



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 14 January 2025

Session 6



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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE

1st Meeting 2025, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Meghan Gallacher (Central Scotland) (Con)

*Mark Griffin (Central Scotland) (Lab)

Fulton MacGregor (Coatbridge and Chryston) (SNP)

*Emma Roddick (Highlands and Islands) (SNP)

Alexander Stewart (Mid Scotland and Fife) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Kirsty Henderson (Scottish Government)

Paul McLennan (Minister for Housing)

Lauren McNamara (Scottish Government)

Will Tyler-Greig (Scottish Government)

CLERK TO THE COMMITTEE

Jenny Mouncer

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 14 January 2025

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning, and welcome to the first meeting in 2025 of the Local Government, Housing and Planning Committee. Mark Griffin MSP joins us online and we have received apologies from Fulton MacGregor MSP and Alexander Stewart MSP. I remind all members and witnesses to ensure that their electronic devices are on silent.

The first item on our agenda is to make a decision on whether to take items 4 and 5 in private. Do members agree to take those items in private?

Members *indicated agreement.*

Housing Inquiry and Budget Scrutiny 2025-26

09:30

The Convener: The next item on our agenda is an evidence-taking session as part of our housing inquiry and scrutiny of the budget for 2025-26.

We are joined by Paul McLennan, the Minister for Housing, and Scottish Government officials. Kirsty Henderson is the affordable housing supply programme manager in the more homes division, Lauren McNamara is the interim director for the housing emergency, and Will Tyler-Greig is the deputy director of the more homes division. I welcome them to the meeting and invite the minister to make a brief opening statement.

The Minister for Housing (Paul McLennan): Thank you, convener. I appreciate the opportunity to update the committee on our wide-ranging work in response to the housing emergency.

I acknowledge that 2024 was a challenging year for housing delivery. However, by declaring and addressing the housing emergency, we have acted decisively to support individuals and families across Scotland, who remain at the heart of our action. Our vision is clear: it is for everyone to have a safe, good-quality and affordable home that meets their needs in the place that they want to be. The proposed increase in funding for the affordable housing supply programme in the next financial year further strengthens our commitment to delivery.

The housing emergency requires a responsive and bold approach to ensure the best outcomes. There is no one definition of the emergency, as the pressures in the system are complex and have different impacts in different parts of Scotland. As I outlined in my letter to the committee last month, we have prioritised a regional approach to deliver the impact that we wish to make by working most urgently with the five local authorities that are experiencing the most sustained temporary accommodation pressures.

Ministers and officials are engaging intensively with those local authorities to advance a range of activity, including the targeted use of £40 million to acquire additional homes and bring social voids into use. For example, in Fife, 25 properties were recently acquired and will soon be available for people to move into, while a further 12 acquisitions are approved and in progress. In 2025, we plan to make record funding of £15 billion available to councils for services, including homelessness services, alongside £97 million for discretionary housing payments and £4 million to support local

authorities and front-line homelessness prevention services.

We have taken an activist approach to working with stakeholders on our emergency response and refocused our external housing to 2040 governance board to drive action on the housing emergency. We strengthened the board last week by welcoming new members from Shelter, Crisis, Homeless Network Scotland and the Wheatley Group, thereby fostering collaboration to deliver practical solutions to address the housing emergency. Their input on impactful funding, potential risks and new ideas was incredibly valuable as we planned our next steps together.

Among the promising early initiatives that the board is considering are further efforts to bring privately owned empty homes back into use. That is supported by the £2 million allocation for empty homes that was announced in the draft budget. We will continue to ask our partners to join us with the urgency and innovation that is needed to accelerate progress.

In rural Scotland, more than 12,400 affordable homes were delivered between April 2016 and March 2024. At the annual summit on the rural and island housing action plan in October, I highlighted successes such as the rural and islands housing fund, which recently supported an award-winning regeneration project. Joint funding with the Nationwide Foundation is helping community organisations to build capacity and deliver affordable homes. Our demand-led key worker fund, which has up to £25 million available until 2028, has already supported projects in Orkney, Highland, Moray and North Ayrshire.

In 2024, we also faced the impact of hugely reduced capital budgets across Government, driven by United Kingdom Government cuts. Despite that, we unlocked further funding throughout the year, including £40 million for acquisitions.

We also invested £22 million as part of our charitable bond programme. That generated a further £7 million in charitable donations, which, in addition to our investment through the affordable housing supply programme, will be used to deliver more homes. In 2023-24, we used more than £71 million of charitable bond donations to supplement our affordable housing supply programme investment, which will support the delivery of more than 600 housing association social rented homes. I am very pleased that the proposed budget for our affordable housing supply programme in 2025-26 will involve an increase of more than £200 million compared to the published budget for 2024-25. Subject to the budget being passed by the Parliament in the coming months, we will focus on ensuring the most impactful use of those funds.

In pursuit of that objective, last week ministers asked the housing to 2040 board to consider proposals that will reduce the number of families with children that are in temporary accommodation. We are also working with local authorities to develop innovative plans to maximise housing delivery. Where the Scottish Government can use its powers to do even more, we are committed to doing so.

I hope that this update has provided a clear overview. We are resolute in our determination to tackle the housing emergency and, together with our partners and communities, we will continue to make progress.

My immediate focus will be on planning the effective allocation of the significant funding that will be forthcoming if the budget is agreed. I look forward to updating you on that in the coming months.

The Convener: Thank you for that opening statement. In some ways, you have covered my opening question. It has been eight months since the Parliament declared a national emergency on housing. What progress do you think has been made in tackling the emergency? Can you go into a bit more detail?

I would also be interested to hear the figures on council allocations again. I might have misheard you: was it £15 billion or £15 million, £97 million and £4 million? Could you go over those again?

You said that you have expanded the board to include Shelter, Crisis, the Wheatley Group and one other name that I did not catch. We have been doing some work to look at smaller housing associations such as community and co-operative based ones. Did they have an opportunity to be on the board of housing to 2040? I do not have to hand the list of members.

Paul McLennan: I will go on to talk about progress, but on the areas that you queried, the record level of funding is £15 billion available to councils, £97 million for discretionary housing payments, and £4 million to support local authorities and front-line services. The board members who joined us last week were from Shelter, Crisis, the Wheatley Group and Homeless Network Scotland.

Coming back to progress, I have a number of points. At the start of the meeting, I said that this is a complex area. We have taken a number of actions, focusing on delivery. One of the key actions concerns planning—which you will have heard about from Ivan McKee—and the creation of the housing planning hub. We did that through extensive discussions with Homes for Scotland, for example.

On the back of that, on 15 November, we convened a group of key stakeholders to work on the issue of stalled sites. There will be a meeting on 17 January to talk about the progress that has been made on that. There has been significant focus on how we remove the barriers around stalled sites. You will have seen that several statements were made about houses that were approved but that have not yet been delivered. We are focusing on sites that have just started or that have not started yet through the planning delivery hub, including through speaking to partners such as Homes for Scotland. I will bring in Lauren McNamara to talk more about what work has been carried out on that.

On the affordable housing supply programme, I mentioned the £40 million fund. When we are talking about the housing emergency, we need to look at it in two ways. First, how do we reduce the number of people in temporary accommodation, particularly children? What can we do to bring homes back into use? We have talked about voids, empty homes and acquisitions

We also need to consider the longer-term sustainable actions that need to be taken, and the £40 million is focused on that. There have been significant reductions in some local authorities. For example, the City of Edinburgh Council has made a significant difference in reducing the number of void properties. That is really important.

Another key issue is the removal of delivery barriers. When I met all the housing conveners at a Convention of Scottish Local Authorities meeting about eight or nine months ago, one of the key things that I was told in relation to voids was about energy and utility companies being able to come in to get properties back into use, so we held a round-table meeting with utility companies to try to increase the turnover of social homes.

We have taken a number of actions. Later, I might talk about the focus on the five key local authorities and the specific actions that we have taken, but that is a general overview of what we have done. Our work is focused on how we can get homes turned around as quickly as possible while increasing the supply of affordable housing, because we need to continue to build houses. We have a good record on that.

That is a general overview of the initial actions that we have taken, and I am happy to go into more detail as we get into more questions.

The Convener: My next question is about the response to the emergency. It is good to hear that Shelter has joined the board, because it said that, at some points, the Scottish Government's response has been "lethargic" and that

"we are seeing business as usual repackaged with some new subheadings."—[*Official Report, Local Government,*

Housing and Planning Committee, 12 November 2024; c 24.]

How will the Government respond to the emergency with even more urgency?

Paul McLennan: There are a couple of ways of thinking about that. A key focus is looking at the issue on a regional basis. That is really important. The focus on the five local authorities—Glasgow City Council, the City of Edinburgh Council, South Lanarkshire Council, Fife Council and West Lothian Council—is based on the evidence that we have. Those local authorities account for roughly 70 to 75 per cent of people, particularly children, in temporary accommodation. It is key that we think about the biggest impact that we can make in a short period.

The focus is on working with those five local authorities. Officials meet them weekly, and sometimes even daily, to talk about specific issues. That is key. Shelter raised the point about having a targeted approach, and it works very closely with local authorities on that basis.

Urgency is shown by working with those five local authorities. That does not discount the other local authorities, but there is clear evidence that those are the five local authorities that we need to focus on to try to bring down the figures.

I come back to my point about the quickest action that we can take to get properties back into use. That can be done through work on voids, acquisitions and empty homes. In Edinburgh, for example, we highlighted the work that was needed to reduce the number of voids. The council has managed to reduce that number by 500 over a short period, and it is looking to get it down to 650. A little more work is still needed, but it is making really good progress.

We are showing urgency by thinking about how we can make the biggest impact in the shortest period of time. That involved working with Shelter on the targeted approach that it wanted us to take.

In Glasgow, for example, the council is doing very well in reducing the number of empty homes. How do we learn lessons from that? It is important that we learn lessons from each local authority. How do we learn how Glasgow has reduced the number of empty homes? It has reduced the number by 50 per cent in a few years. What has it been doing? It has focused a lot of its efforts on compulsory purchases. How do we learn from what has happened with empty homes in Glasgow?

Our work is very much about how we can make the biggest impact most quickly. As I said, I meet Shelter to discuss such actions, and it was represented on the board last week.

Beyond that, we need to continue to build more houses at a quicker pace through the work on, for example, stalled sites and planning.

The Convener: You are focusing on five councils. A while ago, when 11 councils had declared a housing emergency, we had a session at which, I think, five councils spoke to us. Some had declared an emergency and some had not. One was teetering on the edge. Are you monitoring other local authorities so that you are aware that others might go on the red list—I do not know what you are calling it—and might need extra support?

Paul McLennan: Yes. Obviously, there is a focus on the five councils. On the other local authorities that have declared a housing emergency—I think that I have said this at the committee before—one of the key things that we are asking them to do is to say what their housing emergency action plan is. For example, what do they need to do in relation to their own infrastructure?

09:45

We expect that, if a council declares a housing emergency, it would ask us for what it requires, and that it would also look at a housing emergency action plan. We continue to work through local teams and through officials who are based in the Government.

Although we will continue to focus on the other local authorities, just now, our key focus is on the five local authorities. The evidence shows that those are the five local authorities that we need to target at this particular time to bring down the use of temporary accommodation. How do we deliver on that for children? One of the key things that we discussed last week at the housing to 2040 board, when we were talking about the budget—alongside acquisition funding—was how we target children in temporary accommodation. What do we need to do on that?

Shelter told us that how we fund housing for families that may have four or five children is key. We may need to buy bigger accommodation. How do we tackle that issue in Edinburgh and Glasgow? There will be individual local discussions about that, as well as discussions on what we can do through the funding that we will make available. We are not on to questions on the budget yet, but those were the kinds of discussions that were held last week. Shelter had its input, as did other organisations such as Homeless Network Scotland. Our key focus is how we deliver on that, and how we deliver actions—which are already happening—in a way that is sustainable this year and beyond?

The Convener: Okay. Parliament declared the housing emergency eight months ago. How will we know when the housing emergency is over?

Paul McLennan: That was one of the key things that we discussed with stakeholders last week. You will be aware that, when the housing emergency was declared, there was a range of asks from a coalition of stakeholders that came forward. The issue was discussed last week and it will be discussed at another board meeting in—I think—March. There will be further discussion on that.

There is also how local authorities and other stakeholders see that question, and what our key performance indicators are. Work is on-going. We obviously want to get out of the housing emergency as soon as we possibly can, and discussions are on-going about what KPIs we need to have to make sure that we are moving out of the housing emergency.

The Convener: So, knowing when the housing emergency will be over is something that is in development.

Paul McLennan: What is really important is that it is not up to the Government to say that the housing emergency is over. We have to make sure that stakeholders and local authorities agree with that. We have to look at the key performance indicators in terms of what is required to make sure that we come out of the emergency. As I said, we want to come out of it as quickly as we possibly can, but we have to make sure that the progress that we are making is sustainable.

We are also looking at medium and long-term proposals to make sure that we do not go back into a housing emergency. That work is on-going and we are engaging on that with stakeholders as we speak. There will be more work on that in the meeting in March.

The Convener: Is that something that you could come back to the committee on?

Paul McLennan: I would be happy to come back to the committee or write to the committee—whichever way you want to approach that.

The Convener: That would be great.

Meghan Gallacher (Central Scotland) (Con): Good morning. Can the minister give us an example of what a KPI would look like, given the discussions that have been had?

Paul McLennan: Again, the work is very much at an early stage. I will maybe bring in colleagues who have been involved in some of it.

One of the key indicators would be the number of children in temporary accommodation and the general temporary accommodation figures. At last week's board meeting, everyone was focused on

how we get children out of temporary accommodation. It is about looking at a sustainable reduction in the use of temporary accommodation over a period of time. That is one of the key things.

Homes for Scotland also raised the issue of the number of stalled sites, so an indicator could show what work is being done on those. There are also the usual indicators on starts, completions, authorisations and so on. Those are the key things that are being developed. For me, however, one of the key indicators would show a reduction in the number of children in temporary accommodation.

The work is very much at an early stage and it needs to be inclusive. It is not up to Government to declare an end to the housing emergency—it is up to the stakeholders, including local authorities and the regulator. The question is how we deliver that. I do not know whether anyone wants to come in with regard to where the discussions started and where they will go.

Lauren McNamara (Scottish Government): Following on from what the minister said, there is a lot of interaction and discussion with our partners in the context of not only helping local authorities to move through their own localised emergency, but listening to and collaborating with Homes for Scotland, the Scottish Federation of Housing Associations and others about the areas in which we need to change levers or change direction.

As the minister touched on, children in temporary accommodation are one of the key components of our focus on the five local authorities that have the most intensive pressures to do with temporary accommodation. We are also looking at what we can do to support a reduction in void properties, for example, across the local authorities, and how we support the furtherance of the affordable housing programme. We will look at what we can do in the context of the targeted funding that we introduced this year, and which will continue into next year, so that that funding has the best impact across family homes, for example. Those discussions are all currently taking place.

The Convener: Thank you for that—I might come back on voids a bit later.

I have a final question for now, on local housing emergencies, and then I will bring in Willie Coffey. Minister, in your opening statement, you said that you are taking a regional approach and supporting five local authorities specifically. I asked whether you are monitoring other authorities that might suddenly show up with more severe problems.

We have heard in committee that there is a nuanced approach, and when we went to Argyll and Bute, where we had a wonderful day with the

council, we heard that the issue is not just affordable housing but mid-market housing, so the whole system needs to be looked at. I am interested in hearing how the Scottish Government is ensuring that its response to the housing emergency helps all councils with their specific needs and plans, and that good practice is shared among them.

Paul McLennan: For me, coming from a local authority background, one of the key things has been to get round as many local authorities as I possibly can to see what their specific issues are. I still have one or two to visit, but I have visited Argyll and Bute.

You are right; there are 32 local authorities with 32 different approaches, and there are lessons for other local authorities to learn from the five councils on which we are focusing. I mentioned the acquisition fund. When we spoke to COSLA, we were keen to look at what we do in that regard with the five local authorities and there was an 80:20 split—80 per cent of the fund went to the five local authorities and the other 20 per cent went to other local authorities. We are still focusing on voids in other local authorities as well. The work that I mentioned on empty homes is incredibly important and we have a breakdown of the situation in that respect.

There is a large number of empty homes in Highland and in Aberdeen, so we need to look at what we do with each of those local authorities. There are lessons to be learned from the work that Glasgow has done. We talked about the £2 million for empty homes, so we need to focus on that as well. It is about ensuring that the lessons that we learn from the five local authorities in that regard are taken into the other local authorities.

The local teams engage with local authorities regularly on how we increase the affordable housing supply programme. The increase in the budget relates to the opportunities in that respect and getting the resource planning assumptions back to where they were previously, so we need to think about what that looks like.

I mentioned the additional funding based on the planning assumptions. There are always planning assumptions regarding how much a local authority receives to put towards an affordable housing supply programme. Discussions are already going on with local authorities on that, looking at how we maximise the opportunities from the project in Argyll and Bute and get projects in other local authorities up and running as quickly as possible. That is being helped by the work on stalled sites, which is looking at how we get those sites up and running.

One of the key aspects involves our discussions with local teams. You mentioned mid-market rent,

convener. One of the key things that we mentioned in the programme for government was a £100 million commitment to mid-market rent. That commitment is forecast to bring in additional funding of £400 million from other investors for delivery. The Scottish Federation of Housing Associations was very focused on that commitment, because they deliver some of their housing through mid-market rent. There is a question of where we look for mid-market rent opportunities in other local authorities. We can do more in some local authorities than others, and that is important. Our discussions with local authorities and local teams are about what those mid-market rent opportunities are and how we can develop and grow that sector. The charitable bonds that I mentioned earlier are also really important for getting investment into that sector.

Coming back to Argyll and Bute, a key thing that I mentioned in my opening statement was the role of housing work in terms of how we deliver and I mentioned the partnership with the Nationwide Foundation. As you will know, an important issue that rural authorities mention to us is the ability of development companies to deliver on housing. Often, our discussions are about how we increase their capacity to do that, because that is really important. That funding makes a real difference in helping companies to develop housing. In rural communities, 10 to 15 houses can make a real difference.

There is a wide range of opportunities, but what can we learn from the five local authorities about how we look at mid-market rent and the funding for that? How do we look at the rural affordable homes for key workers fund? We have a nuanced approach to each local authority. So, yes, we are focused on those five local authorities, but local teams work on a daily basis with other local authorities to maximise opportunities and there are on-going discussions about the budget for doing so.

The Convener: Thank you, that is helpful. I will pick up on two of those things and then bring in Willie Coffey. In relation to empty homes, you talked about lessons learned from Glasgow. In the past, when councils have come to the committee, there has been a reluctance around doing that kind of work and I am also aware of that reluctance from my work as an MSP. Since we called an emergency, however, the situation has changed. Have the lessons from Glasgow and other places been learned? For example, Perth and Kinross Council has been exemplary in its work on empty homes and empty properties. Have you been working with councils on that?

Paul McLennan: Yes, I will come to where things have worked and the local authorities that

have reduced their empty homes and have exemplar schemes in a second.

One approach to lessons learned is based on data. Glasgow has reduced its empty homes by about 50 per cent in the past three or four years. It did that through a focus on compulsory purchase. In its recruitment, it very much focused on people with the experience to drive that. That is something that we can discuss with Edinburgh, which has approximately 15 per cent of the Scottish total of empty homes. We talked about the work that Edinburgh carried out on voids. There are around 7,000 empty homes. What do we do to try to reduce that number? If Edinburgh reduced its empty homes by 50 per cent in the same period of time as Glasgow did, we would be talking about 3,500 properties that would be available for the council to use. That is a significant number in tackling those issues.

Perth and Kinross Council was invited to the rural and islands housing conference that we held in October, along with the Scottish Empty Homes Partnership. Perth and Kinross Council talked about its work in the private sector and its leasing scheme. The Scottish Association of Landlords also attended the housing to 2040 strategic board meeting. Work is active and on-going with the Scottish Association of Landlords and the Scottish Empty Homes Partnership to see what schemes can be developed in other parts of Scotland. We have already mentioned the £2 million for empty homes. Some projects in Scotland are already working, so how do we learn from them? We are also looking at the number of empty homes officers in different parts of Scotland and whether it needs to be increased. Edinburgh council recently increased its allocation by one officer, so it is focusing on that as well.

We talked about the five target local authorities. We will be working very closely with Edinburgh on empty homes, because if it can reduce its number of empty homes in the same way that Glasgow did, 3,500 properties would be available in the next two to three years. That is significant. Where do we learn the lessons from that? In terms of other local authorities and the work being done by Perth and Kinross Council, there is an opportunity for closer work with the Scottish Association of Landlords, which is working very closely with us on looking at schemes that can be delivered. Again, we will look at the progress of that at the next meeting of the housing to 2040 strategic board in March.

The Convener: I am looking for a brief response to my next question. You mentioned rural homes and talked about building capacity with the Nationwide Foundation funds. A couple of years ago, I think it was, we had a round-table meeting on rural housing at which Ronnie

MacRae, the then chief executive of the Communities Housing Trust, suggested building at scale and having construction hubs around a region, so that small construction companies would not have to struggle with up-front material costs and that kind of thing. Have you gone anywhere with looking into that kind of approach?

10:00

Paul McLennan: That kind of approach has been mentioned by not only the Communities Housing Trust, but by Shetland Islands Council and Orkney Islands Council. I discussed it with Ronnie MacRae at the time. As you said, convener, he has now moved on from CHT.

The CHT was going to do a little bit more work on that and come back to us. I am happy to pick up on it. Lauren McNamara will come back on any discussions that have been held. Although there have been discussions, the Communities Housing Trust has not progressed the idea because, as you know, construction costs in rural communities can be up to 30 to 40 per cent more than they are in central Scotland. Work has been done and there is a cost pressures group where the Government can talk about that. You will know that construction inflation was really high 18 months ago, and that has not helped. We looked at the benchmarking and the idea is still under discussion. We can come back to the committee with more details.

The Convener: That would be welcome.

Paul McLennan: You and I have had chats about the idea previously.

The Convener: We have a commitment to build at least 11,000 rural homes. If we do not get the pipeline in, how do we build those houses? Communities are saying that they want them, but the system needs to be in place to make sure that that construction can happen easily.

Paul McLennan: You are right. Building houses also helps the local economy. One of the issues is the availability of local construction companies. There might be one or two in an area and we need to continue to build on that.

The Construction Industry Training Board carried out some work about a year ago, I think it was, that broke Scotland into 10 areas. It looked at construction capacity, learning opportunities in colleges and so on. Also, a Highland housing challenge summit was held a few months ago and one of the key things that it talked about was how to develop the construction sector there, so the issue is being discussed. Highland Council is also looking at the opportunities that it has and the challenges that it faces in developing the freeport, which will create capacity issues in construction

while it is being developed. However, that is a huge opportunity to develop the sector and the local economy in that area.

The Convener: That sounds good. It has been good to set the scene and open up the issues around the housing emergency and how you are approaching it.

I will now bring in Willie Coffey on the theme of homelessness.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): The housing regulator told us that—I will quote the words to get it correct—there has been a “systemic failure” in some councils’ homelessness services and that

“The increase in capacity that is needed goes beyond that which the impacted councils can deliver alone.”

I would like to hear your comments on that and whether you agree with that assessment. We can develop the question thereafter.

Paul McLennan: I will bring in Lauren McNamara in a second. We have regular meetings with the housing regulator on a number of issues. We have talked about how we reduce homelessness as quickly as we possibly can, and what we can do to reduce the pressure on local authorities. We have targeted an additional £42 million of funding support in 2024-25.

There are also lessons to be learned from across Scotland, because 13 local authorities have reduced their homelessness figures and 16 have also reduced the number of children in temporary accommodation. The convener mentioned Perth and Kinross Council, which reduced the number of children who are in temporary accommodation by 57 per cent, and Angus Council and Moray Council have reduced that figure by 50 per cent, so we have to learn from them.

It comes back to targeting the five local authorities. The regulator has warned that there is systemic failure in some councils. About £4 million in additional funding has been allocated in the budget to help local authorities to prepare for new prevention duties, which is an incredibly important aspect of the work that we are doing, as well as to try to reduce the current pressure. I have talked about the targeted funding for voids and acquisitions, and about additional funding for local authorities so that they can target those things. We have to try to tackle the challenges so that we can reduce the pressure on local authorities.

There is £2 million to support the work on empty homes, and the increase in the housing budget will try to reduce empty homes. Local authorities meet the regulator and agree action plans with it, which we are informed of. We are trying to support local authorities so that we can reduce the pressures on

them, including reducing the number of kids who are in temporary accommodation, reducing temporary accommodation figures, and increasing the affordable housing supply programme. I am not going to interfere with the work of the regulator; it makes observations, which we take into consideration, but we need to consider how we work with local authorities to reduce the pressure on them through increased funding for homelessness, empty homes, and the affordable housing supply programme.

Meghan Gallacher asked about the key performance indicators that are being developed so that we know when local authorities are out of the housing emergency, given the observation of where they are just now. The way that we do that is to work with the regulator, which is also on the housing to 2040 strategic board. We need to consider how we reduce the pressure on local authorities in the immediate term by looking at voids, acquisitions and so on. We need to ensure that we support local authorities with increased funding and reduce the pressure on them as quickly as we can. We work very closely with the regulator. I do not know whether anyone else wants to add anything else on that?

Willie Coffey: Before anyone else comes in, is the £4 million for all 32 local authorities, or is it for only the five local authorities that you are working closely with?

Paul McLennan: It is across all local authorities.

Willie Coffey: Spread across 32 local authorities, £4 million is not going to do an awful lot.

Paul McLennan: That money will help them to prepare for prevention duties. I also mentioned the acquisition fund, which is targeted funding. It was agreed with COSLA that 80 per cent of that funding would target the five local authorities—we talked about regional prioritisation. That goes back to the data, which shows that the five local authorities are facing the most pressure. We are focused on how to reduce that pressure. It also ties in to the local authorities that are experiencing systemic failure, which is the City of Edinburgh Council and Glasgow City Council. We are ensuring that they come out of systemic failure as quickly as possible.

Willie Coffey: Thank you. I will come back in later if I may, convener.

The Convener: Emma Roddick has a supplementary question on this subject. If you could ask your next question after that, that would be great.

Emma Roddick (Highlands and Islands) (SNP): I can do. Thank you, convener and good morning, minister. It is good to see you.

I will pick up on your answer to Willie Coffey about councils where homelessness figures have reduced. Is work on-going to understand whether there has been a true reduction in homelessness, or whether people are presenting to different council areas, such as those that are experiencing the most pressure?

Paul McLennan: That is an issue about local connections, which has been raised by quite a few local authorities. We have done a substantial amount of work on that. Whether it is the bigger or smaller local authorities, it tends to balance itself out. There is no clear evidence to show that people are moving into or out of Glasgow, or that they are moving into the Highlands or out of it, and there is no strong evidence that shows if something is making a difference to the numbers, one way or another.

Your question is whether people are moving from Perth and Kinross to somewhere else, but there is no strong evidential base on that. We continue to monitor local connections regularly to ensure that that is not the case, which local authorities ask us to do. I am happy to contact the committee about that. Perth and Kinross Council is doing work on private sector leasing schemes, and so on.

Emma Roddick: It would be helpful to have a bit more information about the work that goes on there.

Paul McLennan: We monitor that regularly. That is really important, because we cannot just move the problem from one place to another—that would be pointless.

Emma Roddick: In the draft budget for 2025-26, an increase is planned for the affordable housing supply programme. How will you prioritise where those resources are spent to have the best impact?

Paul McLennan: I will bring in Will Tyler-Greig in a wee second on that. We discussed that issue last week with the housing to 2040 strategic board and the cabinet secretary, and we will discuss the matter in the next month or two and come back with further details.

The key objective throughout is to maximise the impact that the programme will have. Each local authority has the planning assumptions that I talked about. Discussions are going on with local authorities on, for example, where the sites are that can be brought forward the quickest. Those discussions go on regularly, but there needs to be a focus on what we can deliver as soon as possible. The work on stalled sites will inform that,

and we will try to bring forward any stalled sites that can be delivered as quickly as possible.

There is, obviously, the investment in the affordable housing supply programme and building houses. The balance has to come around voids, acquisitions and empty homes, because we can bring those forward at a much quicker rate, which can reduce the temporary accommodation pressures as soon as we possibly can. Discussions are taking place on that.

We have talked about the £40 million of acquisition funding. Last year, £40 million was already indicated, so the question is what we do with that £40 million this year. Again, that discussion is going on with five local authorities and others.

Another element of the budget is capital funding and financial transactions. I talked about charitable donations, for example, and about mid-market rents. The key questions that are being looked at are where we can maximise opportunities and how we can bring additional funding into Scotland.

The balance will change in relation to different local authorities. The nuanced approach that the convener talked about is really important. We have good input on that through discussions with colleagues on the housing to 2040 strategic board, which we will continue to have. It comes back to some of the really nuanced discussions, for example about Glasgow, where, as I said, larger families—with four, five or six kids—live in temporary accommodation. How can we target that? If we do so through acquisitions, buying a house for a larger family will cost more than buying a house for somebody with two kids.

Another key thing is the capacity to do so, and discussions are taking place about that capacity in Glasgow. In the past, for example, we have worked with developers to see whether they have properties that the local authority can buy and use. We are looking right across the gamut of possible funding opportunities, but the key things are how to maximise the impact, reduce the pressures as soon as possible and not lose out on what we need to do to build homes.

A key focus in how we deliver that, which I have talked about, is voids, acquisitions and empty homes. However, we should not forget the wider work that goes on, and I will ask Will Tyler-Greig to come in and talk a wee bit more about that.

Will Tyler-Greig (Scottish Government): It is all about optimising the budget as far as we possibly can. The cabinet secretary asked members of the housing board how best to spend the money to get the best bang for our buck. We are all about delivery and optimisation at this stage.

The capital component of the budget is the largest share of capital that we have seen over the past few years—putting financial transactions to one side, the buying money is a larger proportion of the budget than it has been in recent years, which is a big positive.

We have looked at the strategic housing investment plans that are prepared and put forward by councils every year, and officials are assured that there is good demand and a good pipeline of projects.

In addition, the scope of the budget gives ministers the ability to support those local investment plans to improve our targeting and our ability to target, particularly in the five local authorities that have been referred to. The data that we use for both the main methodology and the targeted money that the minister mentioned—£40 million—takes into account affordability, deprivation, rurality and homelessness. The targeted funding, in particular, looks in more detail at temporary accommodation pressures and children in temporary accommodation.

The two elements are optimising the budget as far as we possibly can—with stakeholders giving us feedback on what they would like to see and any innovative ideas around things such as financial transactions—and being data led, using the data that we have to ensure that that targeting is effective.

10:15

Paul McLennan: On the acquisition funding, the £80 million in the 2023-24 budget that was mentioned delivered more than 1,500 homes. The £40 million that we have talked about for this year—not the current financial year but the financial year coming—is expected to result in around 500 acquisitions and tackle 600 voids. One key thing that we have done around the affordable housing supply programme, and in particular around voids and acquisitions, is to try to have a bit of flexibility, because previously the focus was on acquisitions.

One key thing that came up in discussion with stakeholders is how we can bring forward voids as quickly as possible. We are talking about that delivering another 1,000 homes into affordable use at a very quick rate. Detailed discussions on how to use the £40 million for the next financial year are already going on. It is about reducing the number of voids and about how many homes we can bring forward at a very quick rate. They are going out to the market, so we need to make sure that voids are turned over as quickly as possible. Those are examples of the things that we are looking at.

Emma Roddick: It was good to hear from Will Tyler-Greig about rurality, because many rural and island communities are concerned that they will miss out due to scale and the fact that it looks better to build 2,000 homes in a suburb somewhere than it does to build four or five in a small and fragile community.

I note that the young islanders network recently published a report that outlined that 72 per cent of young islanders think that it will not be an option for them to find a home in their island community, regardless of their personal preference. That is deeply concerning, given that we need young people to keep living and working in island communities to keep them sustainable. What consideration is being given to making sure that we are building new homes in places where it will make the most difference to the overall sustainability of the community?

Paul McLennan: You will be aware of the work that is happening on the broader challenge of supporting island communities. We have talked about transport, health and employment, and about attracting families to those areas, and the Government is working more broadly on that. For example, the work through the Communities Housing Trust is about how to maximise that—some of the developments that are being brought forward are through development companies or organisations that have been set up by islanders.

I met people from the young islanders network when they were down around a month ago at a meeting of the cross-party group on islands. They were talking about that challenge, and we discussed that report. Again, it is about working with local authorities, because that issue is part of local authorities' housing strategies and the strategic housing investment plans that have been talked about. We have to maximise opportunities around that.

That was one of the key things in the rural housing conference that we had. I visited a local authority with a rural focus, but when we started talking about the input to the local housing strategy, we found that it was minimal, to say the least. We must make sure that local authorities have a deliverable plan, and the funding that we deliver, such as the increase in the affordable housing supply programme, enables us to sit down and discuss that with local authorities. There are discussions with local teams about how to maximise the impact, but there also has to be a regional approach.

The 10 per cent target is a minimum, but how do we deliver on that? It is very much a nuanced approach. We need to develop the capacity of development companies and make sure that local authorities focus on their investment.

The Convener: We will continue with funding and the affordable homes target. I bring in Meghan Gallacher.

Meghan Gallacher: To tackle the housing emergency, we need to build more homes, but to do that, we need confidence in the market and we need long-term planning. However, over the past three years, the affordable homes budget has been all over the place. Funding has been committed, then cut and then restored again. Do you recognise that cutting and restoring the budget will damage market confidence?

Paul McLennan: There are a number of things to say about the context, and I will come on to the detail. First, on our delivery record, we deliver 47 per cent more homes per head of population than England does and 73 per cent more than Wales does. That is a strong record. As for new-build housing completions, Scotland has the highest level in the UK, at 36 per 10,000 people; the figure is 34 per 10,000 in England, 15 per 10,000 in Wales and 28 per 10,000 in Northern Ireland. However, we need to do more, and there are a couple of things to highlight in that respect.

Obviously, we are very reliant on the budget that we receive from the UK Government with regard to not only capital but financial transactions. Last year, our capital budget was cut by 9 per cent, while the financial transactions budget was cut by 62 per cent. I have talked about what the financial transactions budget can do with regard to charitable donations, mid-market rent and bringing in other opportunities in that respect. That is a really important pattern, and it is important that I highlight that when we talk about what we do with financial transactions and how we maximise these things.

I think that that sets out the context and where we are. This year, we have had an increase in the budget from the UK Government, and we have maximised that. Indeed, even before the budget, there was discussion of this matter, and it was going to be a priority for the First Minister and the Deputy First Minister. I think that we have delivered on that.

However, one of the key issues that we need to move on is sustainable funding. When local authorities set their course—which, normally, is for a five-year period—they do so based on their ambitions, and we have to ensure that we try to deliver on them. The UK Government has been talking about its spending review and looking at multiyear funding in that respect; that review is coming up in March, I think, and the Cabinet Secretary for Finance and Local Government will discuss that in connection with not just housing but other issues. Every party in Parliament wants sustainable funding, and we will be discussing with the UK Government the question of multiyear

funding and whether we can go out to local authorities, Homes for Scotland, the Scottish Federation of Housing Associations and so on and say, "Look, here's an indicative budget for the next three years."

I want to be in that position, but it all depends on the discussions that we have with the UK Government. The issue has been raised and discussed with others, and the SFHA has made it very clear that it is its number 1 objective. We want to deliver on that, but it very much relies on the spending review and the UK Government's position on multiyear funding. It will certainly help us when it comes to housing.

I totally appreciate your point about investment. Companies need to know these things. Indeed, our all-tenure approach gives everybody, whether it be the Scottish Federation of Housing Associations, Homes for Scotland or whoever, that kind of confidence. The Scottish Government now wants multiyear funding to allow us to go out, with confidence, to the sector and say, "This is, indicatively, what we need to do." That, in turn, will help me work out what needs to be done in years 1, 2 and 3. We already have a good record on this, but multiyear funding would really help by giving us confidence as we move forward.

Meghan Gallacher: The debate on multiyear funding will, as you have said, happen in due course. However, the Government here has been in power for 17 years, and the need for housing has increased across all the different markets, whether it be the social rented sector, the private rented sector or, indeed, home ownership. Has the Government calculated the loss in house building in 2024-25 as a result of last year's cut to the housing budget? If so, what is that figure?

Paul McLennan: The review of the 110,000 target, which, as I have mentioned, is looking at that sort of thing, is on-going. We also have data on house completions, starts and approvals; one of the key issues is to look at what that data tells us, and it is telling us that we need to build homes at a quicker pace. There is no doubt about that, and it is why we have needed to increase the budget this year. We have had support from the UK Government in that respect, as the First Minister has mentioned, and one of the key focuses has been housing; indeed, we have seen that coming through in the budget.

Last year, there was a reduction, which was, as I have mentioned to the committee, a hard decision that we had to make. Multiyear funding will help, but there are certain indications that we are seeing from the figures for completions. There has been a drop—there is no doubt about that—but that has been impacted by a number of things; indeed, we have talked about Brexit as well as

construction inflation, which has had an impact on private starts.

There have been issues in that regard, one of which is funding. The review of the 110,000 target is, as I have said, on-going, and we will come back to the committee on that. We have to take into account the figures that have been reported, which are disappointing; however, the additional funding that we have talked about will, it is estimated, deliver an additional 8,000 homes, which should make a difference in the next financial year. We need the certainty of multiyear funding to deliver on that, too.

Meghan Gallacher: I will move on to the target of delivering 110,000 affordable homes in a moment, but I want to go back to the issue of how many houses have been lost as a result of the cut in the budget for the affordable housing supply programme. I find it concerning that the Government has not measured how many houses have been lost, because it is important to balance that against the 110,000 affordable homes target. Is that figure available? Do you have it, or could you get it to me?

Paul McLennan: It is not as simple as that. When it comes to funding, homes are not delivered in the space of one financial year; they are delivered over a number of years. They might be started in one year and completed in another.

In relation to the review of the 110,000 target, we will come back to the member with specific figures. The quarterly figures that we get on completions and approvals will give an indication of where we are, but we cannot simply plump for one year and work out what a reduction in the budget for that year means.

Obviously, there have been reductions, including the reduction in capital funding, but there have been outside factors, too, such as the level of interest rates and the issues around costs and so on, as we all know. It is a complex issue. We cannot look only at one financial year. It is estimated that 8,000 more homes will be delivered as a result of this year's increase in the budget, but we will look at the data that comes through for the last quarter of last year, as well as future data. That will give us information about the impact on the affordable housing supply programme.

The budget is one part of that, but other factors have had an impact as well. I mentioned the fact that our capital budget has been cut by 9 per cent, while the financial transactions money has been cut by 62 per cent. I am happy to come back to the member on the 110,000 target, but the data that comes through will give us more accurate information than the estimates that we have at the moment. We will look at the figures for the next quarters and learn lessons from those. The

discussions as part of the review of the 110,000 target have been about how we can learn from those figures and take forward that learning as part of our discussions about maximising and optimising the budget as best we can.

We learn lessons from the figures that are reported. It is not a one-size-fits-all approach across Scotland, so we need to consider where the pressures are. We have talked about stalled sites, for example, the work on which is really important. It is not just funding that matters in that context; other issues are important, too. The work that we are doing on stalled sites aims to get construction on those sites started and completed as soon as possible. We are engaged in much broader work, but the work on stalled sites is incredibly important. The situation in that regard is not entirely related to the budget. Other factors come into play, such as water. We are doing detailed work on stalled sites in an effort to increase the figures. The issues are not always related to the budget.

Meghan Gallacher: I will move on to the 110,000 affordable homes target. Between 23 March 2022 and the end of September 2024, 24,382 affordable homes were delivered, and around 6,700 affordable homes have been approved in the past two financial years. However, if the 110,000 target is to be achieved, roughly 10,700 homes will need to be built every year. Let me put it simply: as things stand, the Government will not meet its target, will it?

Paul McLennan: On the 110,000 affordable homes target, we are looking at a number of things, one of which is the budget. We are also looking at the barriers to meeting that target. I gave the example of stalled sites. What can we do about them?

It is really important that we get a multiyear funding agreement. We plan a year ahead, but we do not have the certainty of multiyear funding from the UK Government to enable us to deliver those plans. We need to receive multiyear funding so that we have as much certainty as possible.

I come back to the question of how we maximise the opportunities of every budget. I have mentioned stalled sites. We are also looking at how we can maximise charitable donations. On mid-market rent, we have committed £100 million, and we are looking at £400 million of additional funding. I have mentioned charitable bonds, too.

There is also the work of the housing investment task force, which is looking, for example, at how we can be flexible in relation to the housing revenue account. A significant amount of work has been done on that. Another key issue is how we attract institutional investment, which I have discussed with the member in the context of rent

control. I am confident that we will bring in additional funding; indeed, I have met investors on a number of occasions.

The housing investment task force is also looking at income strips, or long-lease arrangements. Such arrangements already happen in some parts of Scotland, and it is about how we maximise that approach. The task force is looking at external funding coming through that. There is broader work going on.

With the review of the 110,000 target, we are taking the opportunity to look at additional investment, as well as the barriers. Obviously, we will come back to the committee on the work that we do on that, but the key part is multiyear funding. We are looking at what we need to deliver the target over the period, but we need certainty. At the moment, we have to deal with one-year budgets, so certainty around multiyear funding will be an incredibly important part of the review.

10:30

Meghan Gallacher: I hear what you say about multiyear funding, stalled sites and mid-market rent, but you set a target without knowing that any of those changes were going to come to fruition, so you need to respond to that. The target was set and we do not know whether it will be met.

Paul McLennan: I am responding to that, in terms of what we need to do, and as part of my observations. There is the impact of Brexit and construction inflation. Anecdotally, construction inflation was around 20 to 25 per cent. Nobody estimated that, and we did not have it at the time that the target was set. The cost of living crisis hit us in that regard, too.

We set a target, but things change and there are external pressures—nobody can deny that that is the case. As I have said, there was construction inflation, and we had to increase our benchmarks. Ultimately, the funding that we have to produce as many homes as possible was impacted on. If construction inflation goes up by 20 to 25 per cent, that has an impact on what we can deliver. We set targets, but there are external matters, too. Obviously, in the review, we are discussing what impact they had.

It is a nuanced approach, but we all have to take into consideration what has happened in the past years with construction inflation and the impact of Brexit. The impact of Brexit has been devastating. One of the key things in the construction trade, for example, was the shortage of labour, which was caused by construction workers having to leave. If you speak to any construction company, they will tell you that that is the case. That had an impact on delivery. It was not just about the cost of construction materials going up; labour costs went

up, too, because of the impact of Brexit, which we could not have forecast at the time when the target was set.

There have been external matters, and we need to take those into consideration. What did they do? What can we do going forward? How can we maximise funding? That is why I set up the housing investment task force, which looks at how we get investment into Scotland. I would love to be able to go out and borrow on the markets for housing, but we cannot do that, because we do not have that ability. The housing investment task force was set up to consider what we do to maximise investment into Scotland.

Financial transactions are an important aspect in getting another £400 million, and we are looking at mid-market rent, charitable donations and so on. That is all in the review that is happening now.

Meghan Gallacher: Thank you.

The Convener: Emma Roddick has a brief supplementary question.

Emma Roddick: I want to pick up on the review. I know that work is on-going on it, so there are no conclusions as yet, but what can people expect from it? What work is there still to complete before we have conclusions?

Paul McLennan: I will bring in Lauren McNamara or Will Tyler-Greig in a wee second, if they want to respond, but the review covers the points that I have talked about, such as the impact of the pressures that have come through.

For example, construction capacity is a real issue. Going back to the main point, the Highland housing challenge is about delivering 30,000 homes in 10 years, but one of the biggest issues that the council has identified is construction capacity. What are the challenges with construction capacity when it comes to delivering that? It is obviously a drag and a barrier in trying to build those houses at pace, and that has to be considered when we think about how we deliver our target. Construction costs are one of the key things here.

I mentioned construction inflation, which was probably at its highest around 18 months ago; it is still at a high rate and has not dropped off. What is the impact of that? How does it impact on, say, benchmarks? If we were benchmarking at £100,000 and construction inflation meant that costs went up by £20,000, we would have to increase our benchmarks. We have done so, and we have tried to be as flexible as possible.

It is about the barriers that we face, but it is also about maximising budgets and bringing in additional investment to deliver on some of our targets. The housing investment task force is focused on delivering affordable homes. We are

discussing what we can do through legislation and some of the exemptions that we have talked about in the committee. We are looking at all those kinds of things.

I might bring in Lauren McNamara to say more, but the review is about learning lessons from the past with regard to impacts that we did not expect when the target was set and about looking at what we need to do in the future to provide certainty on our budget and certainty to the market. Looking at the whole housing system, there has been an impact on the residential market, for example, where higher interest rates have led to a drop. We did not expect interest rates to be so high, but Lauren can say more about the broader work on that.

Lauren McNamara: The focus of the review was the path to delivering the target of 110,000 affordable homes. As part of that process, we engaged with a broad spectrum of stakeholders to get an understanding, now that we are in year 3 or 4, of where we are in the programme of delivery of those homes and to get a discussion going about that.

In responses to previous questions, we have touched on the nuances around delivery and the specificity of how particular local authorities support the strategic plans. It is important for us to understand the difference between rural and urban provision and how all of that is in the mix in the context of the pressures that have impacted on delivery. The review is nearly finished, and we will be able to update the committee on the output once the final bits of work have been pulled together.

The Convener: Meghan, you had a supplementary. I just want to check whether you covered it.

Meghan Gallacher: Yes, I did.

The Convener: Great. I will bring in Willie Coffey.

Willie Coffey: Before I ask about broader flexibility in the affordable housing supply programme, I want to go back to the issue that Meghan Gallacher raised about whether and when we can reach the target. In your opening presentation, Paul, you said that the Scottish Government is spending £97 million on discretionary housing payments. I think that a huge amount of that is for mitigating the bedroom tax, which, as we know, was introduced by the previous UK Government and has been retained by the current UK Government. If that money were available to you instead of its being used to mitigate that tax, could it be deployed to help you reach the target of 110,000 affordable homes?

Paul McLennan: Yes, there is no doubt about that. If it were available, the £97 million would be part of our consideration, and it could be used in a number of ways. For example, when it comes to tackling homelessness, we have talked about systemic failure in local authorities. That sum of money could make a huge difference to the five local authorities concerned—if, for example, it were used to support homelessness services. If the money came to us, we would have to discuss how it was used, but it could be used in a number of ways to support local authorities in tackling homelessness and in moving away from systemic failure. We have talked about the indicators in relation to coming out of the housing emergency, and that would certainly be one.

That money would go a long way towards dealing with that, and it would allow more resource to be put into tackling homelessness, including, for example, the issue of kids in temporary accommodation. However, that would have to be discussed across the Government.

It is not helpful for this money to be used as mitigation. The £97 million for discretionary housing payments is keeping a huge number of people in accommodation; if we were not using the money to mitigate the bedroom tax, more people would be homeless. There is no doubt about that.

We sometimes ask what the biggest driver of homelessness is. When Heriot-Watt University looked at that for Crisis, it found that the biggest driver was poverty. The university highlighted two top issues, the first of which was the rate of local housing allowance, which is nowhere near where it needs to be. It was good to see it increased by the Labour Government this year, but there are indications that that approach might not continue next year. The allowance was frozen for a number of years by the previous Government, and that impacted on homelessness. I should repeat that it is Heriot-Watt University that has said that, not this Government.

The second most important issue that it talked about in relation to homelessness was the rate of universal credit and the ability to address that. It is key that we do not lose sight of the affordability of housing, because there is an affordability gap. The local housing allowance has not increased as required to keep people out of homelessness. That is key, because that one specific issue impacts on homelessness in a number of ways.

The £97 million keeps people out of homelessness. We will hopefully get to a position where that money is not required, and then we will be able to invest in getting the local authorities in which the regulator has indicated that there is systematic failure out of that position as soon as possible. The more investment we can put into

homelessness services, the quicker we can reduce homelessness.

Willie Coffey: Has there been any discussion with the current UK Government about its approach and whether it might review its position on measures such as the bedroom tax?

Paul McLennan: Again, it comes back to previous promises in that regard that were made by that Government before it got into power. There needs to be a continuing discussion across Parliament on the issue, because the bedroom tax is unfair. It impacts on our ability to reduce homelessness quickly. There have been broader discussions between the Government and UK Government colleagues on the matter, and it could possibly be indicated as part of the spending review, but we will have to wait to see what comes out of that.

At this stage, the indications do not look good for the spending review. The UK Government has indicated that it is looking to make more spending cuts, which will put pressure on the Scottish Government and what it is expected to do. The spending review will, I hope, highlight opportunities to work more closely with the UK Government on reducing homelessness as soon as possible.

Willie Coffey: I will leave it at that.

On the issue of broader flexibility, our colleagues in Argyll and Bute Council indicated how they see flexibility working. They mentioned the need for up-front advance investment in infrastructure to take some of the risk out of projects; the need for councils to be able to roll over underspends in particular areas; and the ability to use the programme funds that they get on a wider range of housing, including temporary housing solutions. Those are examples from Argyll and Bute Council of the kind of flexibility that it would appreciate. Do you recognise those requests, and are you thinking about applying such flexibility across the board to help the situation?

Paul McLennan: When I met Argyll and Bute Council nine or so months ago, those same points were made to us. I would point out that infrastructure includes transport, education and employment and therefore will involve much broader discussions within Government. When she was minister, Emma Roddick was involved in that broader work, and it is still on-going. Extensive work has also been carried out on how we get people to move into Argyll and Bute and other rural communities. That is all part of broader Government work.

As for flexibilities, there are discussions about the rural housing fund and how it is funded. Every project will be slightly different when it comes to

the point of a feasibility study being carried out and how it moves beyond that. We have considered the issue in our discussions with the Communities Housing Trust, for example.

We have tried to be as flexible as possible with the funding that local authorities receive. Within the current affordable housing supply programme, flexibility is already built into how local authorities tackle voids and deal with acquisitions. The affordable housing supply programme was always flexible. For example, we listened when it came to funding for acquisitions, and after receiving feedback from local authorities, we included voids, too. We have talked about the additional £40 million that will be delivered this year and the balance between voids and acquisitions. Homelessness does not exist in just those five local authorities; it exists in other areas, too, but there is flexibility when it comes to tackling homelessness.

The other flexibility relates to mid-market rent and the £100 million commitment that we have talked about. There are opportunities for mid-market rent in different parts of Scotland, and work is already going on around that, which involves engaging with the Wheatley Group and others. It is also about how we maximise flexibility around charitable bonds, which brings us back to Will Tyler-Greig's point about getting the biggest bang for our buck across Scotland. There is flexibility in that respect.

We have individual discussions with local teams about how they want to use the funding. The increase will give them more flexibility when it comes to the RPAs, but a lot of flexibility is already built into the system. We will listen to local authorities about what they need to do, and seek to maximise opportunities through the increased funding.

10:45

The Convener: I will pick up on that question. Willie Coffey asked about three specific things. We visited Argyll and Bute Council and got a submission from it—that was more recent than nine months ago. The council is asking for advanced investment in infrastructure in order to de-risk projects, and it notes the need for councils to roll over any underspend in their areas. It also mentions the ability to use the programme funds for a wider range of housing, including temporary housing solutions. Those are three specific things that Argyll and Bute Council is struggling with, and it might be important to consider that. How can you address that and give the council flexibility? I imagine that it is not the only local authority with that kind of need.

Paul McLennan: There are a number of things there. There are discussions about rollover in each local authority. A key thing for me, having talked with local authorities, is that they need to maximise their RPA. The turnout figures for last year will show us how much each local authority has spent and what it has delivered. That is an incredibly important part of it.

On the budget, funding for a project will be spent not just in one financial year; part of it may involve stalled sites, and there are discussions about that. If a local authority is consistently not spending its RPA, we need to have discussions about the barriers and what we need to do. We will discuss the rollover with local authorities.

It is hard to comment on specific projects without knowing what they are, but we look at any project that comes forward with regard to the flexibility that is used. It comes back to the same point about the infrastructure funding that is required, especially if there is infrastructure funding to deliver on land.

We were up in Shetland several months ago. The First Minister and Deputy First Minister were there, and we were talking about a project at Staneyhill that needed around £20 million of investment. The people there talked about the need to do a lot of work on the infrastructure before they could even bring the project forward. If a local authority has a proposal, we can look at that. The project in Shetland was going to deliver 300 homes, which is a huge increase there. It is hard to comment on the specifics when the infrastructure is being discussed, but we have the flexibility to look at that under the project cost. As for its value, we would bring that through. I will bring in Kirsty Henderson, in a second, to talk about that.

There is flexibility within the affordable housing supply programme to assess what infrastructure would be required to deliver a project. A housing infrastructure fund has been set up by the Scottish Government, and we have discussed that with local authorities. However, without knowing the full details, it is hard to comment on specific projects. They would be part of the consideration of what would be delivered in each place.

Kirsty Henderson (Scottish Government): As the minister said, our housing infrastructure fund is available and can fund some element of infrastructure within a project's cost. Our local area team engages regularly with Argyll and Bute Council, and we can take the points that have been made back to it, to ensure that it is aware of any specific issues.

On underspends, there is annuality and, as the minister says, we have to manage with what we have. We do not have the luxury of being able to

roll the money over. We try to work with partners locally. Some local authorities may have a particular bump in their programme where they are gearing up to deliver a large-scale development, so they will have a year when they are not able to utilise their full RPA, but they will need it—and more—the following year. We work with partners to try to manage that. That flexibility is in-built locally.

There is also access to charitable bond donations, which gives us extra flexibility, as that is not annual money—in effect, it can be banked and we are able to use that money in a more flexible way. Because it is a donation and not a grant, we can administer it in a slightly different way. We can work with partners to use it to flex the programme and to deliver.

There are two aspects to temporary accommodation. First, there is “temporary accommodation” as in a temporary built form. Our programme is designed to deliver permanent affordable homes in perpetuity, so we would not necessarily consider temporary buildings, because we are very much looking at quality standards and ensuring that people have warm, safe and energy-efficient homes to live in.

Secondly, there are temporary tenancies. Part of what we have talked about this morning, in terms of tackling the housing emergency, is reducing the number of households in temporary accommodation. In an ideal world, we would not increase the number of people in temporary accommodation. However, where there is a requirement for suitable temporary accommodation—perhaps the local authority area is struggling to provide suitable temporary accommodation and has to use unsuitable accommodation—we can be flexible.

Through our acquisition programme, we have been clear that we are willing to have discussions on that flexibility, and some areas have used it. It is written into the general information that we have online that discussions can be had with local teams where that is a particular issue and where, for a short period, councils would like to use the homes that we have helped to fund as a temporary accommodation measure and then, we would hope, use them as a permanent accommodation solution.

Paul McLennan: The housing investment task force considered what we could do on the flexibility of financing and borrowing limitations through the HRA. We have had discussions with the Scottish Federation of Housing Associations and local authorities about what can be done on that within the councils’ current systems.

I mentioned the opportunities regarding different finance models. One of the key stakeholders in the

housing investment task force is the hubco programme. The Scottish National Investment Bank is part of the task force as well and is focusing on what it can deliver on housing.

The issue comes back to what we can do to maximise the opportunities for external partners. The Scottish National Investment Bank is looking at models for that, as is the hubco programme. How can we deliver on some of those issues? We are trying to flex the system that we already have, and the housing investment task force is helping us to do that. Work is being done on what we can do on that with local authorities and bodies such as SNIB and the hubcos. The task force will present recommendations at the end of the first quarter, so there will be an chance to see how we can maximise the opportunities.

The Convener: Should I know what a hubco is? Perhaps you could expand on that a little.

Paul McLennan: Hubcos do a lot of work on delivering schools, for example. The programme tries to maximise the opportunities that are already on-going, and the hubcos already do a lot of good work in Scotland on finance models for delivering schools.

The question is whether we can extend that to housing and the infrastructure that is required around it. The housing investment task force—in which those bodies are involved, as well as investors and the SFHA—is considering opportunities for doing that. The task force will produce some recommendations, probably towards the end of March, and we will contact the committee about that.

The question is how we can flex the system that we already have. That is obviously applicable to Argyll and Bute Council and other local authorities.

The Convener: It seems to me that there is a communication issue. If Argyll and Bute Council is raising with us the issues that I mentioned and, as you say, things are happening, perhaps there is a need to join the dots or to let people know. Perhaps it is something to take to your next meeting with COSLA—I think that, in your opening statement or somewhere in your evidence so far, you said that you are going to have a meeting with housing chief executives.

Paul McLennan: I have already met housing conveners to discuss that. We will reach out to Argyll and Bute Council and pick up the specific points. Local teams engage with the council daily, weekly and monthly, but we will reach out if the council is considering any specific projects.

The Convener: That would be really helpful, because the council has produced an impressive plan in response to its emergency. It has certainly not been sitting on its hands, and I am impressed

with all the work that it has done to pull everyone together.

Paul McLennan: We will reach out and see whether there is any specific work that we can do with the council on that.

The Convener: That is great.

The next theme is on longer-term change. We have been doing really well on time. We have three more questions and maybe a few supplementary questions, so I ask the minister to give slightly more succinct responses.

Paul McLennan: I will.

The Convener: That would be wonderful. We have been doing fantastically this morning.

Meghan Gallacher has the first question on longer-term change.

Meghan Gallacher: The housing to 2040 board is long established and sets out a good long-term vision for the most part by saying how it will look at tackling the housing emergency, but that vision lacks deliverability. That comment comes not from me but from members who sit on the board and have come to the committee as witnesses. One witness said that

“the Scottish Government must seek to restart the process of operationalising Housing to 2040, sets out a timetable for delivery, and communicates the cross governmental responsibility for its delivery.”

Delivery seems to be one of the biggest sticking points.

We have heard a lot about discussions, brainstorming and gathering ideas from stakeholders about how to look at housing to 2040, but when will we see those plans become a reality? That will be key to anything moving forward.

Paul McLennan: I totally agree. The board was set up to look at longer-term structural change and to deliver it by 2040.

The board has been running for a period of time, but, in our discussions about the housing emergency for the past year or so, there has been an agreement across the board that one of the key things that we have to do, for a short period of time, is pivot towards a focus on tackling the housing emergency, because we need to get our approach to that right before we move on. That was agreed, so that has been our focus. The discussions that we had with stakeholders at that time were about an agreement to focus on the housing emergency. We then looked at bringing in additional members, again with a focus on that.

You are fundamentally correct—we have been discussing the matter at every meeting, and it was raised by stakeholders in one of the discussions

that we had last week. I co-chair the meetings with COSLA, and the cabinet secretary attends, on occasion, as well. One of the key things that we discussed last week was that we need to continue to agree on what the short-term measures will be, because we need to get out of the housing emergency as soon as possible. That was raised within a discussion about how we look at the strategic objectives for 2040 in terms of the housing emergency.

There are issues that we need to look at. One is around the finance model, which the housing investment task force has been looking at. How we maximise opportunities for financing housing in Scotland was identified by stakeholders as one of those issues. Another one is housing affordability, which is relevant not just in Scotland but right across Europe. The question is how we look at tackling that, so we have been engaging—with Professor Ken Gibb, for example—on what affordability is. We have previously had discussions on that in the committee. What is affordability and how do we look at closing the affordability gap? It is an issue in Scotland but also in the rest of the UK and in Europe. It is an issue right across France. I think that Spain has announced a 100 per cent tax on properties that are bought by people outwith Spain, so if European Union nationals purchase properties there, there will be a 100 per cent tax on those. The reason why Spain has cited for that measure is the need for affordable housing for its own people. There are various things that we need to move on—affordability is one and financial flexibility is another.

How do we move on to that? There was agreement to come back to that at our next meeting and to discuss what things we need to pick up in terms of this immediate stage and the period to 2040. We are going to get feedback from stakeholders on that particular point.

We need to learn the lessons about how we got here. The challenges with housing exist across Europe, not just in Scotland. They exist in England and in other parts of Europe as well. How do we get to where we want to be? We need to look at what requires to change structurally over that period. That is what housing to 2040 was set up for. The stakeholders mentioned that last week, and we agreed to come back and ask what we need to focus on now, in the medium term. There is no point in taking time to get out of the housing emergency and then saying, “Oh, right—we need to think about this now that we’re out of it.” We need to be doing that in conjunction with what we are already doing. It is about getting that balance. We discussed that last week with the board, and, at our next meeting, we will discuss what the strategic objectives will be.

We need to set out the strategic objectives to 2040, for whatever Government is in place. We must continue to work on the long-term objectives and on long-term structural change in order to deliver on our target. Financing and affordability are issues that we need to pick up on.

Meghan Gallacher: Given the discussions that you have had and the ideas that have been coming through from the board, do you think that it was a missed opportunity not to include those ideas, which have been developing for quite some time, in the Housing (Scotland) Bill?

Paul McLennan: No, and the reason I say that is because there will be things that do not need legislation—affordability, for example.

11:00

What structural change is needed? You and I do not agree on this, but getting long-term sustainable rent controls while also keeping the door open for investment is key. Following conversations with stakeholders and the housing investment taskforce, I believe that we have struck the right balance. A consultation will go out, and there will be talk of the issue at that point, too.

We have spoken about what needs to be done in relation to the private rented sector, and not all of the ideas need legislation. Rent controls and the ability to bring in additional funding are included in the Housing (Scotland) Bill. There will be many things that need policy change and policy sustainment but not legislation. Prevention duties are a massive part of the bill. I do not think that we need legislation for some of the things that we are talking about, but the more that we get into detail with stakeholders, the more we will know.

I think that we have struck the right balance, so I do not think that legislation is needed.

Meghan Gallacher: The key bit of what you are saying is that some things do not need legislation, but some things do. We will agree to disagree on that, but thank you very much.

The Convener: Meghan, you had a supplementary question about waiting lists. Did you ask that?

Meghan Gallacher: No, I did not, but I can pick that up with the minister outwith the meeting, unless you want me to ask it now.

The Convener: If you want to ask it, you can go ahead.

Meghan Gallacher: Sorry—I am back again. The question is about social housing waiting lists and the difficulties that our councils experience with housing waiting lists. All MSPs get emails from constituents who are desperate to be housed, but there is no housing stock available for

them. I therefore want to pick your brain on housing waiting lists. Do you think that it may be time to look at housing waiting lists again and consider the points-based system, or is it better left to councils to look at that individually, on the basis of their own needs?

Paul McLennan: In principle, it is better left to local authorities, because there are different pressures within each local authority. That view is based on 15 years of local authority experience. We can have broader discussions about waiting lists. For example, when we speak to the Association of Local Authority Chief Housing Officers, we hear that a lot of people on the waiting lists are single. We can discuss how that feeds into a council's local housing strategy, into its strategic housing investment plan and into its homelessness strategy. However, the matter is best left to local authorities.

The feedback that we get is that most people on waiting lists are single. We can discuss with local authorities how they can get the right balance between building housing for families and building housing for single people, but it is up to local authorities to prioritise their investment opportunities. Some local authorities are looking at what they can do for single people—the convener mentioned co-housing—and there are different ways to tackle that issue, but the situation is different across Scotland. In principle, it is best left to local authorities.

The Convener: You mentioned affordability. Professor Ken Gibb has done some work on that and has come up with a report. Can you update us on that?

Paul McLennan: A report is being produced, but it has not been finalised. I will read that when it comes to me. We asked Ken Gibb to do some work on affordability for the reasons that we have talked about and because of the longer-term discussion that we need to have. The report looks at a number of things, but it has not been finalised yet. I understand that it will probably be finalised during the first quarter of this year. It feeds into the longer-term structural discussions that we need to have, because the affordability gap is an issue across Europe.

The Convener: We look forward to hearing more about that report when it comes out. I will bring in Emma Roddick.

Emma Roddick: It was good to hear reference to the proposals that are being considered in Spain, because I wanted to raise the issue of the 100 per cent tax that will be imposed on homes that are purchased by non-residents from outwith the EU in an effort to crack down on the remote management of what should be local homes as holiday lets. Is the Scottish Government

considering whether similar measures could be pursued here, or could other measures, such as those that were recommended by the Scottish National Party's social justice and fairness commission, be taken to put the balance back towards houses being used as homes?

Paul McLennan: We have done some work on second homes. Local authorities have the ability to introduce control areas in relation to short-term lets. It is always about trying to strike the right balance—we have had a chat about this before—with regard to second or holiday homes and our work on empty homes. In the Highlands, for example, there is a huge number of empty homes that are not being used. How do we reduce that number and bring those empty homes back into use? There has been legislation and policy to address that.

If we were to go beyond that, there would need to be a discussion with colleagues. We are already seeing measures in Spain—in Barcelona, for example—on short-term lets, and other parts of Europe have been looking at different measures. It is about trying to get a balance. I cannot speak for the Government on the example from Spain specifically, but we have already looked at and introduced some measures.

With regard to the broader challenge, we need to continue to address the issue of second homes and to focus on the empty homes issue, as well. I am sure that discussions on that will continue. We do not face problems to the extent that Spain—and, specifically, Barcelona—does, but we have similar issues. There is no doubt that there will be continued discussions across the Parliament on the issue.

Emma Roddick: Are similar measures being actively considered in Scotland?

Paul McLennan: I cannot talk about what is being discussed or covered at this point. There has already been action and delivery in trying to address some of the issues, and members will have seen how that is having an impact on, for example, the number of second homes. Part of the reduction in the number of empty homes has been done through addressing second homes. A property might be used for only one month a year, so we need to look at what we do in that respect. Action has already been delivered, but I have no doubt that the SNP group and other groups will continue to discuss how we tackle the issue. There will be further discussion to develop actions.

Emma Roddick: It will certainly be discussed in the SNP group.

Paul McLennan: Yes, I think that it will be.

Emma Roddick: Another measure that the social justice and fairness commission

recommended was the establishment of a housing land corporation. We hear that suggestion from committee witnesses fairly regularly, along with suggestions for other long-term measures such as land reform. I know that the minister will be feeding into the conversations about the Land Reform (Scotland) Bill that are happening across the Government. How is that longer-term view being worked through to implement the wider structural changes that we need in order to make faster progress in the future?

Paul McLennan: You will be aware that there are currently land reform discussions in the context of the bill that is going through the Parliament. That is important for how we maximise delivery across Scotland. The Homes England approach has been discussed previously. Our work on regional prioritisation is incredibly important. We have done work through the Edinburgh city region deal—we have talked about how we deliver for the strategic sites, which has included looking at infrastructure, how we deliver the finance and so on. A report has been produced on that. Engaging on a regional basis is important, and we can look to deliver more in that regard. Again, I come back to the housing challenge in the Highlands and the freeport opportunities—how do we maximise those opportunities? A regional approach is very much the best way to take that forward.

With regard to the broader discussions that Meghan Gallacher talked about, those are the sort of things that need to be discussed by the board, because the discussions need to include stakeholders—it is not just for the Government to decide how inclusive we are and how we take forward that particular point. Stakeholders would feed into that wider process, as well.

Willie Coffey: A question arose about how we improve the interconnectedness or joined-up delivery of some of our housing policies and about how housing connects with other services. When your namesake, Professor MacLennan, came to the committee, he said that housing departments tend not to co-ordinate with other policy departments. Is that something that you recognise from your long experience—15 years, as you mentioned a minute ago—and, if it is, how do we improve on that to ensure that we get joined-up policy development and delivery?

Paul McLennan: I know Duncan MacLennan very well. It depends on the area. When I came into this role, one of the key issues for me was how we maximise economic development opportunities. The housing investment task force was one of the ways to address that, as it looks at how we get additional funding for such development. We need to be aware of the need to look at the economic development aspect. For

example, the freeport presents huge opportunities in delivering housing and jobs. We have already seen a huge amount of investment coming into Scotland, so how do we maximise that? It has always been there.

If we are looking for economic development opportunities, housing needs to be part of the solution. It is very much about the work that Highland Council is doing on how it delivers temporary housing. Another example is the work that Scottish and Southern Electricity Networks is doing on building 1,000 new homes for construction workers, but they will have a legacy beyond that. Economic development is part of the answer. Infrastructure funding is also part of it, and we are also looking at finance. We encourage local authorities to look at maximising housing. Of course it is about providing homes, but it is also about economic development opportunities.

It comes back to the convener's point about what we need to do and whether we need construction hubs in different parts of Scotland. How do we maximise the opportunities? Good housing and economic investment will bring people into an area.

That is the work that we have focused on. I am looking at how the Government gets investment into different parts of Scotland. Housing plays a major part in that, as the Deputy First Minister has said. We always try to encourage that.

Ms Roddick made a wider point about the sustainability of rural communities. We cannot lose sight of that, and I am very conscious of the part that housing plays in broader economic development and tackling poverty. What housing does to tackle poverty is important, and I always encourage local authorities in that regard. Could we do better across Scotland? Of course we could. There is always room for improvement. We are doing relatively well at the moment, but we need to do more to maximise tackling poverty and other rural issues and to grow the population and the economic development opportunities that create work for local companies, as the convener talked about.

Willie Coffey: How would the committee or others see that wider influence in the housing programmes that will emerge in the remainder of the current parliamentary session?

Paul McLennan: That already goes on. In the Highlands, a key part of the work that we carried out on the freeport, for example, was a convener meeting with the local authority, and we also have housing developers and investors there. Work has already gone on, and it has grown. Work is also being done in the Edinburgh city region.

It is probably about looking at what is going on at the moment, and there might be a need to call

for evidence on that. Meghan Gallacher talked about the wider strategic work. How do we maximise the impact on housing? For example, Homes for Scotland has carried out work on delivering housing and £4 billion of gross value added to the economy of Scotland. Work is already being done, so how do we pull that together? We always try to maximise opportunities for housing and its broader impact in Scotland.

The Convener: I will just add a footnote on other issues, such as transport and place making. We are trying to move away from thinking about housing as housing to thinking about making places. I am not going to let you respond to that, because I need to move on.

I have a few mopping-up questions to ask. One of the things that comes up in my mind when you talk about empty homes is what you are doing about empty flats above commercial properties that do not seem to make it on to the empty homes list. Are you factoring those in? Single people who live in big homes could move into smaller accommodation, and they might be happy to live in a town centre.

Paul McLennan: Yes, and that is important. The work that is being carried out in Dumfries, which we talked about, is a great example of what you are saying. That is not covered by empty homes, but it is about what local authorities need to do to deliver. Again, sustainable town centre use is important. That is being looked at, but it is down to local authorities.

The Convener: When you say that it is being looked at, are you asking local authorities to identify those commercial properties and look at their potential?

Paul McLennan: Each local authority will have empty homes, some of which will be voids, and they are part of the empty homes figures.

The Convener: I am asking about commercial properties specifically. Are they on the list?

Paul McLennan: I will ask Kirsty Henderson to come in on that and talk about the figures. That might be outwith housing, but I see the point that you are trying to make, which is important. Glasgow has identified a lot of work that it needs to do on repurposing office space and commercial properties, because that will create city centre living and help the economy.

11:15

Kirsty Henderson: We can certainly come back to the committee on that issue, but I would be surprised if commercial properties are included in empty homes figures, given their different usage. We can confirm that. It is very much a local authority-led approach. That might be a viable

option for some people, as the build form might be able to accommodate residential accommodation, but it might not be a viable option for other people. It is very much down to the local authority's strategy and town centre approach.

Paul McLennan: On that point, Tom Arthur did some work on town centres, so we can come back to you on that.

The Convener: That would be great. There are some opportunities there.

I do not know the make-up of the housing to 2040 board so, at the beginning of the meeting, I asked whether you would consider including more community-led housing associations and co-operatives. They have a unique perspective and we have been doing a bit of work on how much of a voice they have. They certainly contribute tremendously to building wealth in their communities, so it would be great if they were included on the board, if they are not already. Would you consider that?

Paul McLennan: We can consider that and come back to you. We are trying to be as inclusive as possible, if you have any suggestions for that.

The Convener: Thank you. You might not be able to respond to this, but the idea has come up that, when retrofitting homes and other buildings in Scotland, and for new builds, we could look at locking up carbon, or carbon sequestration, by using timber that has been grown in Scotland. Companies that want to offset their phase 3 emissions could invest in that. The idea that we could get investment for housing while tackling the climate emergency is very interesting. Have you come across that idea and are you doing anything on it?

Paul McLennan: I am aware of that, although it probably falls outwith my remit—another minister would deal with it. I can speak to the relevant minister about that. As you know, we try as best we can to source local produce from across Scotland. That is good for the economy and for how we tackle climate change, which we are looking to do. We are working on how we do that in the work that is being done. We can come back to you on that point. Another minister is probably dealing with it, and we can liaise with them about the point on tackling climate change.

The Convener: That would be good. That goes back to Willie Coffey's question about cross-portfolio working on housing. It would be good to hear something on that.

Paul McLennan: We can come back to you on that.

The Convener: That would be great. You will be relieved to know that that has brought us to the end of our questions this morning. Thank you so

much for joining us. It has been a useful session to get a greater understanding of where you are on our vision for housing, and there was also a bit of discussion on the budget. I appreciate you coming in and taking the time to be with us.

I will suspend the meeting briefly to allow our witnesses to leave.

11:18

Meeting suspended.

11:20

On resuming—

Subordinate Legislation

Town and Country Planning (Fees for Applications) (Scotland) Amendment Regulations 2024 (SSI 2024/292)

The Convener: Under our final item, the committee will consider a negative instrument. As no one appears to have any comments, does the committee agree that we do not wish to make any recommendation on the regulations?

Members *indicated agreement.*

The Convener: Thank you. We agreed previously to take the next items in private, so I close the public part of the meeting.

11:20

Meeting continued in private until 11:56.

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