



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Local Government, Housing and Planning Committee

**Tuesday 16 April 2024**

**Session 6**



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**LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE**  
**11<sup>th</sup> Meeting 2024, Session 6**

**CONVENER**

\*Ariane Burgess (Highlands and Islands) (Green)

**DEPUTY CONVENER**

Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

**COMMITTEE MEMBERS**

\*Miles Briggs (Lothian) (Con)

\*Stephanie Callaghan (Uddingston and Bellshill) (SNP)

\*Pam Gosal (West Scotland) (Con)

\*Mark Griffin (Central Scotland) (Lab)

Gordon MacDonald (Edinburgh Pentlands) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Colin Beattie (Midlothian North and Musselburgh) (SNP) (Committee Substitute)

Joe Brown (Scottish Government)

Laura Dougan (Scottish Government)

Paul McLennan (Minister for Housing)

**CLERK TO THE COMMITTEE**

Euan Donald

**LOCATION**

The David Livingstone Room (CR6)



## Scottish Parliament

### Local Government, Housing and Planning Committee

*Tuesday 16 April 2024*

*[The Convener opened the meeting at 09:30]*

#### Interests

**The Convener (Ariane Burgess):** Good morning, and welcome to the 11th meeting in 2024 of the Local Government, Housing and Planning Committee. I remind all members and witnesses to ensure that their devices are in silent mode.

We have received apologies from Willie Coffey and Gordon MacDonald. Colin Beattie is attending the meeting as a Scottish National Party substitute member. I welcome Colin to the meeting and invite him to declare any relevant interests.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** Thank you, convener. I simply direct members to my declarations in the register of members' interests, where I have indicated that I am a registered landlord for one property.

**The Convener:** Thank you very much.

### Decision on Taking Business in Private

09:30

**The Convener:** The next item on our agenda is to decide whether to take items 4 and 5 in private. Do members agree to take those items in private?

**Members** *indicated agreement.*

## Building Safety and Maintenance and Housing to 2040

09:31

**The Convener:** The third item on our agenda is to take evidence on building safety and maintenance and the housing to 2040 strategy from the Minister for Housing. The minister is joined by Joe Brown, who is deputy director of more homes in the Scottish Government, and Laura Dougan, who is unit head of housing strategy and delivery in the better homes division of the Scottish Government. I welcome our witnesses to the meeting and invite the minister to make a short opening statement.

**The Minister for Housing (Paul McLennan):** Good morning, convener. It is always good to be back in the room with the committee. Thank you for inviting me to participate in this important discussion. I thought that it might be helpful to provide a short update on progress on some issues that the committee has been considering lately.

I am delighted that the Housing (Scotland) Bill has now been introduced, as per our commitment in the 2023-24 programme for government. The bill delivers on our new deal for tenants and represents a package of measures that will help to improve affordability through implementing a national system of rent controls alongside a range of other rented sector reforms. Together, those measures represent a robust package of additional rights and protections for tenants that will improve their experience of renting a home.

In addition, we are determined to tackle the negative and sometimes devastating effects on people's lives of living with damp and mould. Although any instance of damp or mould is a cause for concern, I am heartened to see analysis of the latest Scottish house condition survey data, which we have shared with the committee. That shows that there has been no significant increase in the levels of condensation or mould across all tenures. However, we have noted a small increase in homes recorded as suffering from rising or penetrating damp. Those increased from 3 to 4 per cent between 2019 and 2022. That is why it was so important that urgent action was taken in the early part of this year.

The Scottish Housing Regulator, along with other stakeholders in the housing sector, responded to that issue through the publication of new guidance for the social sector. We also published updated statutory guidance on the repairing standard that covers the private rented sector. We will continue to consider what is necessary to tackle that scourge as we take

forward work on cross-tenure standards. We are committed to tackling disrepair and driving a culture in which good maintenance is always given a high priority.

In response to the committee's letter of 15 March, I provided, on 9 April, an update on the engagement with Aberdeen City Council on its rehoming programme due to there being reinforced autoclaved aerated concrete in its homes. We are continuing the work of our cross-sector working group on RAAC to understand the extent of RAAC in our housing stock, and we are engaging with landlords who have identified the presence of RAAC. We will keep in close contact with the Scottish Housing Regulator and local authorities that have taken the difficult decision to decant residents from their homes, and we will ensure that we understand the impacts of the long-term remediation plans, particularly on the home owners involved.

More broadly, I welcome the work that the committee has undertaken to carry out a review of the housing to 2040 strategy, and I look forward to seeing the report of its findings in due course. I have followed with interest the work so far through the committee's evidence sessions, and I am pleased to note that stakeholders and members of the housing to 2040 strategic board generally appear to still agree with the strategy's overall vision and aims. However, I appreciate and understand the concerns that have been raised concerning the challenging environment that the housing sector and local authorities face and the impact that that is having on delivery.

It is important to note that, when we published "Housing to 2040" in March 2021, we were in the depths of the Covid-19 pandemic, which was swiftly followed by the cost crisis and the fuel crisis, as well as the negative impact of Brexit on the construction supply chain, labour shortages and record-high inflationary pressures. That has been further compounded by a nearly 9 per cent real-terms fall in our United Kingdom capital funding for 2023 to 2028.

Of course, the Government cannot deliver the ambitions in "Housing to 2040" alone. We look forward to continuing our work with the housing to 2040 strategic board and the sector more widely to tackle the short-term challenges and maintain the longer-term path to delivering the strategies, aims and visions.

I hope that the committee has found this short update helpful.

**The Convener:** Thank you for that update. Our first session will be on building safety and maintenance; after that, we will take a short break and then focus on the housing to 2040 strategy.

Something that has come up time and again in committee evidence sessions and round tables is a need for some kind of central database that would hold information on the design, construction and maintenance of Scotland's buildings. I think that you are aware of that from the time that you were on the committee. Is the Scottish Government considering that—perhaps starting with new-build properties, for which that information could be easily obtainable? Obviously, that has come up because of things such as RAAC and the cladding issue, but also because of a sense that we could respond more readily to issues such as damp and mould if we understood what buildings were made of.

**Paul McLennan:** In general, the Government would consider that. At the moment, it is looking at the issues in two or three different ways. We talked about the role of the housing regulator on issues of damp and mould and our work on that with the Association of Local Authority Chief Housing Officers. When we look at damp and mould, we need to cover social housing and private housing—that is an element to consider.

Things are still emerging in relation to the RAAC issue. We talked about Aberdeen, for example, and there is the work of the RAAC cross-sector working group. We are engaging with that work and we are continuing discussions with Aberdeen City Council and other local authorities.

**The Convener:** Just to come back to the question, can we start to move forward on a database?

**Paul McLennan:** We would consider that. At the moment, we are engaging on where the damp and mould work, the RAAC work and the cladding work sit. We moved forward with the cladding bill and we are talking about RAAC, which is still an emerging situation. As we progress those in more detail, a database could be worth looking at.

As you said, it is easier to make new homes a part of such a register. We talked about a register on cladding, and I know that we will be talking about that next week. Work is emerging in all those areas. When we progress those, it would be worth looking at the suggestion that you mentioned and how we could take that forward, because you are correct that data is really important. At the moment, because individual pieces of work are going on, we could look in the relatively short term at how we take that forward.

**The Convener:** Thanks. I will continue on a connected theme. The first time that I heard about it was in a session on cladding. It is the idea of a building MOT, which would be some kind of regular check on buildings to make sure of maintenance and safety. What is the

Government's view on the possible introduction of that type of work?

**Paul McLennan:** Again, to come back to the issue of cladding—I am sure that this will come up next week—discussions are continuing with developers about the single building assessment process and how we take that issue forward. On that issue, I think that a number of amendments to the Housing (Cladding Remediation) (Scotland) Bill are being lodged by Mark Griffin and Miles Briggs and I imagine that there will be others. I think that discussions are continuing with developers on that. As the bill progresses and discussions go beyond it, that matter will be brought up and discussed. However, it is really important to speak to developers about that. There are on-going discussions about the SBA process, which we will touch on in more detail next week, I am sure. However, again, the issue that you mentioned could be considered as we get more into the depths of what the developers say on how we can work with them collaboratively. That is a really important point—that we work in partnership with them on that.

**The Convener:** It is good to hear that that is being considered.

**Mark Griffin (Central Scotland) (Lab):** Good morning, minister. While we are on the subject of maintenance—in particular, the maintenance of existing flats—we have heard from witnesses that the current regime does not work well in relation to carrying out proactive maintenance to prevent long-term issues. Does the Government have any plans to review the legislation that governs the on-going maintenance and factoring of flatted developments?

**Paul McLennan:** There is obviously the work by the tenement maintenance working group, and I know that there have been discussions on that. Graham Simpson discussed the issue through the cross-party group on housing and raised it with me; I met him to discuss that particular point.

Work is still going on with the Scottish Law Commission around building maintenance and the related effects. We are waiting for the SLC to come back with an update on that, which I understand will be later in the year, in the autumn. It will be interesting to see what the Scottish Law Commission says, because we commissioned a piece of work from it on that specific issue.

Again, I am happy to come back to the committee on that point. I have said that I will come back to the cross-party group too, and I think that there is a separate building maintenance group within that which has been looking at the issue.

We are waiting to hear back from the Scottish Law Commission on its exact thoughts on that

issue, because it is a complex legal area, hence why we asked the SLC for an update on that particular point. I am happy to come back and write to the committee at that stage, Mr Griffin.

**Mark Griffin:** I look forward to seeing that update. Have there been any interim updates?

**Paul McLennan:** Not as yet, but we hope that we will get some kind of report, as I said, post the summer recess. We have had an indication that there will be an update in the autumn, so that could be between September and November.

**The Convener:** I will bring in Stephanie Callaghan next.

**Stephanie Callaghan (Uddingston and Bellshill) (SNP):** Good morning, minister. There is, understandably, a backlog in essential maintenance across housing tenures. I have two questions. First, how can that maintenance be paid for, and secondly, what role do you see for national and local government in supporting that work?

**Paul McLennan:** With regard to local government, I have tried to get round to as many local authorities as I possibly can—I have about three to go, and then I will have been round all of them. The issue that comes up first and foremost is what they should prioritise. We are having discussions around the retrofitting agenda, and local authorities have prepared their local heat and energy efficiency strategies. What happens beyond that is the deliverability, which is due towards the end of this year. The green heat finance task force is looking broadly at how that work is financed—it is looking at local authorities and registered social landlords, and how those can be funded.

We are also talking about investment in new stock, and where that fits in. The repairing standard applies in that regard. One element of that is that local authorities should always, in preparing their budgets, be engaging on, and looking at, how that aspect fits in. For local authorities, the role is very different. The green heat and retrofitting agenda, and how authorities invest in that, or invest in new stock, is an ongoing discussion, and there will be different solutions for different local authorities. They will prioritise what they need to in that regard. It is up to each local authority what it chooses to do around that point.

Having had 15 years of experience in local authorities, I know that that discussion came up every year. One would hope that a local authority would seek to ensure that priorities are updated every year. There was a maintenance backlog after Covid, on which local authorities are starting to catch up. Again, however, that is a decision for

each local authority, and we are working with them on that.

On things such as damp and mould, for example—which you mentioned, convener—the Scottish Housing Regulator has a role, and there are discussions with the Convention of Scottish Local Authorities and ALACHO on that. Again, it depends on each local authority, and we are working with them on that. We have been working a wee bit with ALACHO on that point to ensure that it is picked up.

There is a broader issue with adaptations, which fits into the broader agenda. Each local authority probably knows more than anybody else about that in respect of their specific area, so we are working with local authorities individually and ensuring that local teams are working with them on that. However, it ultimately comes down to each local authority making its own decision on investment in retrofitting, for example.

The role for national Government is to work with local authorities in terms of funding for adaptations and so on, and we are working closely with the Scottish Housing Regulator, ALACHO and COSLA on the themes that emerge.

**Stephanie Callaghan:** I have one more question, for clarity. It sounds very much like you are talking about local authorities taking quite a joined-up approach, as well as getting support at the national level, across maintenance, repairs, adaptations, retrofitting and so on. Are you seeing that approach across local authorities?

**Paul McLennan:** I will be honest: the picture is mixed. One of the key points with regard to local housing is the housing needs and demand assessment process, which looks at the requirements. With local housing strategies, what is important is how broad and far-reaching they are. A local housing strategy is not simply about housing itself and where to deliver houses—it is about adaptations and repairs, and it should also include looking at the retrofitting agenda and where that fits in.

09:45

A key thing that has emerged for me when speaking to local authorities in the past year is that there is always a need to look for more housing for elderly people. I remember meeting an organisation for extra care housing. There are figures from the Office for National Statistics showing that, in the United Kingdom, there are about 15 million bedrooms sitting spare. If we take Scotland's share of the population, we are talking about between 1 million and 1.5 million bedrooms sitting spare in Scotland at the moment. Is there an opportunity for elderly people who might be staying in a big house to move into other housing?



I know that local authorities have had incentives before and they have got people moving. That is a market that needs to be developed. We have had discussions with care providers about that, and we have a round-table meeting with Maree Todd coming up to talk about how we can look at extra care housing and what kind of funding there is for that.

We are talking about approximately 1 million and 1.5 million bedrooms in Scotland that are lying spare. I know that you are talking about the broader housing situation, but that is where the local housing strategy needs to be as broad and as far-reaching as possible. Those are the kinds of discussions that we are having with each local authority. They are all slightly different, because the situation in the Western Isles is a wee bit different from that in Glasgow, for example. That is where the local housing strategies need to go into a little more depth, and we can work on that in our discussions with local authorities, as well as through local teams discussing the issues with them.

**Pam Gosal (West Scotland) (Con):** The committee has heard concerns that the efforts to cut emissions from existing homes might lead to unintended issues, such as more mould and damp. What measures has the Scottish Government taken to prevent that?

**Paul McLennan:** Do you mean what actions have we taken in terms of emissions?

**Pam Gosal** *indicated agreement.*

**Paul McLennan:** Obviously, new-build standards have come in, which is an important step in relation to where we are with new houses. We are now starting to see those, and I have had discussions with developers who welcome that. We have to ensure that those standards continue to evolve as different technologies come forward. I know that that is being looked at.

Work on damp and mould depends on whether the matter sits with local authorities or the private rented sector. This is where the role of the Scottish Housing Regulator comes in. I know that it has written to the committee directly about Scottish social housing charter indicators. One of the key things that the regulator is talking about, in engaging with the sector, is developing an appropriate monitoring system. That is really important for knowing what impact the issue is having. Again, ALACHO has an important role to play in relation to social landlords, while the regulator has an overview. After Covid, a note was put out on damp and mould to all social housing practitioners. That was in February last year, and four leading housing organisations sent a wee note out on that.

I go back to the figures that I gave at the start of the meeting, showing that there have been no increases in the levels of condensation or mould, but we need to make sure that we are working on what to do going forward. You read some discussions saying that damp and mould are about tenants' behaviours, but they are not. It is important that tenants look after their properties, but this is about making sure that the properties are properly looked after. It comes back to the point that Stephanie Callaghan made about ensuring that local authorities have effective schemes in place. The regulator has the ability to speak to local authorities about how they deal with damp and mould and I know that it has done that for Edinburgh, for example. We work closely with the housing regulator and the issue is always raised in the discussions that I have with it.

Obviously, there is a complaints procedure, but working closely with the housing regulator is the important part. There is a report mechanism. As I said, the housing regulator wrote to Edinburgh about how it dealt with damp and mould in its properties. It is about people working closely with the regulator and with ALACHO. It comes back to the condition of the properties and how they are looked after, which comes back to how authorities deal with that in their local housing strategies and what they are spending on that work.

Data is incredibly important. What levels of damp and mould are there? Each local authority can monitor that and do the piece of work on it. When I meet people from the City of Edinburgh Council, for example, we discuss damp and mould and how it is dealing with that.

This is a broad area, but the regulator very much has a role to play and ALACHO, for the local authorities, is keen to work with it. It comes back to how local authorities look after their stock. As for private landlords, there have been discussions with the regulator and the Scottish Association of Landlords, and guidance has been given to private landlords on how they deal with damp and mould in their properties.

**Pam Gosal:** The Royal Incorporation of Architects in Scotland reports a rise in hospitalisations due to damp and mould in Scottish homes and emphasises that the current guidance is insufficient and poorly understood. What actions has the Scottish Government taken to rectify a growing backlog of deferred maintenance and previous poor interventions that have at best covered up and at worst exacerbated, rather than solved, damp and mould issues?

**Paul McLennan:** That goes back to what I was saying previously. I mentioned the briefing note that was sent out, and the Scottish Housing Regulator plays its part. A real focus was applied after Covid, as it was not possible to inspect

properties during Covid, for obvious reasons. That has been picked up on with regard to the backlog. It is a matter of working with the regulator, with ALACHO and with individual local authorities. The Housing Regulator has the power to write to the City of Edinburgh Council or other local authorities, as it has in the past, to ask them what they are doing.

We will continue to work with the Scottish Association of Landlords, which is developing a more robust guidance scheme for tenants, as we have discussed. We should ensure that the guidance is out there. It covers all tenures, not just social housing; it addresses housing associations and working with private landlords, too. It is also a matter of ensuring that we have the data, and the Scottish Association of Landlords should speak to its members to ensure that they are following the guidance.

**Pam Gosal:** You talk about the guidance, but I have mentioned that the current guidance is insufficient and that it is poorly understood. Where do you see the work of the Scottish Government there?

**Paul McLennan:** That involves working with the housing organisations. We have mentioned the work of the Scottish Association of Landlords, and I will raise that issue with it. I am also happy to take up this matter with you offline and to review it with the Scottish Housing Regulator. The feedback that we got from the sector suggested that the guidance was sufficient, but I am happy to take up that point and to come back to the committee on it.

**The Convener:** I return to the issue of the action to reduce emissions in existing homes resulting in negative consequences. Specifically, the situation in my region is that, under UK-wide schemes for internal insulation, panels have been incorrectly installed, which is leading to damp and mould. What can you do about that? The problem concerns private home owners and the people living in those houses; it is not just about rented accommodation. What can you do to support private owners, as well as those in the social rented sector, in understanding how to install insulation? We are trying to tackle one issue—emissions—but there are consequences that are causing huge health issues.

**Paul McLennan:** That is a really important point. I was in my constituency a couple of weeks ago at a project called insulate Innerwick. The village consists of around 400 houses and a group was started up. Two or three weeks ago it held an open day, and Changeworks and Energy Advice Scotland were there. About 100 people attended, and one of the key things that came up concerned that point about advice. The Scottish Government partly funds such organisations, and it is important that people get the right advice. People at the

event gave examples of companies they had spoken to that had not met the standards.

There is work to be done around communication, which is really important, and it fits into the broader retrofitting agenda. That involves a fabric first approach and moves on to the question of how the house is heated. There is an element of working closely with Changeworks and Energy Advice Scotland on the work that needs to be done. At that meeting a few weeks ago, technical questions were being asked that I did not fully understand, but that is where the trained professionals came in.

It is about ensuring that, as the market continues to grow, it is regulated properly and that we keep an eye on how we regulate if we need to. It is also about ensuring that there is sufficient advice out there. Even at the one event that I was at, people were asking about that and giving examples of work being done that did not meet standards and had to be done again, while experts from Energy Advice Scotland and Changeworks were saying that that was not the approach that they would recommend.

There is a real role for making sure that there is enough advice out there on the retrofitting agenda and that people are getting the right advice, so that we avoid companies that do not have the proper training dealing with insulation projects for which they do not have the knowledge. As that sector continues to grow, it is a watch and brief situation.

**The Convener:** Thank you for that. Your example was about people in a community space who got together, and who pulled together to catalyse an event with Changeworks. We can see very much that that collective action needs to happen.

**Paul McLennan:** Very much so. If people can do that in a small village with 400 or 500 houses, how do we move towards that? How do we do that in urban Glasgow or in the Highlands? We have talked before about the carbon neutral islands project up in Raasay, which had a conference a few months ago. The challenges were around how to look at that in a remote community. There are projects out there that are working really well with regard to sharing the standard and so on. That was really encouraging and it is great to see what people are doing. There are examples and I think that that work will continue to grow. How does the Government support that? How do we support local communities? That is a really important part, because the solution in Innerwick would be different from what it was in Raasay or in urban Glasgow or Edinburgh. That is a piece of work that we will need to keep an eye on, because people will see the opportunities around that. However, we need to make sure that the advice that we

have out there grows to meet the growing demand.

**The Convener:** Great; thank you very much. All communities should be on alert and should get together.

**Paul McLennan:** Yes, very much so.

**The Convener:** Stephanie Callaghan has a brief supplementary question.

**Stephanie Callaghan:** Thank you very much for allowing me to come back in, convener.

I have a short question. Minister, in your answer to Pam Gosal, you mentioned the importance of data. Can you say a little more about that? Local authorities often measure slightly different things in slightly different ways. Do you have any reflections on current monitoring? Is the data from across local authorities directly comparable?

**Paul McLennan:** The data is a piece of work that we need to look at in a little more detail across the housing sector. Again, it comes back to the work of the Scottish Housing Regulator in relation to what data it collects and how it uses its influence across Scotland. We have discussed that issue with COSLA. The housing to 2040 group—I know that we will touch on it later—has also talked more broadly about the use of data. A review group is looking at the data, and that is one of the issues that needs to be looked at. If you are referring purely to data on the housing repairing standard, a wee piece of work needs to be done on how we look at that and I would be keen to see that work. The situation is mixed across different local authorities and we need to develop that a bit further to understand it. It comes back to the damp and mould issue, for example. The Scottish Housing Regulator has the ability to write to the City of Edinburgh Council and other local authorities and say, “What is your data collection like?” and, “What are you doing around that?” That needs to be monitored on an on-going basis all the time. We need to progress that with the housing to 2040 group, COSLA and ALACHO.

**Stephanie Callaghan:** Thank you; that is helpful.

**Colin Beattie:** Good morning, minister. I would like to explore one or two issues around RAAC. Your letter on 9 April was very helpful in the update that it gave on the continuing work with Aberdeen City Council. However, the Scottish Housing Regulator’s survey found that 13 social landlords, nine of which were councils, have now identified the presence of RAAC in some of the homes that they provide to tenants.

If I recall correctly, RAAC was originally brought in back in the 1940s. Equally, drawing on information that I have from other committees that I sit on, it was never intended to last more than 30

years. Since the 1980s, there has been a stream of alerts from professionals drawing attention to the fact that RAAC was coming to the end of its life. Of course, that predates the Parliament, so I am not clear what happened when those initial warnings were given. I do not know how the Scottish Office at the time dealt with that.

10:00

However, coming back to RAAC and the councils, the matter is quite serious—it is serious in my constituency of Midlothian North and Musselburgh—so I would like to know what steps you are taking to support the councils that are affected to deal with the risks arising from the historical use of those materials. We are going back decades here, so we do not really know the scope of the RAAC problem, and it might take years to find that out. What support are you giving the councils?

**Paul McLennan:** I will come back to that question in a second. The first point is that we are working with the Scottish Housing Regulator on identifying properties that are affected, through both local authorities and housing associations. We are still working with the regulator on that, and it is doing the engagement.

On the specific issues that have been picked up, we go back to the impact of the incident down south, when we started to look at the issues through the RAAC oversight group.

To come back to the housing point, a number of local authorities have been in touch. Clackmannanshire Council was identified as having a small number of properties. Aberdeen City Council is in a similar position, with a slightly larger number of properties. I have met Clackmannanshire on a number of occasions, and I have also met Aberdeen. Both local authorities are going through an options appraisal at the moment, which is important. They have looked at some of the houses that are impacted by RAAC, some of which may be repairable and some of which may not, so a broader overview is being undertaken by Clackmannanshire and Aberdeen. We continue to engage with them, and when they come back with their options appraisals, we will sit down with them and discuss them in more detail. So, there have been discussions and I am happy to pick up with you in relation to the issues that you mentioned in Midlothian.

Aberdeen and Clackmannanshire have been impacted the most by the issue, so we have had a number of meetings and we continue to work with them. The options appraisal is a really important part of it, and there is detailed work going on in both local authorities on what they need to do to move that forward. The complexity is that some

properties are privately owned and some are owned by the local authority. We continue to engage with both Aberdeen and Clackmannanshire and with other local authorities, and the broader RAAC oversight group is looking at the issue.

It is very much an on-going discussion, but there have not been any requirements for funding. In relation to the asks, we have worked very closely with Clackmannanshire and Aberdeen on some of the more detailed work that they need to do on the properties.

It is an on-going situation, particularly for those two local authorities. Aberdeen, for example, has indicated that its work will take six months from around March or April, so it is talking about reporting in late summer. We continue to engage regularly with both local authorities and we will see what specific demands come out of the overall work that they are doing just now.

**Colin Beattie:** As far as East Lothian Council is concerned, I would appreciate the opportunity to develop that discussion with you.

The cost will not be insignificant. Private residents will obviously face massive costs and they are probably unlikely to get tremendous support from the Government or local authorities. Therefore, we are mainly looking at housing authority and council houses. We are going back to the late 1940s, so how do we identify them? How do we ensure that the houses are identified and that they are safe for the tenants who are in them? Given what I said about the original plan that RAAC would have only a 30-year lifespan, how valid is it to say that they are safe?

**Paul McLennan:** Previously, you mentioned going back to the 1970s. I cannot comment on what went on in the 1970s and what programmes were in place. The convener mentioned at the outset that carrying out building MOTs is an important part of it. As matters continue to evolve through the discussions about RAAC and cladding, there needs to be a broader overview and a broader consultation.

You mentioned the work that the Scottish Housing Regulator is doing. That is probably about where RAAC has been identified. Where a number of houses with RAAC have been identified—in Aberdeen, for example, as was mentioned before—a more detailed piece of work needs to be done on what their situation is actually like. Aberdeen City Council is currently going through that work with all the affected residents. It is having one-to-one discussions with residents about what their options are, what their situation is and what condition surveys have been carried out on the properties. That work, which is being done with the Scottish Housing Regulator, continues to

evolve, and we discuss it regularly with the regulator.

It then comes back to what comes out of those more detailed pieces of work, such as those being done in Aberdeen city and Clackmannanshire, and what that looks like going forward. A key thing is that, last year, the Chancellor of the Exchequer indicated that the Government would “spend what it takes” to deal with RAAC, but so far no funding has been identified, including in the recent budget, so we need to see what comes out of that work to identify the requirements that Aberdeen City and Clackmannanshire have. We are not at that place yet. Those matters will be raised with the councils, and they have already said that they will discuss it with us when they get to the options appraisals and what the situation actually looks like.

There are a number of key issues in addition to that. One is about insurance. When the Aberdeen issue came up, we had a discussion with the Association of British Insurers about it. While insurance will not cover RAAC, properties will continue to be insured.

The other key issue involved talking to UK Finance about how it is dealing with the situation with private owners and what that situation will be going forward. UK Finance is in discussions with us and with local authorities on advising residents on what they need to do at this stage. Also, as I said, there will be discussions with Aberdeen City Council on its longer-term options appraisal, which will include private residents and social tenants. That piece of work is still on-going. We get a weekly update from Aberdeen on the number of discussions that it has had and what it is trying to do. We will have more detailed discussions with the council when it gets to the situation around the options appraisal and what that looks like, and any specific help from us would be highlighted at that time. We are not at that position yet, but I am happy to come back to the committee when more detail comes forward.

We are working closely with the regulator to do that. As the committee can understand, it is a big piece of work to try to identify that right across Scotland.

**Colin Beattie:** In fact, insurance is the next thing that I will ask about, because the situation is quite serious. I understand that insurance has been kept in place for all the properties, but there is still a big question, because insurance is not intended to cover RAAC, so the replacement of RAAC will probably be for the owners to fund in some way. I imagine that RAAC is present mainly as cladding on blocks of flats and so on, as opposed to individual houses—is that correct?

**Paul McLennan:** In Aberdeen, it is more individual houses that are involved. The fact that

RAAC has been identified does not mean that it cannot be remediated—the condition surveys that are carried out on the properties will identify that. Part of the options appraisal is to ask whether a property can be remediated or whether other options are available. That work is being done in Aberdeen, and there is liaison with the Scottish Government and building control colleagues. When the options appraisal comes forward, it will identify what the council needs to do.

The identification of RAAC does not mean that it cannot be repaired. The key element is what the costs are for local authority and private residents.

**Colin Beattie:** Is any sort of funding likely to be available for private residents? The assumption is that it will not be, because a lot of the properties are former council houses that have been purchased. However, they were built by the council originally, and a lot of owners I know are saying, “We bought this in good faith, but in fact it was a substandard build.” Is there likely to be any funding at all in those circumstances?

**Paul McLennan:** I come back to the point that the chancellor said that the UK Government would spend what is necessary, but there has been no funding. We continue to raise the issue with the UK Government, but nothing has been set aside; funding was not set aside in the budget.

Any answer would be hypothetical at this point, because we do not know what the options appraisal will say. I am happy to come back to the committee when we have more detail, such as from other local authorities. At this moment, anything would be hypothetical, because we do not know what any particular ask will be and whether any funding will come from the UK Government to address the matter. Obviously, the issue has continued to evolve in the rest of the UK, too. If there was additional funding from the UK Government and there were consequentials, that would change the situation but, at this moment, it is hard to indicate that when we do not know, and have not had any specific asks, about funding.

**Miles Briggs (Lothian) (Con):** Good morning to the minister and his officials. I have a couple of questions. First, I will ask about the post-implementation analysis that the Government has undertaken of some of its policies. It has been two years since about 500,000 properties in Scotland were identified as not implementing the interlinked fire alarms policy. What analysis has been done of that? Do all local authorities and housing associations now comply with that policy?

**Paul McLennan:** The Scottish house condition survey showed that 1.91 million homes in Scotland—75 per cent—were fully compliant, but about 25 per cent, or 638,000 homes, were

recorded as not having satisfactory equipment for detecting fire. In the social rented sector, about 6 per cent of homes, or 38,000, were recorded as not having such satisfactory equipment. That survey was carried out in 2022, and physical surveys were also carried out between April 2022 and March 2023. We have probably seen more progress since then, but they were the figures from the latest Scottish house condition survey.

Discussions are on-going with local authorities about what they need to do to move forward more broadly. I think that the figures that I gave for compliance have probably increased, and I hope that the next house condition survey will show an increase.

**Miles Briggs:** I know that there is anecdotal evidence that privately owned homes implement the policy only for a sale and not before. Is there any data on that?

Two years ago, the Government allocated £500,000 for vulnerable and disabled individuals to access support for implementing the policy. Has that all been allocated, or was that money not spent?

**Paul McLennan:** I am not aware of the full figures, but I can write to the committee. The Scottish house condition survey is carried out in buildings across the country, and I think that there has been an increase in implementation. I do not know whether any of my officials can give an update now, but I can come back to the committee on that point.

**Miles Briggs:** That would be helpful. We have discussed empty homes at length. I know that a number of councils do not have the resources to invest in building maintenance. It is welcome that a lot of councils are employing housing officers specifically to look at empty properties, but we do not seem to be pushing down on the number of empty homes. We have heard this morning about all the problems with cladding and RAAC, and about what is creating even more housing need.

What is the Government’s plan for empty homes? Has the Government considered establishing a national empty homes fund, which councils could bid into? In Edinburgh, more than 3,000 council-owned properties are sitting empty. Can councils look at getting such properties back into use?

**Paul McLennan:** I will come back to you on that, because I have a couple of points to make. On empty homes, the Scottish Government has spent approximately £3.2 million, and we have just announced another £423,000 to work with the Scottish Empty Homes Partnership, which has brought back more than 9,000 homes.

The issue of empty homes is slightly different from the issue of voids, which I will come back to. The work on empty homes continues to develop, and it has been encouraging.

I come back to a point that Stephanie Callaghan made. Local housing strategies must address voids and empty homes. It has been encouraging to see local authorities using some of the funding that is coming through to take on more empty homes officers, because that is really important and there is a real focus on that.

The issue of empty homes can be complicated. The properties might have been left in probate, or they might have complicated ownership—such as when people live overseas—so the situation is sometimes not simple. The Scottish Empty Homes Partnership has worked really well to deliver a number of houses, and that is why we are giving it more funding of over £400,000.

The voids issue is really important. You mentioned Edinburgh, which has a real focus on that. We spoke to City of Edinburgh Council about the issue around a month ago; it comes up regularly. That council is talking about how it looks at voids. We are also in discussions with COSLA and ALACHO about a focus on voids.

The Scottish Government and local authorities need to do more work collectively on what needs to be done in relation to important issues such as the fact that there are properties that are not available for use as temporary accommodation because of the voids issue. The issue of empty homes can be more complex, but we cannot separate the two issues. Allocation policies are also important, and there are on-going discussions about that, too.

10:15

The voids situation differs in different parts of Scotland. You mentioned the number of voids that Edinburgh has. We have been at various round tables where that has been discussed, and I think that Edinburgh is making progress, although it needs to do so more quickly. There must be a focus on the issue in Edinburgh and across Scotland. That comes back to having broader discussions about the focus on voids, on allocations and on empty homes. When I have discussions with local authorities, we get into the details of those issues. There has been a level of success in the work that continues to be done on empty homes, but the issue is complex. When I was in Orkney about a month or six weeks ago, I discussed the fact that there are about 700 empty homes there. How does the Scottish Empty Homes Partnership work to bring those houses back, given that some of them are on islands that

are less populated? A piece of work is going on around that.

More local authorities are taking on empty homes officers, which is encouraging in times when we all acknowledge that funding is particularly difficult. Those councils see the benefit of having empty homes officers who can take on that work.

**The Convener:** It is heartening to hear that more local authorities are taking on empty homes officers.

Before we end this part of our question session, I will come back to the Scottish house condition survey. Our papers note that ALACHO is concerned about the house condition survey data not being of sufficient quality to provide a true picture of the quality of Scotland's houses. I raise that because of my experience of issues around damp and mould in my region and the seemingly low numbers that we are getting. I am concerned that, if we do not get a strong picture of the quality of Scotland's houses, we will face issues down the line that are worse to deal with, including health issues.

What is your view on that? What could the Scottish Government do to make the Scottish housing condition survey more robust, so that it gives us a true picture that will enable us to serve people in Scotland and ensure that their homes are fit to live in?

**Paul McLennan:** There are a couple of important issues to mention, the first of which is data. In previous question sessions, we have talked about the data collection issues that arose during the pandemic. Local authorities are playing catch-up on that and will continue to do that work.

Secondly, social landlords are required by law to meet the housing standard, and the repairing standard statutory guidance sets out what private landlords need to do in that regard. If they are not meeting that standard, issues can be taken to the First-tier Tribunal for Scotland for determination.

Similarly, if the Scottish Housing Regulator does not think that local authorities are doing enough on damp and mould, for example, it can write to ask them for an action plan. We discuss that with the regulator on an on-going basis, and discussions with ALACHO and COSLA feed into that point. ALACHO has not specifically mentioned to me the issue that you raised, but I am happy to pick up that point with it and come back to the committee.

Guidelines exist and actions can be taken, and COSLA is catching up on data collection. In general, the figures that we referenced are standing still. We are working with ALACHO, COSLA and the regulator on how we take the issue forward.

I am happy to come back to the committee on the point that you mentioned and I can contact ALACHO about its specific concerns. I have not been made aware of the issue, but colleagues may be aware of it. I will speak to officials and come back to the committee.

**The Convener:** Thank you. I recall that you and I attended the online event about healthy homes in the Lochaber, Skye and Lochalsh area. The people there did their own survey, and their results were quite different from those of the Scottish house condition survey. It is important to think about how we get a local nuanced and deeper understanding of what is going on, so I appreciate the fact that you have said that you will look into that further.

We have come to the end of our questions on building safety and maintenance, so I will briefly suspend the meeting to allow for a short comfort break before we return for our questions on the housing to 2040 policy.

10:20

*Meeting suspended.*

10:26

*On resuming—*

**The Convener:** I welcome our witnesses back to the meeting.

We turn to questions on the housing to 2040 strategy and I will begin with a broad question about the vision. We heard at our round-table sessions that, broadly speaking, people really appreciate the vision, but I would be interested to hear what you think needs to be put in place to deliver it. After all, concerns were raised about the lack of a delivery plan and the lack of indicators to measure the strategy's success. Moreover, what is the role for the national performance framework in delivering on the strategy? At the moment, housing is not even mentioned in the national planning framework.

**Paul McLennan:** I come back to what I said in my opening statement. The strategy came out in 2021, and there was, at that particular point, no disagreement in that respect. Since I was made a minister a year ago, the board has met on, I think, two or three occasions, and obviously we regularly meet board members to discuss their own specific issues as well as broader matters.

Since 2021, we have had, as we have talked about, the pandemic as well as the cost of living crisis. There has been an impact; indeed, we have seen the impact on Scotland. The Office for National Statistics has said that, in the UK, around about one and a half million workers have been

lost, and obviously, the construction sector will have been part of that. It means that, in Scotland, you would be talking about 150,000-ish people; again, that is just an estimate based on the share of the population. There has been an impact in that respect.

Construction inflation, too, has had a real impact. On my visits last summer, I was told that contracts might be there for a day or two, and then the prices had to change. Anecdotally, I have heard from speaking to developers that things have slowed down a little bit, but inflation is still high, and we have obviously had the cut to the capital budget.

The key point is that the situation has changed since the strategy was first set. The objectives are still there: we have set the 110,000 new homes target, and the review planned for 2026-27 has been brought forward to now. Work is on-going on that and the logistics are being worked out at the moment. As I have said publicly and will continue to say, the deliverability of all that is being reviewed and the stakeholders involved in the housing to 2040 strategy will be included. Indeed, we have said as much to them. The review will be carried out not just by Government but by stakeholders themselves, which I think is incredibly important.

I will bring in Joe Brown in a second to talk about the review, but I think that the issue of deliverability is really important. Things have changed; in fact, they have changed significantly from when the strategy came out. I do not think that anybody can say that they have not.

I want to come back to a couple of other issues with regard to what we do as we move forward, but I will bring in Joe Brown to talk about the deliverability review, what is happening in that respect, how it will work and how it will report back, and to give you a little bit more detail on how it will be worked on operationally, if that is okay.

10:30

**Joe Brown (Scottish Government):** The key point that I would make is just to endorse what the minister has said. Currently, the review is in its internal phase, and we are engaging with a range of Scottish Government colleagues who have diverse interests in housing, its delivery and its impact across the Government's social and economic policies. We are about to begin the review's external phase, in which we will engage directly with a full range of stakeholders, gathering their views and offering them an opportunity not just to meet and talk to us but to provide written material that we can take into account as we collate the report and prepare advice for ministers.

**Paul McLennan:** I am happy to come back and discuss the report when it comes out, but we are very much taking an inclusive approach. Indeed, that is an important part of the review, because it means that it is not just the Scottish Government that is looking at this, but the stakeholders. As I have said, I am happy to come back to the committee at any point to discuss that.

**The Convener:** And what about the national performance framework?

**Paul McLennan:** I apologise. We are continuing to discuss what the indicators should be in that respect, and, again, I am happy to come back to the committee on that. Discussions are on-going.

**The Convener:** Do you have a timescale for that? Will it be the autumn?

**Paul McLennan:** No—it will probably be before then. I do not want to commit to anything, as discussions are on-going, but I think that it would be before then.

**The Convener:** Great—thanks for that.

I just want to go into a bit of detail. Among the key measures that the housing to 2040 strategy intends to cover are decarbonising heat in homes, which we touched on in the previous evidence session, and tackling the high rents in the private sector, which your colleague Patrick Harvie is working on. Another key measure is

“a single set of standards”

for housing quality and accessibility. Where is that work at this time?

**Paul McLennan:** It is continuing to be developed, with a consultation coming out relatively shortly. Obviously, we will write to the committee about that particular point.

An issue that was raised through the housing to 2040 group was the forthcoming legislation and at what pace and at what time that would be coming forward, and we are continuing to take feedback on that. There will be consultations on the standards; we will write to the committee about the process and what it looks like, but work on the consultations on that matter is on-going.

**The Convener:** It is good to hear that there will be a consultation. However, something that I would like to highlight is that, whatever standards we end up with, we must ensure that things are rural and island housing proofed. I do not know whether you have been across the issue of wood stoves and the regulation that came in recently, but we have heard previously that we absolutely need to take some action on it. If we are going to bring in a single set of standards for housing quality and accessibility, the fact is that, as you yourself have highlighted, we will need to take a nuanced approach across Scotland, because the

issues facing island communities, and even mainland communities, central belt communities and so on, are different. Whatever the consultation is, it would be good to see it support all voices being heard.

**Paul McLennan:** I think that you are right, convener. When you and I were at the rural housing conference a couple of months ago, I think—I am trying to remember when it was—that very issue was raised, and it is incredibly important.

I said at that conference that I was keen to get out, as I did last summer, and visit as many communities as possible to talk not just about how we build more housing but about the points that have been raised. We talked about Raasay becoming carbon neutral, for example; that is all about encouraging not just local authorities but local communities to take on the issue. Indeed, with regard to carbon-neutral Raasay, we talked about how we can encourage other groups to pick that sort of thing up. The question is how we support local authorities in that respect, because the rural aspect, if you like, is incredibly important.

I have already had a number of invitations to go out and visit as many local island communities as possible this summer, and we will be picking those up and speaking to people about their own issues. However, you are right that we need to be more nuanced and to take a rural approach, too.

**The Convener:** I am glad to hear that you are aware of that.

I will move on to placemaking, which is another key strand in “Housing to 2040”. However, concerns that that ambition will not be achieved were flagged to the committee during our round-table sessions, partly because of the failure of the current planning framework to take into account the concerns and needs of local residents, as well as the focus on developing unaffordable private rented housing. You will also be aware that there have been challenges with local authorities not having the resources and skills to deliver on placemaking. To what extent do you think that the ambition is being realised? Can it be realised, given those circumstances?

**Paul McLennan:** A resource review for planning, which the Royal Town Planning Institute has been involved with, is under way. Craig McLaren is working on that and he has appeared at the committee to discuss it. Joe FitzPatrick and I hosted a round table with a number of developers from Homes for Scotland and other groups about three or four months ago, and we have another round table planned. One of the key issues that was discussed was how we develop the placemaking element, because I think that that is incredibly important for how we deliver for



communities, rather than just considering how we deliver housing. The resource review is picking up on that issue.

You will remember the discussions that we had in the committee about NPF4 over a number of months—it felt like years at the time—on how we get the transition from NPF3 to NPF4 right, particularly with local development plans. Again, when we talk about the resource review, that is important. When we had the round table with the heads of planning, we talked about how that transition would work. Another round table is planned on that point.

Placemaking is essential; it is incredibly important. The resource element is part of that. As I said, there are on-going discussions about NPF4 and how it fits into local development plans, which we have discussed here in the committee. How we transition from NPF4 to local development plans, when they all take place at slightly different times, was always going to be a challenge. As I said, the resource review will play an important part in looking at that.

**The Convener:** Of course, it is important to ensure that not only the local development plans but the local place plans that communities are busy developing—although they may not be alive to it yet—will come on board and that the ideas that communities propose, which are often based on rich evidence and experience, are honoured and that communities start to see those things happening around them.

**Paul McLennan:** Local place plans need to fit in with local development plans. We are talking about not just housing, but green space and how we encourage business growth. In the work that we are doing, one of the key things is working with Scottish and Southern Electricity Networks and local authorities on renewables hubs in Scotland. We are looking at what that means for temporary accommodation, opportunities for legacy housing and how we support business. A lot of work is going on with SSEN, which I will touch on later.

How we support business development will have an influence. We are looking at business, green space and the viability of high streets, for example, which you and I have chatted about, and has to do with town centres—that has to be an element. Placemaking is about not just new housing, but how everything fits in. Local place plans are an exciting part of what the Government is trying to do and everyone supports them. They can be complex, but they need to be community based, not developed only by the local authorities, for example. There needs to be an element of support for local communities who would like to develop those plans themselves. We need to make sure that those plans are resourced in local

authorities, which is why the resource review is important.

**The Convener:** That would be appreciated. I have had conversations with people who talk about the idea that communities need to be in the lead because they live in the place. Local authorities facilitate and support their involvement, and then developers come in to deliver on the community's vision. At the moment, we have it the other way round, so we end up with sprawl on the edge of towns and a lack of transport networks. Things are going in the opposite direction to which we really need to be going. Yes, there might be a shop, but where are the places for people to come together and for the community? Another aspect of placemaking is the active travel networks that we are keen on being delivered through the national planning framework. It is good to hear that you are aware of those things and are keen to support them so that placemaking happens.

**Miles Briggs:** Many housing developers, especially housing associations, have highlighted the challenges in delivering affordable housing, particularly in the context of the recent budget and cuts to the affordable housing supply. Since 2022, there has been a 5 per cent decrease in the number of affordable housing approvals and a 20 per cent decrease in the number of affordable housing starts in Scotland. What are the Scottish Government and its partners doing about that decline? Based on the projected numbers, the Government will not meet its target in "Housing to 2040". How is the Government responding to that?

I will come in with some separate questions afterwards that go beyond that issue.

**Paul McLennan:** It is important to set the context. As house builders will tell you, the macroeconomic situation and the interest rates have not helped the market in Scotland, Wales or England.

However, the outlook on that is probably more positive now. When I have spoken to developers, they have used the term "green shoots", so recovery is taking place. It will be interesting to see what the next decision on interest rates is, because the market is starting to pick up.

I hope that the macroeconomic situation will make a difference. That impacts on not only people's general outlook, but the cost of borrowing. The Scottish Federation of Housing Associations and individual housing developers have told us that that has had an impact, because they have budgeted for interest rates at 2 or 3 per cent, but they are paying more than 5 per cent. I will touch on the banking side of things by mentioning that things are particularly tight around borrowing. However, last year, house building completions were at the highest rate for about 20

years. That is the context. I appreciate the challenges and the drop in numbers.

A number of things are really important. I come back to the housing to 2040 strategy group. At the previous meeting, we talked about the longer-term objectives and the most important priorities currently. One of those is supply. Joe Brown or Laura Dougan might want to say something on that particular point.

One group is looking at short-term supply. We are also talking about the number of voids and empties. That is not to do with house building; it is to do with short-term supply.

Your other point was about innovative finance. We have had a number of discussions on that in the past number of months. As I think I said when I came into this post, one of the key priorities is about flexing up finance in the sector. A number of months ago, we had a round-table discussion with housing associations, where we talked with, for example, the Scottish Futures Trust, the Scottish National Investment Bank and the hub company about whether we could look at different models. That work continues. We had the same discussion with registered social landlords and housing associations.

Is there more work that we can do on that? Just two weeks ago, when I was down in London, we held the first meeting of our housing investment task force, which includes institutional investors, banks, members of Homes for Scotland, ALACHO and local authorities, where we considered various finance models. I will ask Joe Brown to come in on that particular point. What will the task force produce? Minutes will be published, and it will come forward with recommendations. That takes us back to our collaborative approach to working with the sector.

Ken Gibb was also there and he spoke about the opportunities. I do not know whether you have seen the article in *The Herald* in which he talked about the UK and Scottish Governments working together on, for example, guarantees, additional borrowing powers and the local housing allowance. To use his exact words,

“Housing is not wholly devolved.”

Some ask will be made, and it is important that we have a number of discussions with the new UK Government—whoever it is—in October and November about how it can give us the ability to be more flexible in terms of financing. That is really important. That is a broader view.

I want to mention a couple of other points, too. Laura Dougan or Joe Brown might want to come in on the subject of short-term supply, and particularly on how the housing investment task force will continue to develop—separate groups

will take work forward and the task force will meet quarterly. Joe, do you want to kick off on the logistics around that particular group?

10:45

**Joe Brown:** Before I come to the task force, I confirm the minister's point about the statistics giving us a range of different signals about the complexity of how the market is operating in Scotland. For example, the number of affordable home completions in 2022-23 increased by 7 per cent over previous years, and that was the highest annual completion figure in any financial year since the start of the statistics series in 2000. However, that statistic sits in contrast to a range of others, which illustrates the range of challenges that the minister has already alluded to.

We have had the first meeting of the housing investment task force and we will shortly publish its remit on the Scottish Government website, having discussed the remit with the group to get it confirmed and agreed. The membership of the group will also be published. I will ensure that the clerk gets that material separately from this conversation.

The focus of that meeting was to establish the main barriers to investment across all tenures and to agree a way forward in relation to which of those investments would be prioritised and how we would operate, using the knowledge and experience of the members of the group. In addition, it was proposed and agreed that we would operate through sub-groups, which will focus on and drill into specific priorities and projects and come back to subsequent meetings of the group to check in and have substantive discussions in plenary.

The next meeting of the group will be in June; as the minister has already mentioned, we will publish notes of those meetings with the group's agreement, and work to do so is in hand.

**Miles Briggs:** Thank you for that. It would be useful to keep the committee updated on some of that work.

You talked about barriers. Looking back at the Government's rent control policy, I note that housing associations warned us quite clearly that mid-market rent development would dry up—the minister, in fact, was asking a number of questions about that when he was a committee member. Indeed, we have seen that happen for housing associations. Is there a specific commitment to look again at that issue for housing associations to try to get mid-market rent development going again? Is that central to the discussions that the minister has outlined, too?

**Paul McLennan:** When we were in London, housing associations made that point during discussions that we had with the investment sector. Those things will be discussed and we will look at that point. Very quickly after the Housing (Scotland) Bill was published, I had a meeting with you, as Opposition spokesman, and Mr Griffin, and we will continue to be open about that issue—I wanted a very open and transparent process with you in that regard. Those things have been identified, and we will look at them and at broader investment opportunities, too.

A key point is that the housing investment task force was brought together to try to get the views of other stakeholders. We talked about the housing deliverability review and the input of stakeholders and I mentioned in my opening speech that I cannot deliver the ambitions in “Housing to 2040” on my own. We need support, influence and thoughts and ideas from the sector; it is very much about trying to look at that broader approach.

The other really important thing, which Homes for Scotland talked about, is how we develop the small and medium-sized enterprise market in Scotland to ensure that it plays an important part. It is not just about housing developers. Homes for Scotland members were there during discussions on how we support SMEs, and they feed into that process.

Again, it comes back to where housing associations will sit. The group will look into those issues in a lot more detail and will come forward with recommendations to Government. It is incredibly important to think about how we can flex the finance in the housing sector, not just in Scotland but across the UK, because, for example, there are guarantees that the UK Government has that we do not have that would make a massive difference. Again, we need to look at barriers and opportunities around what can be done and what might work in that regard. That is part of the broader work that is going on that feeds into the 2032 target around deliverability.

There are a few other things that I want to touch on with regard to demand and the opportunities around that in places such as town centres and city centres. Laura Dougan might want to say something about that.

**Laura Dougan (Scottish Government):** I have nothing to add at the moment.

**Miles Briggs:** Rather than discussions, the most important issue is outcomes and what will actually make a difference. In Edinburgh, the loss of mid-market rental properties has been catastrophic for our housing market, so getting those back is really important.

I want to move on to homelessness. The Scottish Housing Regulator has reported systemic failures in the delivery of homelessness services by some councils, with other councils being at risk of failure. What has been the response of the Scottish Government to that and to the fact that councils across Scotland have declared housing emergencies? The Scottish Government has not declared a housing emergency, but some councils have, including the City of Edinburgh Council in the region that I represent.

**Paul McLennan:** There are a number of things to mention. First, £35 million has been set aside this year to deal with the issue.

On the housing emergencies that have been declared, the week before last I was up in Argyll and Bute to talk to housing associations and some of the island communities about the position that they are in. The local authority, which is a stock transfer authority, is developing its housing emergency action plan and we have agreed to work closely with it. We are having the same discussions with it that we have had with Edinburgh—I have a meeting with the City of Edinburgh Council tomorrow or Thursday to talk about the details of its housing emergency action plan. Glasgow City Council is developing its housing emergency action plan, and we have agreed to work with it on that, too. We are also having similar discussions with Fife Council on its housing emergency action plan, which it has indicated will be published in June, and are working closely with it on how it develops that.

As I have said in the chamber, the response of each area is different, and it is important that we work specifically with each local authority on its plans. I mentioned the funding that has been set aside already for this year, and we are working on that with them.

There are other important issues relating to homelessness, such as the issue of voids, empty homes and allocations. Some figures that we are clarifying at the moment indicate that there is a lot of work to be done on that issue that would make a real difference. We are engaged in on-going discussions on that with ALACHO and COSLA, and I am confident that something will come out of that soon. Obviously, we will come back to the committee on that point.

There are a couple of other important factors. We want to work with the UK Government on the two biggest issues that were raised in the Crisis homelessness monitor, including the issue of the local housing allowance, which will be a key ask for whatever UK Government comes in later this year. We need to increase local housing allowance—there is no doubt about that. That is not only my view but the view that is expressed in

the Crisis homelessness monitor, based on work that was carried out by Heriot-Watt University.

The other big issue that the Crisis homelessness monitor raised was the level of universal credit, which must be taken into account.

Of course, we need to increase the supply of houses and we need to build more homes—I talked about the discussions that the housing investment task force is having about what we can do with regard to the supply side—but we need support from the UK Government in terms of the local housing allowance and universal credit. As I said, that is not only my view but the view of Crisis, as expressed in the homelessness monitor. That comes back to what we need to ask of the next UK Government when it comes in.

Of course we need to build more homes. You mentioned the figures. How can we increase the finance that is available to build more homes? A number of pieces of work are going on around that, including the housing investment task force.

The other key thing is that there are opportunities. I talked about the work of SSEN and the seven or eight renewables hubs that are being built in Scotland. SSEN has just employed somebody to go through that. The connection with homelessness is that we will be looking for accommodation for workers in those areas because, if we do not have enough housing, whether it is temporary accommodation or whatever, all that that will do is to increase homelessness in those areas. There is a detailed piece of work being done by SSEN on how we house workers in temporary accommodation over, probably, two or three years, and what the legacy opportunities are. We had a meeting about the green freeport in November, which involved the five big companies that are involved up there. We had about a dozen housing developers, of which about 10 have not built in that area at all. There are economic development opportunities—that is replicated across Scotland—but we need to consider how we can ensure that they do not impact on different parts of Scotland. Pieces of work on that are going on, and there are opportunities to build more houses.

On homelessness, we can work on the voids, empty homes and allocations, but of course we need to build more homes. We have touched on what that would look like.

**Miles Briggs:** Returning to homelessness services specifically, we are again seeing record numbers of rough sleepers being recorded. The Scottish Housing Regulator has been clear that there are systemic failures. What work is the Government doing with the councils that are involved, including the City of Edinburgh Council in my region? We all accept the need for and want to

see the preventative work that is included in the Housing (Scotland) Bill, but that work will be done in the future. We are seeing the problems here and now, but we are not seeing an emergency response that asks councils what is happening.

A record number of people, including children, are living in temporary accommodation, but it does not feel as though the Government and councils are necessarily connected in an emergency response to that at present. There is not even recording of data on people sleeping in their cars, for example, and not declaring themselves homeless. I wonder where the Government is on that, because I think that the next set of statistics will be even worse. Where are we, as a country, in working with the councils that have the biggest pressures, the City of Edinburgh Council being at the top of that list?

**Paul McLennan:** I mentioned the funding that was allocated this year as part of the £100 million of ending homelessness together funding. An additional £2 million was set aside and we negotiated and discussed with COSLA which local authorities needed it most—it is not my place to say which ones those are, but Edinburgh, for example, received part of that funding.

I talked about our work with Edinburgh and the fact that it is developing a housing emergency action plan. Officials are working with councils collectively on their needs and we are asking them specifically what they need. One of the key things that the City of Edinburgh Council talked about was employing another empty homes officer, and I think that that has started to make an impact. We are asking councils specifically what they need, and not just in terms of funding. The additional empty homes officer has already made a difference in Edinburgh.

I mentioned the work that we are doing with the other local authorities that have declared a housing emergency. We are working collaboratively with them as well. I disagree with your comment that we are not working closely with them. Officials will tell you that that is not the case. We are working very closely with them. I have a meeting with the City of Edinburgh Council either tomorrow or Thursday to talk about specific points. We are talking about their acquisitions. Last year, we set aside £60 million for acquisitions, and that has been picked up. Edinburgh has taken advantage of that.

We are also working very closely on the voids issue. Edinburgh acknowledges that it has far too many voids and we are working closely with it on what we need to do to get the figures down and to get empty homes back into use. We have a partnership approach with all local authorities that have declared a housing emergency. As I indicated, we are in discussions with ALACHO and

COSLA on a more joined-up piece of work across Scotland and I hope that we will be able to come back with more details on that relatively shortly.

We need to do more about voids, empty homes and allocation policies. However, it comes back to building more homes. We have talked about that element, and we are talking about trying to flex up the financing around that. There are real opportunities to flex up the finance system to get more money into the sector—not to replace the grant system, but in addition to that.

You are seeing the likes of Ken Gibb say that more collaboration is needed between the Scottish and UK Governments. Ken is part of the housing investment task force. He has come to the committee previously and what he has to say is very much respected. He advises all four Governments on those matters.

We need to work with the sector on how we get more money into the sector to build more houses. We are working closely with the local authorities that are talking about that, including Edinburgh.

11:00

**Miles Briggs:** What work is being done to look at the situation for those individuals and families who have been staying in temporary accommodation, sometimes for up to two years? We have had discussions in committee about children in temporary accommodation. Legally, councils are not meant to house families in temporary accommodation for more than a week but, for many people here in Edinburgh, it has been years. What work is going on specifically around that, including a ban on families and pregnant women being placed in temporary accommodation by councils? What work is being done to develop a new model? Given what is being done with significant resources—£27 million is being spent on placing people in temporary accommodation in Edinburgh—why are we not using different systems to get a different outcome? Specifically what work is going on in councils and the Government around that? As an Edinburgh MSP, I have not seen any progress on that since I was elected. We need a different approach rather than repeating the same approach and hoping for a different outcome.

**Paul McLennan:** I agree. I go back to the acquisitions policy. The City of Edinburgh Council is cognisant of that and is working with that. We have had discussions with the council about how it allocates properties, which is really important. There are other pieces of work going on around that, one of which relates to prevention duties, for example. I had a meeting with One Parent Families Scotland that included some young women who had ended up in a homeless situation.

Part of that was due to the fact that they were not aware of what benefits they were entitled to, including the Scottish child payment and other benefits. For example, discretionary housing payments are important.

Again, that comes back to asks to be made of a new UK Government in October or November. We spend £90 million a year on discretionary housing payments. I would love to be in the position to spend £90 million a year to support families and get them out of temporary accommodation. Therefore, that is a very clear ask to be made of the UK Government that comes in in October or November or whenever the election will be—to ensure that we do not have to pay that £90 million.

I mentioned the discussions with COSLA and ALACHO. The issues that you mentioned with regard to families have been mentioned in those discussions. Other models could be looked at, including with regard to supported accommodation. For example, you and I have talked about the work of Rowan Alba. What do we need to do with regard to supported accommodation? The City of Edinburgh Council is looking at how we can support that model. There is an element of social investment in that regard and, again, we have had a number of discussions with investors in relation to that area. Rowan Alba is one example. Other homelessness charities in Edinburgh are looking at that.

At the discussion last week in London, there was an institutional investor who funds homelessness accommodation using a lease model. They are working with certain local authorities in London, and that model has worked. Investors get a low rate of return, but the money that has been saved on temporary accommodation costs, which you mentioned, more than meets that. Talking to institutional investors about a lease model could provide that opportunity.

That is one of the issues that will be taken forward. How can we look at different ways to finance provision? You are right that we spend far too much money on temporary accommodation. We need to build more houses, but we also need to look at more models for temporary accommodation in order to get those figures down, again working on allocations and acquisitions on a short-term basis. We mentioned voids and empty homes. We need to look at different models. With COSLA and ALACHO, we are discussing those models and what we need to do to take those forward on a more national level. We need to look at other models for delivering temporary accommodation units and see how we can make those work in Scotland. That will be part of the work that the housing investment task force looks at.

**Miles Briggs:** Thank you.

**Paul McLennan:** I am also happy to discuss any issues about Edinburgh. We catch up regularly so I am happy to discuss those matters further.

**Colin Beattie:** A number of stakeholders have indicated that there should be a focus on increasing the availability of social housing in response to the numbers of people who are homeless or in temporary accommodation. Should there be a particular focus on investing in social housing above and beyond any other priorities?

Secondly, how do you respond to suggestions that what happens should be driven, in part, by a national acquisition strategy? I know that councils buy back former council houses, but not in massive volumes. We keep talking about avoiding housing voids. For the past 20 years I have been hearing about housing voids and how to manage them, but here we still are—it is déjà vu all over again. We do not seem to be making a significant impact. How can we change that? How can we take a different approach?

**Paul McLennan:** I will come to the social housing issue first. I think that there has to be more social housing built, which could be local authority housing. As you know, a piece of work on affordable housing is being carried out by Ken Gibb, whom I mentioned earlier. We have raised the issue in committee before, and Ken Gibb was asked to come back with a definition of affordable housing.

Affordable housing can be a number of things. Miles Briggs talked about mid-market rent. MMR can be important for people who cannot afford a deposit but for whom a house is still affordable. What does affordable housing mean? I look forward to getting that piece of work from Ken Gibb. I imagine that he will write to the committee about it at some stage. We have raised the issue of affordable housing in committee on a number of occasions; I remember doing so myself. It is important to know what affordable housing looks like and how we work with it, but I do not think that we actually have a definition of what it is.

As I have said before, there has to be an all-tenures approach. There are lots of examples of developments that I have been to where there is the opportunity for all-tenures housing—houses for sale, MMR or houses for rent. That all-tenures approach is needed.

On how financing for local authorities for what they do, we have gone on about the financing of local authorities and what needs to be done. The housing investment task force is a really important part of working out how we can get more money into the sector. The minutes of task force meetings

will show that it has discussed how we can get more money to local authorities.

I come back to the point that Ken Gibb made, which was that guarantees and borrowing powers will be continued—he made that very clear. I note that Kezia Dugdale, who represents Shelter, very clearly supported Ken Gibb's paper and what he has said on that issue. There is an question about how to get more money. I have talked about our investment discussions about how to get more money into the sector with local authorities, SFT, SNIB, hubco and so on.

Of course, there has to be social housing, but there has to be an all-tenures approach, as well. In East Lothian, Midlothian and other parts of Scotland, a lot of house building is going on. We can talk about 25 per cent of building being affordable housing, but if developers are not building housing using an all-tenures approach, 25 per cent of zero is zero. If the house-building sector picks up as interest rates drop—as we hope it will—the amount of affordable housing that is being built will, obviously, increase.

There has to be an all-tenures approach, but there also has to be a specific focus on affordable housing. One of the key things that was made clear in the housing investment task force was that funding would be focused particularly on social housing. There needs to be an all-tenures approach, but the housing investment task force agreed in its terms of reference that funding has to be focused on affordable housing and social housing. The work of Ken Gibb was referred to in that connection by the housing investment task force.

The number of voids is really important. The City of Edinburgh Council, for example, has talked about the number of voids that it has. A specific piece of work by Ken Gibb that I reference in every discussion that I have with local authorities is ongoing. The meetings that we have had with COSLA and ALACHO are about the national approach and how we can drive down the number of voids, because there are far too many.

We need to ask what the Government needs to do about voids, but we also need to ask what local authorities need to do. That relates to the housing emergency action plans that we talked about in our discussions with local authorities. How do we help Edinburgh to get its number of voids down? In Edinburgh the problem is not funding but the fact that it does not have the workforce to deal with the issue. How do we work with that council to deliver that workforce? The issue differs in different parts of Scotland, so it comes back to how we look at that.

However, we need to make sure that we are driving down the number of voids, which could

make a real difference in the number of temporary accommodation units that are available to local authorities. There will always be some voids and there will always be that carry-forward. However, given the number of people who are in temporary accommodation, more than 1,500 voids—I think that that was the figure that was mentioned at the round-table meeting that Miles Briggs and I attended—is far too many. I will give the City of Edinburgh Council thanks for beginning to drive the number down, but a national focus across Scotland is needed, so our discussions with COSLA and ALACHO are focused on what we need to do to drive down the number.

**Colin Beattie:** What are your views on a national acquisition strategy?

**Paul McLennan:** The £60 million that we have talked about has made a dramatic difference in that respect, and being able to flex the funding in the system will be key when we look at continuing our approach to acquisitions. The resource planning assumptions for local authorities might be coming out, but the fact is that they already have the flexibility and the powers to look at acquisitions. Having spoken to the local officers, I know that they are having those local discussions.

Again, we have said to local authorities that they have the power to look at acquisitions now, and we will be flexible in any discussions on the matter. We are continuing to look at more funding opportunities and to flex the funding in the system, but local authorities have the ability to do these things now.

**Colin Beattie:** Stakeholders were also keen to stress that a focus on social housing should not mean that we neglect retrofitting and building green homes. A couple of questions arise from that. First, how can we continue to pursue the goal of zero emissions from homes? Perhaps I can give you an example. Quite a number of my constituents live in conservation areas and are unable to install solar panels or anything else that would contribute to zero emissions. I know that other councils take the same view; apparently, the legislation does not permit them to allow that sort of development in conservation areas. You are never going to get zero emissions if people in conservation areas are not allowed to pursue those things.

Also, what progress has been made on the green heat finance task force?

**Paul McLennan:** I will double check this, but I understand that the green heat finance task force is due to report around the end of April. I referred to it earlier, because it is all to do with specific advice to local authorities and housing associations. You are right to say that the issue has been raised in discussions; indeed, I think that

Stephanie Callaghan mentioned it earlier. The question is this: where are repairs, retrofitting and investment in new stock referenced? We need to get clarity with regard to the green heat finance task force and the opportunities that exist.

I think that the figure that we have discussed with the committee is £33 billion in Scotland, which would create 15,000 to 20,000 jobs, but that would have to be underwritten with institutional investment. I think that the UK figure is more than £1 trillion. The fact is that what will need to be done will take institutional investment. I know that various models in that respect are being discussed and debated by the task force, specifically with regard to local authorities and housing associations.

As I have said, we need clarity on that; I hope that the report that will come out will give some clarity on what that will look like for local authorities. It will have to be underwritten by local heat and energy efficiency strategies, or LHEES. Those strategies have been produced for local authorities, and they are now moving on to deliverability plans. I know—Colin Beattie will also know—that a lot of work is going on in, for example, in East Lothian. Each local authority is working on deliverability and what that might look like.

As for conservation areas, a review of permitted development rights is going on, with a focus on what they look like and what might need to be done in that respect. After all, it becomes impossible to install solar panels or to put in windows, so the review of permitted development rights is looking at that and will feed into the approach to all this. You are right that this will be a big issue for people who live in conservation areas.

The next six months will be incredibly important. We need to do this—there is no doubt about that. The question is how we make it work not just for individual householders but for local authorities and housing associations, as part of that broader discussion about investment, dealing with the condition of properties and so on. Again, this is a matter for the committee, but I am sure that when the task force reports, some kind of discussion or debate will need to be held on that report.

**Colin Beattie:** When will the review be completed? When will we see a report?

**Paul McLennan:** I am not sure whether Joe Brown or Laura Dougan can respond. I will have to come back to you on that. I know that the review is on-going. I can write to the committee on that.

**Colin Beattie:** Thank you.

**The Convener:** Thanks very much for those useful questions and responses. I call Stephanie Callaghan.

11:15

**Stephanie Callaghan:** I appreciate that you have already touched on this with Ariane, minister, but I would like to ask a bit more about tenants and residents. It was really good to hear Joe Brown mention the start of the external phase, and that you are planning to visit lots of communities directly. I think that we can all agree that it is vital that tenants and residents inform and influence matters, because people's homes have such a huge impact on their wellbeing and health. How will the Scottish Government seek to involve local communities, tenants and residents in delivering the ambitions in "Housing to 2040"? How will you know whether outcomes have improved for communities on the ground and how will you embed that work?

**Paul McLennan:** One of the most important points is that we have a representative from tenants and residents on the housing to 2040 strategy group. It is really important to feed their point of view into that work. It was recognised that that representative is a really important member of that group. I have been to a number of tenants and residents group meetings and to conferences where that has been discussed.

I was a councillor for 15 years and tried to set up tenants and residents groups. Such groups are a really important part of what goes on. The very point that there is such a representative on the housing to 2040 group is incredibly important, because they can then feed into the wider strategy as they engage with the group.

I try to meet representatives of tenants and residents groups every six months to discuss the matter—a national organisation represents them—and I have spoken at a number of tenants and residents conferences on the particular point in question and answer sessions, for example. Having their views represented in the strategy group is important. I also meet them regularly to discuss some of their issues.

Retrofitting and what it looks like comes into play when tenants and residents speak to their groups. Part of the challenge with retrofitting is communication, which we have talked about. At the moment, we are talking about the development stage; once we start moving on that, we will move beyond the local heat and energy efficiency strategies to look at what retrofitting actually means for authorities, housing associations and private residents. That is really important for tenants and residents groups, which can come in and feed into the work. Indeed, they have to,

because we need to develop real change: although it is a big challenge to deliver it, we all know that we need to do it. Tenants and residents groups are an incredibly important part of the work, so I look forward to discussing the matter with them.

**Stephanie Callaghan:** Can you say any more about outcomes in that respect? Would outcomes be part of a framework?

**Paul McLennan:** In terms of—

**Stephanie Callaghan:** I mean outcomes in relation to improvement for communities, individuals and residents, as we move forward.

**Paul McLennan:** One of the key things for that work will be indicators. We can all say anecdotally whether something is working or not, but what does that actually look like? That is still being discussed. Again, that comes back to the LHEE strategies, which should not include just what we need to do in relation to the fabric first approach and district heating systems, for example, but should include information on support. It is important that we get indicators about that particular point.

I can come back to you with more detail. A lot will come down to what local authorities are doing, how they monitor the work and how that information is fed into the Scottish Government. That needs to be part of an LHEE strategy. It is not just about how much money it is costing, where it is going and what the heating systems are—it is also about how we put out the required information.

When we spoke at the Skye and Lochalsh conference, we talked about how communities get information. I talked about insulation, as a small example. How do we get out and speak to communities that are out there, and how do we indicate that? Metrics need to be in place around how we develop that work, and that should be part of the LHEE strategies.

By the end of this year, it will be about deliverability and not just strategy. The question will be, "How will you actually deliver this?" It will be a challenge. The information that we put out and how we measure outcomes play important parts; that work is being developed with local authorities, at the moment.

**The Convener:** We have a few more questions to go.

**Mark Griffin:** We know that housing circumstances vary fairly dramatically across the country, particularly when we look at urban and rural areas. How successful do you feel the housing to 2040 strategy has been in addressing the differences between urban and rural housing needs and demands? Will there be any



assessment of how well rural needs have been served by the housing to 2040 strategy?

**Paul McLennan:** That is an important question, and the housing to 2040 strategy acknowledges that. The rural and island housing action plan came out in October 2023. Again, there was a review and there were indicators for the short term, medium term and long term. There is a review going on with regard to the short-term indicators. I said that I would come back to the committee or Parliament to provide an update on the rural housing action plan one year on. We are very transparent about that and are happy to come back to the committee or Parliament in October.

Last year, I indicated how important it was to me that I make visits. I will go out again this year because the situation is very different in rural communities. I have talked about the importance of the work that SSEN is doing. I come back to the point about the renewables hubs. On the requirement for the Western Isles, we are talking about the work bringing in roughly 1,000 jobs. That work cannot just be around the main population centres, but must be spread across all the communities. The same applies in Inverness, Shetland and Orkney, for example. That needs to be developed.

On the importance of that, we have talked about the rural housing funding, including for key workers. More needs to be done on that with local authorities. I mentioned that I was talking to Argyll and Bute Council about that. We need a strategic overview. We had a round-table meeting with some key employers. Therefore, work is being carried out in that regard.

However, the key thing is that I come back to make a statement to the committee or Parliament. I said at the start of the process that we are happy to do that in order to be held to account for how successful the rural and islands housing action plan is in relation to the aims of the housing to 2040 strategy and with regard to what we need to do. That work will continue to develop.

Three or four years ago, the opportunities around renewables would not have been considered, but those are now an incredibly important part of what we need to do. Those opportunities can bring jobs and housing, so how do we ensure that we connect housing and employability? If we do not get that bit right, it will create problems around homelessness, but that will also be an opportunity to tie this in to legacy housing, which SSEN is keen to sit down to discuss with us.

I am happy to come back to committee or the Parliament in October. We had indicated that we would do that, anyway. It is an incredibly important part of what we need to do because, as you said,

the situations in urban and rural communities are completely different.

We talked about construction inflation. You can probably add another 15 per cent to 20 per cent to the costs of delivering homes in rural communities as a result of that inflation, which makes that work even more challenging. The discussions that we have been having with local authorities about housing in rural communities have been about how we can deliver key worker funding, how we can look at the renewables opportunities and so on. Those issues all tie together.

I will come back to the specific point about the housing investment task force. It was asked not only to look at funding for urban communities but to have a real focus on rural housing. How do we ensure that we do not look only at urban communities but that we look at opportunities in rural areas and how we fund them, and at the particular challenges that those communities face? That will be referenced in the housing investment task force reports. It is a key piece of work.

**The Convener:** In the case of rural and island communities, there are requirements around Government strategy on repopulation and maintaining population in the Islands (Scotland) Act 2018. There are lots of things to support us and ensure that we take a nuanced approach.

**Pam Gosal:** New statistics from March highlight a significant drop in housing completions and starts in Scotland. Homes for Scotland underscores the fact that the most critical challenges are around the

“underfunded ... planning system which takes over 62 weeks to process a major housing application”

and

“a regulatory environment which currently serves to hamper the delivery of new homes rather than promote them.”

What bold action is needed to support housing delivery across all tenures?

**Paul McLennan:** I have touched on those actions briefly. One is resource, and the committee has previously discussed the resource that is required. The current resource review is therefore incredibly important. Homes for Scotland is part of that review.

I have mentioned the planning round-table that we had, which Homes for Scotland was involved in. We are having discussions with Heads of Planning Scotland at the moment, which have been productive so far. Another round table is planned on how we look at those issues. That is one part of resource.

The second part is about what the transition from national planning framework 3 to NPF4 will look like, which has been raised in the feedback

that we received. It comes back to deliverability and a focus on resource—how we get the plans done in time, which is the focus of the round table that is looking at the transition from NPF3 to NPF4. Joe FitzPatrick and I have joint meetings with Homes for Scotland, and those issues have been raised. The round table was held partly to look at those issues, which the resource review feeds into. Obviously, we need to look at the planning system so that it works as effectively as possible. That work is on-going. I, or Mr FitzPatrick, will be happy to come back to the committee and report on progress.

You made a point about delivery of new starts. That relates to how we support the SME sector because, as we have seen, it is more vulnerable in some situations—for example, when interest rates or borrowing costs go up. We are having discussions about our support of SMEs through the resource review and how we make sure that we transition from NPF3 to NPF4 and to local development plans.

Again, Homes for Scotland has done work on demand and is having individual discussions with local authorities on local development plans and what the minimum all-tenures housing land requirement—MATHLR—process involves. That all feeds into what we are doing. It is about resources and making sure that the system works as effectively as possible.

**Pam Gosal:** It takes more than 62 weeks for a major application to be processed. There is a lot of detailed work to be done, but that is a long time, especially when SMEs and other businesses are just making ends meet and balancing the books. What is your opinion on the length of time that it takes to process applications?

**Paul McLennan:** I note that I have not been a councillor for 15 years. The larger developments do take longer, but 62 weeks is too long—the resource review has indicated that. There is also a piece of work to be done with Homes for Scotland, for example. It has to be a partnership in terms of the information that is provided at the start of an application. There may be on-going back-and-forth discussions where people say, “We need this”, and it may take time for information to come back. I saw that in relation to applications when I was a councillor.

The review will look at where the Scottish Environment Protection Agency and Scottish Water come in and how those organisations can speed up their processes. They have been part of the discussions on reducing the length of time that applications take. Mr FitzPatrick is probably the best person to speak about the specifics, but I know that there have been discussions with SEPA and Scottish Water, as statutory consultees, about reducing the time that applications take. The time

varies in different parts of Scotland, so we need to learn from best practice and reduce the time period for applications. I hope that we will begin to show some progress on that through the resource review and the round tables that we have been having. We have another one planned.

**Pam Gosal:** We know that the public finances are stretched and are very tight at the moment. How can private investment in Scotland’s housing sector be further encouraged? Witnesses suggested that investors are seeking more certainty. What steps can the Scottish Government take to offer that assurance?

**Paul McLennan:** The housing investment task force was pulled together for that reason. It includes banks, institutional investors, local authorities and housing associations, and it will look at the barriers to investment as well as the opportunities. That piece of work is really important. The feedback that we had from the first meeting was incredibly positive. I have not looked at the potential funders that are involved, but that is one part of it.

In October, I met 25 institutional investors in London to talk about the subject, and on Thursday I will have a round table to talk about it and the Housing (Scotland) Bill. We are also talking about broader flex in the finance system and how we get SNIB and the SFT involved, as well as how we look at hubco. That is not about institutional investment; it is about trying to flex the system that we already have. I have talked about how the use of guarantees, for example, would be useful in relation to what can be offered to investors.

11:30

Lots of discussions are going on. The housing investment task force is the main player, but there are lots of pieces of work going on around that. I have had about half a dozen round-table meetings with institutional investors, and that relationship will continue to develop, particularly through the housing investment task force, which will report on what it thinks the barriers and opportunities are in terms of flexing the whole system. We need to do that in order not to replace but to supplement the funding that already exists, because the demand is there, pure and simple. We need to look at different opportunities to bring in money, and institutional investment is an incredibly important part of that.

The issue is relevant not only to housing. I have talked about the lease model in parts of London that operates in relation to the provision of temporary accommodation. There is also social investment in housing through work with homelessness charities. I know that about half a dozen places in Scotland are already looking at

that model, and it is already in operation in some places.

We need to flex the system, but institutional investment is vital in what we need to do.

**Pam Gosal:** I look forward to the feedback from the task force, because the message from our round-table discussion a couple of weeks ago was that we do not have that housing supply. It is important that we have that investment, and certainty is key.

**Paul McLennan:** That is another important point. I met the city region team in Edinburgh and we talked about the fact that there are seven or eight strategic housing developments that need to be brought forward there, and about how that could be done. At the end, we came to the view that the council needs an investment prospectus, so it is now developing that. There will then be an opportunity to sit down with investors and ask how we would deliver on that.

I also had a discussion with the Scottish Cities Alliance, which is important in terms of delivering housing and redeveloping city centres—Glasgow City Council is doing something similar in relation to the city region element.

We also need to consider what we need in terms of institutional investment in the main cities in Scotland, and the Scottish Cities Alliance is, in a way, trying to do part of that work as well. We need to think about what demand we can generate in relation to the city regions around Edinburgh and Glasgow, but we also need to think about what can be done through the Scottish Cities Alliance in terms of investment.

If, when we speak to investors, we aggregate the figures that are involved, we will be talking about a substantial amount of money. Over a period of time, that would involve institutional investment and Scottish grant funding, as well as funding that can be delivered by flexing the system that we already have around housing. We need to bring all those things together. The demand is there. The most important question is how we finance the supply. That is why we are talking about flexing the finance system that we have at the moment and getting the housing investment task force to look at the issues as a whole.

As you heard—I think that Joe Brown mentioned this—the first minutes of the housing investment task force will be published soon. Some of the ideas that came forward were encouraging, and the group will make recommendations.

**The Convener:** It has been interesting to hear about the work of the housing investment task force and its potential. You also mentioned a number of times the work of Professor Ken Gibb. One of the things that he brought up in the round-

table discussion that he attended was a concern about the ambition of the housing to 2040 policy to de-speculate the housing market. How do you keep that in mind? To what extent has the housing to 2040 strategy group discussed that? At the heart of everything that we are talking about is the speculative aspect that has entered the market. How do we move away from that and get to a position in which Scotland is providing homes for people?

**Paul McLennan:** That is an important point. Ken Gibb is a member of the housing investment task force and his input will be valuable. He talked about data, and he offered to do a piece of work around that. That will be developed as part of the work of the housing investment task force.

The reason why Ken Gibb was asked to join the group was to give a broad overview. If we are talking about flexing the system and bringing in institutional investment, it is important to have a balance across all tenures. Ken Gibb's influence in that regard and on the issue of de-speculating the market will be key. I am not saying that there needs to be systemic change, but there has to be a whole-systems approach: we cannot change just one part of the system. Having Ken Gibb on the task force is important in terms of his academic input.

As I have said, Ken Gibb advises all the UK Governments on the matter. He has given an overview of what is available in terms of guarantees from the UK Government and his article in *The Herald* also talks about opportunities for the Scottish Government to consider guarantees that might help us. There would be no additional costs to the UK Government. That sort of thing would be really helpful. His input to finding a whole-systems approach will be important, and I think that he will be feeding into all of this from an academic point of view.

We have also heard the housing to 2040 group talk about innovative finance and the fact that one of the main short-term priorities is to flex the finance system. The housing investment task force is looking at that, too, as well as other issues. It is looking not just at how we deliver more housing but, if we are talking about temporary accommodation, at models in that respect, too. Ken Gibb will give us that balance with the expertise that he has.

**The Convener:** Good. I am glad that you have someone on board who has that kind of awareness of de-speculation.

**Paul McLennan:** If we do not, I am sure that he will tell us.

**The Convener:** Good. Mark Griffin and Stephanie Callaghan have supplementary questions.

**Mark Griffin:** It is right to look for whatever sources of finance we can find when we are in a housing emergency, but I want to reflect the degree of nervousness that I am picking up from social landlords when it comes to changing the balance of funding for affordable housing, even if it is an ever-so-slight move away from grants to sources of private finance. How can we ensure that, when we potentially bring in other sources of funding, the end result is not that the burden of the return on investment, which investors rightly expect, falls on the tenant?

**Paul McLennan:** That is an important issue. The discussions that we had with housing associations and local authorities were slightly different from the discussions that we have had with the SFT, SNIB and hubco. Local authorities are represented and are inputting to the broader housing investment task force, but the investment that we are talking about should be an addition or a supplement rather than a replacement.

Discussions on institutional investment have been going on for about nine months. I mentioned that I had discussions with institutional investors in October. I want to be in the same position as other countries in Europe, but I do not have the same ability to go out and borrow money to build houses—it is as simple as that. I therefore need to look at how we flex the system with what we have just now.

I have said it before and I will say it again here: the intention is not to replace the funding but to supplement it. As I have said, the housing to 2040 strategy group has been talking about innovative ways of financing and it sees them as very important, but the devil will be in the detail. Discussions are on-going with SNIB, the SFT and hubco, as well as with local authorities and landlords, on what this sort of thing will look like and what will give them comfort—the discussions are going down to that level of detail.

The use of guarantees might give some reassurance. The discussion cannot be framed in terms of questions such as, “If we get institutional investment, where will rent levels go?” There has to be some balance. Local authorities and RSLs are being included in the discussions with the housing investment task force, and they are inputting to—and are part of—the process. However, this is not about replacing the funding that is there. It is about supplementing it and trying to get more money into the system. As I said, they are fully involved in the on-going discussions, and nothing will be decided with regard to the recommendations that come forward without their input.

I come back to the fact that the housing to 2040 group, which will obviously play a major part in all of this, is being included in the debate, too.

Moreover, we have talked about the deliverability review, and the housing investment task force is fully integral to that.

**Stephanie Callaghan:** I want to touch on Pam Gosal’s comments about the length of time that is taken to deal with planning applications. As a former councillor, I have seen the interactions that are carried out on these matters, and I note the numbers of visits and discussions that council planning staff and so on are involved in to ensure that they get the detail right. I am looking for a bit of reassurance that that work is recognised and will not be compromised, and that the statutory pre-application consultations with residents and communities with regard to major housing developments will not be compromised either.

**Paul McLennan:** You are right—there has to be a balance. The pre-application consultation process came in a number of years ago, and I think that it is really valued and important. The approach can vary in different parts of the country and with different developers, but it is really important.

I come back to the convener’s point about place plans. With all developments that come forward, the developers should be looking at the place plans that are involved. It is really important that developments are not just thrown in without any cognisance being taken of the place plans. Of course, people have become suspicious and have been asking, “What’s the point of a place plan?” However, a lot of work goes into those plans, and we must ensure that there is a flow from them to the local development plans and that developers who come forward recognise their importance. There has been progress, and that will continue.

That brings me back to the need for a two-way process that involves developers and local authorities to ensure that the information that is sent in is the information that is needed, because that quickens things, and that SEPA, Scottish Water and the other statutory consultees can come back on such matters, too. That is the broader discussion that is needed.

As Pam Gosal said, we need to reduce the time period, but we cannot do so to the detriment of local communities.

**Stephanie Callaghan:** It is good to hear that, because I have seen the positive influence that has come from community consultation, the changes that have been made and the impact that that has had, and things have been much better as a result.

**The Convener:** It is reassuring to hear you say that developers should be looking at local place plans, because that will help us to get that sense of place. It will be interesting to see how things develop in the years to come.

I thank the minister for what has been a long but useful and thorough session in our first meeting after the recess.

As we agreed at the start of the meeting to take the next three agenda items in private, I now close the public part of the meeting.

11:41

*Meeting continued in private until 12:17.*



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