated children should be looked after by the authority up to the age of 25, in some cases, we would take a completely different approach if they came to us through the homelessness route. Why would we encourage a separation from the family? That did not make sense, so there has been a joining up of the policy approach.

Councillor Goodall: Alan McKeown's comments highlight for me one of the additional benefits of the prevention approach. It does not just deliver a better, more sustainable outcome for the person who is experiencing, or at risk of experiencing, homelessness; it can provide better outcomes for people on local authority waiting lists as well, because we resist the pressure to make 90 or 100 per cent of allocations from the housing lists to homeless people. There is a win-win there—as the public perception of the prevention approach widens, the idea that a person has to go through the homelessness route to get a local authority housing allocation should diminish, which will have a positive effect on the number of people presenting as homeless. I hope that that will allow us to focus on those who genuinely need the specific services that have been built up around homelessness.

Adam Ingram: Your challenge for the future is developing wider services in a multi-agency approach. Thank you for that.

Neil Findlay: It is critical that there is confidence that the allocation system can both create a sustainable community and meet housing needs, whether those of the individual and their family or those of the community—there are many elements to housing need. My local authority experience has been that somebody who has been allocated a property in an area where they do not want to live often passes somebody on the bus going in the opposite direction to a community in which they do not want to live. I hope that the new approach will start to deal with that.

Confidence in the system is lacking, however, among young men or women who have no health problems, no children and who live with mum and dad. Under the current system they have no prospect of access to social housing as a choice. Will what is to happen in 2012 make that situation better or worse? Will it drive more of those people into attempting to go down the homeless route to solve what they see as their housing need?

Alan McKeown: That type of client has the statutory right to be in the system. Anyone over 16 can apply. You are right that we need to develop

an honesty about who we can help and the pace at which we can help. In the current system, that type of client will have practically no chance of getting a house, but they should have a choice. We can give only one form of tenure, which is the secure tenancy, so we are then saying to people, "Your best option is in the private sector." That is okay, as long as we are honest about it, and I am not sure that we are as honest about it as we need to be—

Neil Findlay: If they come and say, "I am now homeless," what happens?

Alan McKeown: The way in which the law interacts with the code of guidance on homelessness means that their vulnerability and their priority will be low, so doing that will not help them up the list. The public services—councils as RSLs—need to start looking at why we could not offer that person a six-month tenancy. We cannot right now, but why could we not offer them a six-month tenancy, help them save or help them move on? Local government is very mono-tenure. We should offer better choices, such as six-month or one-year tenancies. We do not have that now.

Neil Findlay: If we are removing the requirement to be in "priority need", how are the circumstances of such a young person different from those of the next person?

Olga Clayton: It comes back to whether you consider them to be homeless or not. That is now the key criterion in the investigation.

Neil Findlay: May I stop you? What about a letter from my mum saying that I am homeless?

Olga Clayton: We would not accept that. We used to accept that kind of letter and that is what drove homelessness. Now we will go back and speak to the mother.

Neil Findlay: What do you do if she says, "I want him out"?

Olga Clayton: We do not necessarily walk away at that point; we try to understand why she wants him out. Sometimes it happens—people do kick their children out, for want of a better word—but quite often that will change once you explain to people what the likely outcomes and alternatives are. People have a rosy notion of what the options are and how quickly someone will get a house through homelessness, because they believe the myths about it. We explain that there are other options and we will help people through those other options. That is where we have had success in returning people to the family home. The prevention agenda really helps with that.

Our experience in North Ayrshire is that 50 per cent of allocations are going to people who are on the waiting list and are staying in the care of their mum and dad or relatives or whatever. Twenty-five

per cent of allocations are going to homeless people and 25 per cent to transfer cases. What stops us from housing more people who are in the situation that you describe is supply. For a time, what stopped us was the fact that in some areas a larger number of allocations were going to the homeless queue. However, we pulled back from that and it is now about not just how many houses there are, but how quick the turnover is. It is about the shape and location of supply.

All the housing associations in our area have a common housing register and allocation policy, but there are disparities in provision. Council housing was built for families and is typically not one-bedroom accommodation, but the majority of waiting lists are made up of single people or small households—one adult and one child or two adults and one child. That mismatch is one of the challenges, because people will not get full housing benefit if they are underoccupying a property. We have all those other issues going on, and supply is fundamental to that.

12:00

Alan McKeown: Neil Findlay is absolutely right about confidence in the allocation system. There also needs to be confidence in our use of the allocation system. We need to get added value out of every allocation. It used to be one in, one out. We now need to be engineering moves and creating chains of allocations. For example, regardless of the politics around the debate on the number of new-build affordable houses, we have always said that it is about 4,000 or 6,000 allocations. Why are we saying that? We should be creating chains of allocations in which that 4,000 becomes 8,000, which becomes 12,000 or whatever. We need to change our thinking and create housing outcomes. We have not been sophisticated or confident enough in our use of the allocation system.

There might still be some one in, one out, but there is an opportunity to make more of what we have and it is up to us as housing professionals to grab it. The common housing register and more commonality of allocations are the way forward. We need all the partners in that right now because there are a few barriers to that.

Olga Clayton highlighted the issue of one-bedroom properties. I do not think that we have quite understood yet that the benefits system changes will slam into us quickly and will be massively significant across the board. We need to get our heads around that. The use of allocations will be very important. We need to take people off the list and move people who are losing 15 or 25 per cent of their benefit, depending on where the regulations go on that. We have a duty to those people to prevent their homelessness.

We really need to get confidence in our use of allocations. I am on the Scottish Government's benefits advisory group and I have said to the Government that we must not wait to do that—we need to do it now.

Neil Findlay: I understand what you are saying about one-bedroom houses, but the street adjacent to where I live has a high number of one-bedroom council houses and, if the allocations are dominated by people coming through the homeless process who are unsupported, that creates a whole host of problems. There is a real caveat to what you are saying.

Alan McKeown: I am from an authority that made that higher level of allocations and I would say that you are absolutely right. It is the issue of confidence. When we were all first regulated we lost a bit of confidence because of the criticism of age restrictions and so on in allocations. We are starting to get a bit more use of professional judgment in allocations. You are right that it is about housing support. The tide is turning, and a bit of assistance is being given by the Scottish Government.

Rebecca Maxwell: I will pick up on a point that Alan McKeown and Olga Clayton made. There is an issue of supply in general and across all tenures. I think Alan McKeown said that it is not just local authority solutions that will address homelessness in future. We know from councils' housing need and demand assessments throughout the country that there is a shortage of affordable housing in all tenures. There is a mismatch between demand and house types, which we need to see as part of the bigger issue. The discussion today is about how we deal with the homelessness angle, but there is a bigger issue that also needs to be addressed.

Councillor Goodall: Increasing supply and making best use of that supply is key to that. We also need to learn lessons from the past so that we build appropriate to our needs and in a way that delivers the mixed communities in which it is a lot easier to avoid the problems that have been referred to.

There is a good example in my own authority, Fife Council, which has tried to deliver the maximum benefit for each new-build property. We operate a transfer-first policy for new-build general-needs homes to provide more appropriate accommodation for people on the transfer list. Not only can existing council tenants get a more appropriate move, we can deliver for people on the waiting list and those further down the chain who are homeless.

As I say, we need to maximise the benefit from every new council or RSL property that we deliver. However, I go right back to what was said in the

beginning—the more new homes that we can deliver, the better. That is one of the resourcing issues that we are putting before the committee today.

The Convener: With regard to your comment about changing attitudes, I am struck by the fact that we treat some young people very differently to others. On the one hand, students who go to university live in halls of residence, where many of them live together in flats, and throughout their university experience they will live in flats with many other people. On the other hand, we think that we are doing young people coming out of care a service by putting them in a flat by themselves. I do not think that such a move allows them to develop their social skills, their attitudes towards sharing and so on. Is there a gap in this respect? Should we, as Neil Findlay suggested, put single people in supported, perhaps more collective accommodation?

Olga Clayton: Certainly we need to examine the shape of existing accommodation. In that respect, Alan McKeown's point about tenure is absolutely relevant. Many authorities have probably set up shared flats in the past, but the secure tenancy regime, under which, for example, people have become liable for each other's debts, means that such moves have become pretty problematic and complex.

We need to find a range of better options. As far as housing young people is concerned, support is the critical bit. In students' halls of residence, there is someone who deals with, say, noise issues at the time; what happens in shared flats is a different scenario. We need to get the balance of support in accommodation absolutely right, but we also need to get away from the notion that although a young person of 16 might have the right to live in separate accommodation, that is not the right move for every young person. Indeed, it is very rarely the right move for a 16-year-old. They do not get the benefits and, because they are socially isolated, they end up having a very negative experience.

We have a responsibility to work with those young people. Although many of us have very good pathways with social work through care services, they do not cover the young people who are not dealt with in that manner but come through the waiting list or some other homeless route. As Alan McKeown made clear, we have become much more confident in our ability to do things and more sophisticated in our approach and will now say to young people, "Okay, the legislation says that you have a right to live in separate accommodation but we would like to consider other approaches with you." That has been the big shift.

Alan McKeown: We do not yet have a response to your question. Indeed, it is something for the Scottish Government to debate through this kind of structure.

We in local government do not have the tenure choices to accommodate young people in shared accommodation. We could do with having them and they would not be difficult to put together. As we were saying before the meeting, when the original draft of the Scottish secure tenancy was commissioned, it was written in a weekend by a very confident Queen's counsel. We can do that again and create those tenure choices. Indeed, that is what the Parliament is for and something it is very good at. The Scottish secure tenancy represented an incredible step forward but now we have to think about what we need for the next 10 or 15 years, particularly with the benefit changes to the single room rate kicking in. There is no way we are going to cope with the implications of those changes if we do not change some of our system's rules to make it more inclusive. Although it will mean having to do more work and giving more thought to the types of housing support that should be available, we will have to do that if we do not want to face a bundle of problems in the next few years. After all, we are going to lose a lot of income and, when that happens, how are we going to build new houses? We have to tackle the issue in the round.

Neil Findlay: The social housing budget is being slashed dramatically—indeed, disproportionately compared with other budgets. How on earth are you people going to cope with that and continue to provide supply? As Shelter, the Scottish Federation of Housing Associations and others have told us, the situation is pretty grim.

Councillor Goodall: A number of innovative schemes are delivering in relation to other elements of housing supply, such as the mid-market rented sector, as we have been hearing from Government. Many authorities are keen to look at such housing options, because when people are able to take advantage of such opportunities a bit of pressure is taken off at the other end of the scale, in relation to waiting lists and so on. I hope that such options will allow us to focus our resources—which are limited in the context of our ability to create new build—on creating letting chains that can deliver for all the people who cannot take advantage of mid-market renting or private sector options.

We must be as positive as we can be and make the best use of the resources that we have. Of course, you will hear no arguments from me against making available more resources for new build, but one way to strengthen that case is to demonstrate that we are delivering the best that

we can deliver. We need to explore every opportunity to ensure that councils that have the ability to build more have the land, the resources and the support to do so.

In other areas we will have to go down the RSL route. There has been a lot of pressure on RSLs to start to deliver with a similar level of subsidy to that with which local authorities are able to deliver.

The process should help us to focus. The key outcome is not the input but the number of units that we provide in appropriate places for people who need them. That is the figure on which we want to judge progress, instead of looking at budgets in difficult times, when we know that budgets are being slashed.

Alan McKeown: I agree on the point about maximising the number of units that we build, but it is also about what we do with the units. It is about not just the number of houses that we build but how many outcomes we get from them—that multiplier is the issue. We have something similar to the transfer-first policy. Such approaches might not make the absolute difference, but they will make a difference.

Olga Clayton and I were discussing the issue. I must be honest and say that our authorities have had bumper years in the number of units that we have delivered, because we have been in a financial position to be able to deliver units. That will not last, because at some point we will run out of money and we will not be able to increase rents significantly so that we can do more; we have to be fair with rental levels, which vary depending on an authority's income. We have been able to deliver innovative schemes. My convener was much to the fore in pushing us along the lines of private sector partnerships with people who can deliver for lower levels of grant. We will deliver 77 units through partnerships with private developers.

Scotland has got much more canny about the use of its public resources through lending on and granting on. In the next couple of years we will see much smarter use of second-homes money and the affordable housing investment programme. However, we will have to take tough decisions. Bids to the innovation and investment fund were for a maximum of £30,000 per unit for local government. We are delivering at that level while some RSLs are getting £44,000 and still looking for more money. We need honesty. If people cannot deliver for that resource, we need to find people who can.

Rebecca Maxwell: As Councillor Goodall said, more resources for affordable housing in the public sector would be appreciated, but there is a broader debate to be had about ensuring that other forms of housing are available. There needs to be a sufficient supply of affordable housing in

the new build that comes forward in the owner-occupied sector, and we need to consider the degree to which the private sector is accessible and affordable for people on lower incomes.

Olga Clayton: Supply is critical; 2012 is next year and we will not build our way to meeting the target.

On the point about confidence in the allocations system, applicants and tenants in my area support the approach to homelessness, but their support is contingent on their feeling that their needs are being met, which requires appropriate supply.

Resources for new build are about not just money—although money is important—but land, and there is land throughout the public sector. The health sector, in particular, holds land, which is an issue for me locally. The Government could look fruitfully at the better use that could be made of land resources in the public sector to take the agenda forward, because such resources have not been exploited as fully as they could have been. The issue is particularly important, given the demographic pressures in Scotland.

We are about to have the new national older people's housing strategy. There will be pressure because older people will be in competition with many of our homeless applicants for the same small units. The health sector has a real interest in ensuring that older people are kept in the community, as do we. Land could be released to make the older people's housing strategy a reality, which would release pressure on us in providing for people who are homeless. There are all sorts of links to the wider policy agenda that need to be made.

12:15

Gordon MacDonald: I want to ask about supply. I asked for a Scottish Parliament information centre briefing, which states that the number of households in Scotland is 2,344,000 and that the total housing stock is 2,469,000. That means that there are 120,000-odd more dwellings than households. Over the past couple of nights, Channel 4 has been running pieces about how there are 1 million empty properties in the United Kingdom. Data provided under freedom of information suggests that 7,500 homes lie empty in Edinburgh. Should we be doing something about that to improve the situation for the number of families who are looking for a change?

Olga Clayton: Work is on-going on empty homes. The empty homes partnership has been partly seed funded by the Scottish Government to look for solutions. In fact, Councillor Goodall spoke at the empty homes conference last week that was hosted by Shelter.

There is great benefit to that work in particular areas. In rural areas, there may be houses that are lying empty while there is a very restricted supply. Work is on-going, and it will bear fruit in some areas. For example, South Ayrshire Council put in a bid to the innovation fund last time round, and it has an innovative approach that works for it in bringing empty homes back into use.

The situation is different in different parts of the country. We need to match the action that we take to what housing demand shows for an area—the empty homes that each area has and to what extent they could and should be brought back into use. Some homes are empty for a reason. That could be because there is a structural oversupply in the area, in the same way as there is a structural undersupply in other areas. Looking at numbers across Scotland can give a skewed picture of where we are.

We must also consider how households are counted. For example, someone who stays with their mother and father would not count as a separate household, as by definition they are part of their parents' household, but they could be on our waiting list as an aspiring household. We need to look at the demand from aspiring households—people who have not made it into being a household because they do not have their own accommodation.

Alan McKeown: Angus Council's survive and thrive initiative has brought empty properties back into use—it was successful in the town of Carnoustie, for example. That has had the real benefit of being a driver for regeneration and for employment and training opportunities for young people. Those opportunities exist.

A long time ago, there used to be a £1 million empty homes fund—in 1996 or 1997. There is no direct empty homes funding at the moment, but some ideas, such as lending money at low interest rates through local government or RSLs, could be looked at and tried for limited amounts of money. They will not solve the problem, but they will be a part of a series of solutions that we are looking at.

Councillor Goodall: It is a major issue. The Scottish empty homes conference was successful and it highlighted a number of innovative approaches that have been taken in other countries and are now being taken in Scotland. The issue for me was that most of the good examples are delivering on a small scale—maybe eight houses here and one or two there. The challenge is to find a way to scale up those projects and deliver something that would make a difference to a place such as Edinburgh, considering the figures that Gordon MacDonald mentioned. The reasons for the homes being empty are also significant.

The issue is a great one as the approaches to tackling it can deliver a series of additional benefits. There are a lot of communities where one or two empty homes in the area generate estate management issues, as well as the extreme frustration that someone who is experiencing homelessness or the threat of homelessness feels when they have to walk past an empty home every day. It is a demoralising situation to be in—we all ask ourselves the question, “How can that be?”

There are schemes that are worth exploring. For me, the key is to find one that we can scale up sufficiently. I know that resources are available through the empty homes partnership to consider having dedicated officer support to deliver on empty homes, to use some of the existing tools, through the internet and so on, to record and register empty homes and to start the work to bring them back into use.

A good combination of carrot and stick will be the appropriate approach. The Government is considering the options on council tax for empty homes, which gives us the opportunity to have some stick that might encourage owners to engage with local authorities and other partners to help to bring those homes back into use.

The issue is crucial but, even if every empty home was brought back into use, that would not solve the problem overnight, as some of them are empty because they are in areas where there is a surplus. However, every little helps, so a solution on that issue would be extremely useful. That work is on-going and COSLA is actively involved in it and happy to be so.

Neil Findlay: I am surprised that although we have three senior housing officials giving evidence, they have made no real comment on the fact that the social housing budget has been halved. I understand that you operate in a political arena, which perhaps is the reason for the reticence. I just wanted to make that comment.

Olga Clayton: Actually, I said that supply is an issue and that more funding would be welcome. We probably share that point of view. Depending on what we use as the baseline, there is a 20 or 50 per cent cut to the budget, which is a significant cut that is out of kilter with the cuts to the rest of the capital budget, which are about 3 or 4 per cent. I suppose that, as part of our pragmatic nature, we are used to getting on with things. However, there certainly is an issue and I would not want to underplay it.

Neil Findlay: That is very diplomatic.

The Convener: We recognise the reality of the cut from Westminster. Alex Johnstone has the next question.

Alex Johnstone: That is a hospital pass.

We have had the 2012 target for several years. It has been the property of successive Governments and has received support from the parties that have not been in government, so the commitment is very much the Parliament's property. I was interested in Alan McKeown's comments on the flexibility that is required. As a north-east member, I know that Angus Council is an exemplar on a host of housing issues, but Mr McKeown talked about additional sophistication that he thinks can be introduced into the allocation policy and other issues. What does the Parliament need to do to allow the council to do its best in years to come?

Alan McKeown: I am fortunate in that I was around when the Housing (Scotland) Act 2001 was designed. I was also around for its implementation and when the Homelessness etc (Scotland) Act 2003 was designed. I am not sure that we fully understood all the consequences that would arise from the 2001 and 2003 acts, but the vast majority of the consequences have been good. However, it is time to examine the housing system to find out whether it is working in the way that the Parliament felt that it would work, whether it is doing the jobs that we thought that it would do, and whether we can afford to do some of the things that we currently do. We should ask some questions and then think about where to go next if a bill is forthcoming.

My view is that more flexibility on tenure would allow us to reach out and help a bundle of people whom we cannot help now. For example, the national housing trust, whether we like it or not, is aimed at achieving housing options through councils for groups that we previously were not able to reach. The NHT has allowed councils, whether or not they have sites and can afford it, to hit the individuals that we have heard about. If we accept that the NHT gives us that, why cannot councils consider doing that through a non-NHT route?

There are some relatively easy things to do in relation to tenure choice and giving local government the ability to be more entrepreneurial. That might just be about sending out the clear message that the council is a developer as well as a body that allocates houses. If the market is going nowhere in a particular area, the council can stimulate it, as we have done through our survive and thrive initiative, which is driven by our housing convener. We can use our resources to stimulate whatever tenure is there. That goes back to the housing options approach, which has enabled flexibility and innovation. The issue is about housing outcomes, not the tenures or who delivers them.

We have got much smarter. The innovation and investment fund allowed private sector partners to

bid for Government funds in a way that they did not do previously. We should continue that direction of travel.

Alex Johnstone: I was delighted to hear some of the witnesses mention the increasing role of the private sector in supplying housing. However, in the supply of social housing, the private sector is a relatively new part of the process. Could the private sector deliver more and could changes be made that would allow it to deliver a more effective service?

Alan McKeown: Yes. The partnership with the private sector needs to get better and become more of an open book. We need to talk about shared risk and shared return, or lower levels of return with more higher-end houses and a much more flexible use of the planning system. That is about negotiation. We have got much better at the use of section 75 planning gain agreements, but we need to reflect on whether they are now fit for purpose and whether we could be a bit more flexible. Relationships are starting to develop and they are encouraging.

To return to our survive and thrive initiative, almost all the money in that goes, through our prudential borrowing capacity, to private sector agencies, which receive grants of around £30,000 to deliver new affordable units for rent or for sale for low-cost home ownership. My authority was successful in getting resources from the innovation and investment fund for its own shared-ownership scheme, which we believe will give us a rate of return. I see no reason why local government cannot build houses for rent or for low-cost home ownership, or outright home ownership, on a not-for-profit basis and then recycle that resource to meet local community needs.

Councillor Goodall: The private sector probably can and should do more. It probably was doing more through developer contributions for affordable housing, but the big issue was the recession. Obviously, if sites were not developed, the contributions were not forthcoming, which had a major impact on the number of affordable homes that were being delivered throughout the country.

On more active participation by private landlords, one issue is the uncertainty over how the new approach to housing benefit will affect them. We have a representative of private landlords on our Fife housing partnership. Landlords are concerned about the current issues. Those who deal predominantly with people who are reliant on benefits are concerned about how that relationship and process will change. There have been suggestions that some landlords will steer away from taking anyone who is likely to be reliant on benefits—as many do at the moment—or will steer away from being a landlord at all and consider other options.

We need to work on that and find a way to ensure that private landlords continue to make a contribution where that is appropriate. I hope that we can find a way to ensure that the new benefit structure does not work against that. That is a concern for private landlords and for those of us who rely on them to help us to deliver the 2012 target.

Olga Clayton: Alan McKeown talked about councils being able to offer more flexible tenure. We would like a more flexible regime so that private sector landlords can give people longer leases. There are issues, particularly for people who have children, for whom stability is important. When people put their child in school, they want to feel that they will be living in the area for the requisite length of time. However, the current tenancy regime in the private sector does not give people that security, although that is sometimes achieved through agreements with individual landlords. Representatives of private landlords always give examples of people who have been in the same house for 15 or 20 years, but that tends not to be the pattern. We do not have the German pattern of long-term renting in the private rented sector.

We should not have different tenancy regimes in the sectors; we want flexibility so that people have a proper choice. If someone wants to live in a particular area, the length of time for which they can live in a house should not be dependent on which sector it is in. People's choice can be constrained by their locality. The only real choice might be the private sector, which means a lack of security of tenure. It is important that we look across the piece.

Alex Johnstone: Keeping those issues in mind, I would like to ask about RSLs—the housing associations, largely—which have been the growth area in recent years and have provided a lot of accommodation. Are they taking their share of responsibility with local authorities in providing houses, particularly for the more difficult tenants?

Councillor Goodall: There has been a mixed picture across the country, and probably within authorities as well. Different RSLs have taken slightly different approaches, as is their right. Some have bought into the whole prevention approach; they have had their own culture shift and made a greater contribution to delivering accommodation for homeless people. We have seen RSLs that have increased their allocation levels and, in some cases, their targets for homelessness, which has been very positive. There are not many examples, however, of them doing more than a local authority would do with its own housing stock.

There is scope for all RSLs to do more, and for some to do quite a lot more. It is a mixed picture.

RSLs are represented on the steering group, and there has been an on-going discussion about that subject. We are keen to welcome the work that has been done and to praise those that are playing their part, but we also want to pull the others up to a similar level.

12:30

Olga Clayton: We have discussed this issue over the past few years. The majority of funding for new housing still goes to RSLs. When we talk about increasing the supply to meet the 2012 agenda and to make our homelessness approach sustainable in the longer term, we cite the figures about new supply, but if the new supply is being provided by RSLs that do not provide allocations to homeless people or help with the agenda in some other direct way, that need is not being met. On the one hand, we are saying that we are doing things with the supply and, on the other, we are talking about having these policy aims; the two need to tie up. In discussions with the housing associations' representative body, we have identified a fundamental issue, which is that RSLs are part of the voluntary sector and some of them have a philosophical problem with the notion that they are being used to deliver a statutory obligation.

In my area, we have a good relationship with the RSLs, which are proactive on homelessness. I know that that applies in many other parts of Scotland as well. Some, however, still feel that homelessness is the council's agenda and the council's issue. All the obligations are placed on councils; they are not placed on the partners. Many of the RSLs still see it as a matter of choice whether they should engage or not. When we ask questions at national level, the response is often, "We aid a whole lot of people who are not statutory homeless, so the definition is changing. We house a lot of people who are hidden homeless on waiting lists." That really is not an answer; if it were, the figure would go up by about 90 per cent, because we house those people as well. There has been insufficient focus on ensuring that the investment addresses this agenda through RSLs.

Alan McKeown: A "mixed picture" is a good way of describing it; it is mixed across the country but also within areas. We have some top-notch RSLs in my area. Hillcrest Housing Association signed up for the common housing register and common allocations a long time ago. That is a good, productive relationship, and we are working to bring others on board. Common housing registers have been around for eight or nine years, and some have taken a long time to develop because of technical issues. As Olga Clayton pointed out, there are also issues of principle

involved, with some RSLs saying, "That's not for us. That's your job, not ours."

Alex Johnstone asked what Parliament could do to try to move things along. We need to be more explicit about this. If we are putting in public investment, it needs to achieve the national outcomes that have been set out. We should be saying, "By the way, if you are getting £50,000 of public investment to help to build an affordable house, it needs to go to the client group that the Government wants to help. Go and make that happen."

There is still a very mechanistic way of doing this, for which I am partly responsible, along with David Bookbinder, who is now at the Chartered Institute of Housing Scotland but was formerly at the SFHA. We wrote a section 5 referral programme. Why do we have to go through the bureaucracy of a referral programme when we have the potential for common housing registers and common allocations policies that would make things much easier for the customer? That bureaucracy needs to be, and can be, removed quickly, just by saying, "You should all be in a common housing register. You should all work together on a commonality of allocations, and you need to increase the number of allocations that you make to priority groups, rather than playing with definitions."

Olga Clayton is not alone in her experience of RSLs saying that they house homeless people even though they are not housing statutory homeless people. They are making up that definition for themselves, and we need to level that playing field. We must ask whether the system is fit for purpose and doing what we thought that it would do.

Alex Johnstone: My final question is about what we often describe as the revolving-door syndrome in social tenancies. I am not sure about the scale of the problem, but we all have anecdotal evidence of tenants becoming antisocial, being evicted and having to be rehoused. Are the housing support services developed and resourced enough to support homeless households or to ensure that those households can sustain their tenancies once they have moved into a house?

Olga Clayton: More resources would have more impact in this area. However, going back to Rebecca Maxwell's earlier comments, I think that much of this is about linking with existing social and health services. With many of these families, we need to map out the services they receive and the contact they have and, although it is clear that they are in contact with other services, quite often that support does not address the lower-level areas of prevention that we want to focus on and will need to look at even more in future.

We have seen the revolving door in action. However, an interesting quirk of the current statistics is that at the moment the percentage of homeless households that present again within a year—in other words, those that become homeless, get a house, lose it and come back—appears to be going up. However, that is because the overall percentage of homeless presentations is going down. It looks as though things are getting worse but, in fact, what we have is a core number of households whose complex needs were not successfully met the first time round. That number has neither increased nor decreased and authorities are now looking at the best way of dealing with the most complex cases. Clearly, the problem cannot be dealt with through the housing function alone; after all, drug and alcohol addiction, mental health and certain learning disability issues lie at the root of these cases, and we need to get much better at achieving joined-up working across the sector and targeting it at low-level support.

Alan McKeown: On the numbers that Olga Clayton highlighted, I bang on about this issue a lot because my community and convener keep raising it with me; the national level is 5 per cent, whereas the level in our area is 2 per cent. We must be getting something right, and what we think we are getting right is the single shared assessment that we carry out. We struggle to meet the 28-day target at times, but at least when we go in we have a much more holistic picture.

As for whether our housing support is working, the problem is that most of the people we would want to engage with housing support do not; indeed, there is no responsibility on them to do so and we need to think about whether there is some lever we can pull in that area. We are also looking at pre-tenancy work in connection with these issues.

The critical issue, however, is the impact on communities' perception of fairness. They see someone evicted for rent arrears or antisocial behaviour being rehoused by us temporarily and then permanently. That is the current system and, as professionals, we work under it, but there is a debate to be had about whether it is what we thought would happen. If that was the aim, that is fine—that is what we will do. However, some tenants, particularly those who engage with the system, will say to us, "Why did you rehouse that person? They wrecked their house and left behind £4,000-worth of damage and £1,500 of rent arrears. They've also had four tenancies". If that is what we have to do, that is fine. We now know where everyone is in the system, which has made a massive difference, but there is a price to be paid for that. Perhaps we just have to admit that we know what the price is and that that is how things have to go and instead do things entirely

differently and ensure that there is more effective engagement with housing support.

Jamie Hepburn: The witnesses have touched a little on the issue of welfare reform, but I wonder whether we can flesh it out a bit more. We have taken evidence on the Welfare Reform Bill from a number of bodies, including COSLA, Shelter and the SFHA, all of which expressed concern about the proposed changes to housing benefit. Alan McKeown seemed to come closest to fleshing out the issue earlier; he should forgive me if I am citing him slightly incorrectly, but I think that he said that, although the housing benefit changes were going to slam into local authorities, no one really understands them at this stage. Of course, that is understandable given that the detail has been somewhat light. With that caveat, can the witnesses tell us what specific impact housing benefit changes might have on the 2012 target?

Alan McKeown: The headlines are obviously to do with the impacts on individuals. Benefits will be sliced across the board, which will impact on a range of individuals who tend to be more dependent on benefits and are captured by the legislation and the code of guidance. The headlines are not only about housing benefit, but the changes to housing benefit—the move to a universal credit that will be paid monthly—will be incredibly challenging for those who have never budgeted, who do not think that budgeting is important and who, in any case, think that budgeting involves spending money on things other than rent. That poses a risk to our income streams. I know that some people might say that we should not be thinking about that, but we should, because that money pays for repairs, improvements, new houses and staff. We have to think about our income stream and have a business head on. The loss of direct payment to local authorities and other landlords will be important.

Jamie Hepburn: Presumably, continued payment ensures continued tenancies.

Alan McKeown: Absolutely. A key message needs to be that it is okay to ask people to pay their rent. It is okay to chase people for their rent because that is what keeps people in their house. Above all, we want sustainable tenancies.

The reduction in benefit will be between 10 and 15 per cent for someone who underoccupies by one room but between 20 and 25 per cent—depending on the regulations—for someone who underoccupies by two rooms. You can see that confidence in the use of allocations is incredibly important in that regard. My view is that we should be prioritising those individuals and helping them to move. Many of us have assisted-move schemes. We have one that we will present to the council again in January whereby we pay up to

£2,500—on a sliding scale—to get someone out of a four-bed house, because we need those bigger houses, we need that movement and we do not want people to be in arrears.

Those are some of the headlines. I gave a presentation to the Scottish Government's benefits reform group in which I said, "We know this stuff is coming. We need to get ahead of this. What are we saying about the policy implications and the policy choices?" Because we have devolved responsibility for housing, we can move much more quickly than other parts of the UK. We must start thinking about what we can do. If action is not taken nationally, it will be taken locally. Some decisions that we will make might not be what we should do, strictly speaking, but they will prevent homelessness down the line. We are looking closely at that at the moment.

Olga Clayton: There are a couple of specific points on the 2012 target. From January, people up to 35—previously, the cut-off was 25—will be eligible for housing benefit only on a shared-room basis; they will not be eligible for housing benefit for a single flat. For those of us who use the private sector as one of our housing options, that will have a big impact, as it narrows down the options. We are trying to develop a range of responses to that and to negotiate with landlords on rents.

The welfare reforms will drive policy changes, whether intentionally or not. In the local housing strategy in my area, we decided that we would not build one-bedroom houses in future, either through the council or through RSLs, because they are not flexible. Someone might move in as a young single person, but they might acquire a partner or a child, or they might become old and want a carer to stay with them or their family to visit overnight. We might have to change our approach to that because we want to ensure that people can sustain those properties in future.

The change could have an impact on allocation policies. At the moment, we cannot take into account someone's ability to pay when allocating a house for them—it is expressly forbidden. However, are we really going to allocate someone a two-bedroom house if we know that they are not going to get the full housing benefit? What is the implication of that for the law in relation to allocations in Scotland and the extent to which it might need to be changed to give us some flexibility? We would be taking someone's income into account for the right reason, to make sure that they sustained their tenancy. That is an important point.

Jamie Hepburn: Do you have any sense that Scotland's 2012 commitment has even remotely featured on the radar of the UK Government?

12:45

Olga Clayton: I was at a meeting with the civil servants who were leading on this piece of work, which was also attended by a few representatives of local government and COSLA. I know from speaking to colleagues in England that it is not just about the 2012 target; there is a policy blindness towards the housing agenda. When we raised all those points, we were told, "Those are housing policy issues and are not our concern. We are not concerned with the working of the housing system. Our concern is the benefits system and delivering these savings." The answer that we got back was very clear: interaction with the housing system is not on their agenda. English colleagues have had the same message, so it is not a matter of not understanding the Scottish policy agenda; it has just been dealt with in a very mono-focused way.

I have a last point about how the changes might drive behaviour. Many of us are now looking at our temporary accommodation, because the people we accommodate now are different from the people we used to accommodate 10 years ago, and their support needs are different. Alan McKeown has outlined to you one way he might be changing that in his area and we will be changing it in different ways in ours. Someone who has been accommodated in a homeless hostel for three months will be exempt from being restricted to the single room rate. That does not need to be three months at one time; it can be any three months from when they were 16, and they might present when they are 42. That raises record-keeping issues for us and it also gives us an incentive to keep hostel provision, as we can then ensure that people have a wider range of options, because they will have less restricted housing benefit.

A lot of system changes will take place in housing development as an unintended consequence of welfare reform. For good reasons—think of the older persons agenda—we would want to develop two-bedroom houses. Someone might go into a house when they are 56, while they are of working age. If they are underoccupying, maybe they can manage it by paying the difference, because they do not want to move—people do not want to move all the time as they get older. Are we really going to say that people will have to move according to their age? Would someone move back into a two-bedroom property as they got older because they were now exempt? Welfare reform will drive all sorts of unintended consequences in the system and Alan McKeown is right to say that we have yet to see what those will be.

Alan McKeown: The impact on council tax is significant. There is a 10 per cent cut. My authority will lose £700,000 in council tax and COSLA is

working on a national approach to that. People do not realise that it is another massive budget cut that we will have to deal with. The changes are so widespread that it is difficult to get hold of how many there are, but we know the headline ones and we can do something about them. We should start getting on our toes on this and start thinking about solutions.

To go back to the tenure issue, I think that there is no question but that shared accommodation will have to come back to the fore. People will say, "We tried that before; it did not work," but I do not think that we have much choice now. Right now, we do not have the tenure, because there is still a right to buy on non-new supply shared equity, and how do you work that out on a shared tenancy? We then need to look at houses in multiple occupation legislation. The best solution might be to have three or four different people in a house. That takes us into HMO territory, so we will have to look at the consequences of that. The answers are out there, but it is complicated, as Olga Clayton points out.

It is absurd that someone who was in a hostel at one stage in their life will have better choices across the board than someone who was never in a hostel. Did we ever think that that is where we would get to? I do not think that some of these things have been thought through. For example, for people who have to move from a local authority home into the private rented sector because they are underoccupying, the chances are that the rent will be higher than for a four-bedroom local authority house. There are some good examples floating around of that. I am sure that the SFHA gave you some. It is up to us to put our foot on the gas here—we have the ability to react to this and, with the Scottish Government and the Parliament, we need to get on with it.

Jamie Hepburn: It would be nice if we could put our foot on the brake as well, but I take the point.

Alan McKeown: Absolutely, but it just does not look like anyone is listening.

Gordon MacDonald: Most of what I was going to ask has been covered, but is there anything that we can do to support local authorities to continue to improve services to homeless people, especially post-December 2012?

Rebecca Maxwell: I think that one thing would be to recognise that it is not just local authorities. Pressure and encouragement should be brought to bear on our partners to continue to participate in the agenda and not allow it to be lost in the range of other, competing agendas that they may have.

Councillor Goodall: We want to deliver against the target, but we also want to deliver the best possible outcome for people if we have not been able to prevent their homelessness and they have

had to go down the homelessness route. It is generally agreed that it is not appropriate for us to offer bed-and-breakfast accommodation, but we often still have to do so. Any resources that could be made available to help us to use more appropriate temporary accommodation would help us to deliver our target. That could lead to a positive outcome for people; it would also save money and help with some benefit issues. Costs are involved when local authorities offer bed-and-breakfast accommodation as opposed to offering either their own or a partner's temporary accommodation.

Alan McKeown: The language used has to shift—towards the language of enablement and personal responsibility. Local government should not be expected to deliver everything to everyone all the time. We cannot afford that, and neither should we be doing it. We have to work with people so that they can help themselves and help us to help them.

Olga Clayton: It was remiss not to have made this point about ALACHO. If we gave the impression that we did not think that supply was important or that additional funding for housing was important, that was not our intention at all. However, we are where we are.

I will touch on a point that Rebecca Maxwell made. A particular concern of mine relates to health, social work and social care. As progress is made with the integration agenda, and a sharp focus is put on the change funds for older people and for children, homelessness might fall off the agenda. Indeed, it may not have been firmly enough on the agenda in the first place. As joint outcomes are developed for health and social work, I wonder where the outcomes for homelessness will fit in. How can we ensure that they do?

Gordon MacDonald: What about changes to legislation? Flexibility of tenancy has been mentioned, but is there anything else that we need to do?

Olga Clayton: Legislation may be required in relation to housing allocation. At the moment, there is a specific requirement that people's financial circumstances are not taken into account. That requirement is there for good reasons, but it was not meant for the situation in which we find ourselves now. The requirement has to be looked at again, because flexibility is needed. Even if a person has come to the top of the list, we would want to have the flexibility to say that they should not get a two-person house because they will not receive the housing benefit for it. At the moment, we could be left in a slightly tricky situation. If we bypassed that person, our reasons might be left open to challenge.

Clarity is also required in the legislation on tenure, to give us greater flexibility. We should be able to offer shared tenancies in a sensible way.

Alan McKeown: We are 10 years on from 2001, and nearly 10 years on from 2003; there would be merit in pausing for thought. Is the legislation framed correctly for the next 10 or 15 years? We know that the capital gap is significant and will deepen; we should accept that the legislation needs to grow, be flexible and be reviewed. Is the system fit for purpose? If we think that it is, great, we can keep on going. However, if we think that some things could be tweaked and changed for the next five, 10 or 26 years, we should be mature enough to accept that perhaps we did not get things quite right.

Rebecca Maxwell: We should not consider only the social rented sector; we also need to examine legislation in relation to the private rented sector, and the degree to which it does or does not work.

Councillor Goodall: I would like to thank the committee for offering us the opportunity to present the situation from a local government perspective and to highlight the fact that it is not important only to local government—our partners also play a key role.

A sense of ownership of the 2012 target by the whole Parliament, and not just by the Government and COSLA, has been mentioned. The Government has indicated that it is still committed to the target, and COSLA is still committed to the target. Knowing that the commitment existed throughout the Parliament would also be very useful. If you could find an opportunity to express that, it would be useful.

The Convener: Thank you. On that note, I thank the witnesses for giving evidence today. It has been very helpful and useful. I also thank you all for the innovative and collaborative work that you are doing.

Subordinate Legislation

Licensing and Regulation of Taxis (Appeals in Respect of Taxi Fares) (Scotland) Amendment Order 2011 (SSI 2011/401)

12:54

The Convener: We move now to subordinate legislation and consideration of an order not subject to parliamentary procedure, on the licensing and regulation of taxis. I refer committee members to the cover note on the order. Do members agree to take note of the amendment order?

Members indicated agreement.

The Convener: In case members have not noticed, the cross-party group on rural policy this evening is on broadband in the south of Scotland and in the Highlands and Islands. Another meeting on transport partnerships may be of interest to committee members.

The finance secretary has been given some extra capital recently, and I think that we should push him in the direction of spending at least some of it on housing. Do committee members agree that I should write to the finance secretary about that?

Members indicated agreement.

Meeting closed at 12:55.

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