

**PE1452/F**

Petitioner Letter of 25 February 2013

RESPONSE TO PUBLIC PETITIONS COMMITTEE PE1452

## **1. Employee participation**

We welcome the government's positive response and the efforts of the government in the UK wide task force and we acknowledge the reserved nature of the legislation in relation to employment law. However, as the Scottish Government argues in response to the living wage the government could lead by example, where appropriate by negotiating with union and staff representatives on employee participation schemes and encouraging all public, private and third sector organisations to do likewise.

## **2. Scottish Living Wage**

The Scottish Government is to be commended for the steps it has taken to roll out the Scottish Living Wage within its own workforce and those of public bodies. The adoption of the Scottish Living Wage came as the result of the campaigning done by many of the constituent organisations to the People's Charter and others. This has made a significant difference to thousands of workers. However the Scottish Government have taken a fairly minimalist approach to the SLW. They have not taken the necessary steps to create a public sector procurement framework that allows let alone encourages public bodies to stipulate that paying staff the SLW will be a factor consider in the awarding of tenders. The government has hidden behind an interpretation of European procurement guidance. The Scottish Government has been willing to take stances in the face of alleged contraventions of European constraints in the issues of tobacco advertising and vending and minimum pricing on alcohol yet when it comes to low paid Scottish workers providing public services they have given up at the first hurdle. Thus the Scottish First Minister runs an administration which has been less bold in this regard than the Mayor of London, Boris Johnson.

What we need is for the Scottish Government to set a procurement framework that requires public bodies tendering for work to include social clauses such as the requirement for the Scottish Living Wage. There are now tried and tested methods or rolling out the Living Wage to contractors, one method is to ask bidders to provide two bids one based on the SLW and one not, in this way public bodies can assess both the bids and no organisation is disadvantaged by bidding on the basis of the Scottish Living Wage.

We note the voluntary sector's support for the SLW and that some voluntary organisations have adopted the SLW even in these tight financial times. However the fact that it is not widespread in the voluntary sector shows that in order to get results a national framework from government is needed.

## **3. Social Housing**

### **Evictions and Repossessions**

The proposal made to the Petitions Committee was that other methods of debt recovery be used in the specific case of arrears arising from the 'bedroom tax' – as since called for in PEO 1468 as lodged by Mr Dailly on behalf of Govan Law Centre. We agree that over the

recent period steps have been taken to minimise the number of evictions for rent arrears. However, we also note that Shelter believes that the numbers remains too high and that the financial costs and the impact on families with children in particular is counterproductive given the statutory need to re-house almost all those who become homeless in this way.

In the case of the 'bedroom tax' we believe that there remains an unanswerable case for an amendment to Scottish housing law. As it stands, the 'under-occupation' penalty cannot be avoided by re-location. The number of smaller houses is totally insufficient. In Glasgow the biggest social landlord Glasgow Housing Association estimates that there are upwards of 6,000 tenants affected. There are less than 400 smaller houses available. In smaller community-based housing associations the situation is often even worse. In Govan HA there are 190 tenants affected and around a dozen properties available. A significant number of those affected are in work but on low wages and hence long distance relocation is not an option – even if there were houses available.

In these circumstances it would seem socially unacceptable to proceed to eviction and consequent homelessness. It could also be challenged by National Audit and Audit Scotland as financially improvident. Re-housing a homeless family will cost a local authority more than the rent owed – and the rent owed will not be recovered nor will the legal costs of eviction. In most circumstances re-housing by a local authority will be in the private rented sector where rents are very significantly higher – in most cases higher than the rent of the larger house from which the family will have been evicted.

The argument for other forms of debt recovery would therefore seem to be unanswerable in the case of the 'bedroom tax'. We also continue to argue that it makes good financial sense for the Scottish government to find ways to compensate social housing providers in the meantime for loss of revenue.

### **Provision of New Homes**

The petitioners called for more funding to be directed towards social housing for rent. The petitioners would commend the aspiration of the Scottish Government to increase the number of new homes and in particular for having assisted the redevelopment of council house building by local authorities. We similarly commend the Scottish Government's ending of the 'right to buy' for newly built social housing

However, the volume of new construction currently remains far below levels achieved, for instance, in 2006 (16,000 in 2011-12 as against 28,000) and levels of homelessness and over-occupation remain very high and seem likely to increase. The amount of 'social housing built' was just under 6,000 units and less than two-thirds of this was for rent. In the same year 35,000 people were accepted as homeless – with 91 per cent being in priority need and including 22,000 children. There remain 335,000 applications on housing waiting lists.

We would in particular draw the Committee's attention to the evidence from the Glasgow and West of Scotland Forum of Housing Associations to the Infrastructure and Capital Investment Committee in 2012.

This argues that the Scottish government financial arrangements for grant assistance for new build significantly disadvantage social landlords in inner-city areas, require rent levels that are unsustainable for low income communities and open the funding available to commercial developers using green-field sites for 'mid rent' new build.

We therefore believe it is entirely appropriate for the Petitioners to ask the Scottish Parliament to focus on the growing crisis in housing provision in the socially rented sector and to use its powers to ensure that greater funds are allocated to meet this need.

### **Statutory Control of Rents**

The petitioners requested the Committee to consider introducing a statutory control of rents – beyond the present system which simply ensures that landlords charge no more than the local market rent when this is appealed by tenants.

The Institute for Housing recognises that ‘many private rents are high’ but doubts the wisdom of moving away from market determination in circumstances where supply might be endangered. The Scottish Federation of Housing Associations, on the other hand, highlights the current dangers posed by restrictions by the Westminster government on Local Housing Allowances, together with the new Welfare Reform proposals, and the consequent need to restrict an escalation in private sector rents – as long as this does not discourage supply.

The petitioners would argue that current circumstances make such a restriction essential.

The Westminster governments Welfare Reform provisions will create **abnormal** market conditions that will enable unscrupulous landlords to exploit the circumstances arising from the acute shortage of housing in the social sector and, in particular, the shortage of smaller houses arising from the bedroom tax provisions. The situation can be illustrated by the figures from Glasgow. The private rented sector now amounts to around 35,000 housing units. A minimum number of 8,000 tenants will be affected by the bedroom tax – of which far less than half can be accommodated. There is already very significant market pressure arising from the massive decline in house building, on the one side, and the decline in real incomes/ secure employment and the consequent inability of many to afford mortgages, on the other. Private sector rents are already high, as the Housing Institute points out – well over 70 per cent higher than those in the public sector for comparable housing.

It therefore would appear unacceptable to allow unscrupulous landlords to push rents even higher as a result of the Westminster government’s distortion of the housing market. A cap on existing rent levels, either absolute or tied to CPI, would seem entirely defensible and indeed necessary on economic grounds to protect both tenants and the public purse. In terms of supply the sector has been growing very rapidly in size over the past fifteen years on the basis of existing rent levels.

### **Equity release**

While the petitioners are fully aware that the funds available to the Scottish government are in short-supply, we continue to argue that further funds devoted to assist equity release would be an effective way of increasing the long-term availability of public sector housing in circumstances of acute shortage.

## **4. Public transport**

Whereas we welcome the commitment the Scottish government makes to improved transport in Scotland including rejection of any further fragmentation of the rail service and its acknowledgement that there is no compelling case to unbundle the Clyde & Hebrides

routes in the tender exercise due to begin in 2014, nevertheless we hold that only regulation and public ownership can guarantee the quality and consistency that is required in bus, rail and ferries that are essential to all Scots, but in particular the poor and those living in rural communities. We would support any campaigns by the government to resist further privatisation and/or to acquire the necessary powers to take forward public ownership.

## **5. Local Authority Budgets**

While we accept that local authorities agree to support the outcomes set out in the Single Outcome Agreement based on a financial allocation that comes largely from the Scottish government, we would argue that local authorities would be in a better position to attack inequality and improve services if they had access to greater funding and an end to the Council Tax freeze would facilitate that.

## **6. Credit Unions**

We welcome the support given in the Scottish Government's response. As in its response to the living wage, the petitioners would ask that the government leads by example, as an employer itself, and by encouraging public, private and third sector organisations to encourage Credit Unions so employees can, for example save and make loan repayments direct from their salary.