Introduction

The Scottish Government appreciates the focus that the Local Government & Regeneration Committee has given to regeneration through its 12 month inquiry into ‘the best practice and limitations in relation to the Delivery of Regeneration in Scotland’ and welcomes many key recommendations in its report.

The launch headline - ‘regeneration not delivering for our most deprived communities’ – is stark and reflective of the historical position, but, on our reading, the report in fact provides a broad endorsement of the positive nature of what we are trying to do through the Regeneration Strategy, (the Strategy) launched in December 2011. As the Committee indicates (for example at para 188) the reality is that sustained effort is needed if all of Scotland is to flourish in line with the Government’s purpose.

The Government recognised that the changing landscape meant that previous approaches needed to evolve to ensure that different interventions are as effective as they can be and work well together. That was behind the Discussion Paper, ‘Building a Sustainable Future’, which preceded the launch of the Strategy. Now, two years on, it is good to have the Committee’s assessment of progress, drawing on the very extensive evidence it gathered.

Based on that evidence, we are glad to hear that people no longer think of regeneration simply in terms of physical redevelopment. ‘Many stakeholders and communities across Scotland share our clear understanding that physical, social and economic considerations are integral to, and interdependent with, the policy of regeneration as defined today’ (para 22). That is the change that we want to see (para 37 in the Strategy).

The Committee deliberately focused on the community-led angle of regeneration since we had said that ‘support for community-led regeneration is at the heart of the Scottish Government’s Regeneration Strategy’ (para 3). We are strongly committed to this approach while recognising that for communities to be able to undertake this, much needs to be in place from partner organisations. We are pleased to see that ‘there was a sense from all stakeholders that the Strategy has rightly placed a new focus upon community participation
and ownership’ (para 136) and we accept that more needs to be done if people living and working in communities across the country are consistently to have a real say on what happens. In its press release accompanying the Report, the Committee reports that its evidence shows that regeneration can only be truly and long lastingly effective if ‘done by people’. Its overall conclusion is that regeneration must involve the people in the communities from design to delivery, as set out in the foreword to the report. We agree.

We are clear that the main input must be local. This Government puts a strong emphasis on ‘local’ and funding for local regeneration is provided by central government to local authorities within the general local government settlement. We noted with interest that the Committee ‘heard much positive evidence of local authorities aligning their activities to support a step change in the approach to community planning, with a clear and real focus on better partnership working, joined-up integrated services, community ownership, empowerment and participation’ (para 153). What we as central government are doing is to target resources to show approaches that can drive change, encourage working in partnership and make a difference to behaviours locally.

Regeneration activity must focus on outcomes, and we note that the Committee ‘wholeheartedly agrees with the Strategy’s focus on outcomes’ (para 121).

In our view, regeneration activity must:

• put communities first, effectively involving local residents in the regeneration process and empowering communities
• address the physical, social and economic needs of communities
• have a long-term vision and focus on the safety and quality of places
• take account of the specific function of communities and integrate regeneration initiatives into wider economic strategies
• make tailored interventions to link economic opportunity, address worklessness and deliver sustainable quality employment
• be supported by simpler and aligned funding streams and maximise the impact from mainstream resource
• have local leadership with clear accountability and effective use of partnership working, involving the private sector, both in investment and in shaping ideas and development.
Some interventions are larger scale, and may not be community-led, in the sense that we and the committee use that phrase (para 145). Even then, there should be a strong emphasis on community participation, evidence for which is one of the key criteria for awards from the Regeneration Capital Grant Fund (RCGF), and community involvement, with community benefit clauses being introduced to private sector contracts awarded through (Scottish Partnership for Regeneration in Urban Centres) (SPRUCE).

Our approach is to:

- work across Government and with local government to integrate and embed the regeneration message and outcomes in wider policy
- provide targeted funding to support change
- take action to help revitalise Scotland’s town centres
- keep up the renewed focus on community led regeneration, supporting people in disadvantaged communities to take action themselves
- facilitate and develop partnerships to deliver change in disadvantaged communities

The Committee has hit upon a key tension in framing its recommendations: national as against local control and influence on regeneration. The Scottish Government has a key role in setting the vision and strategic direction for regeneration in Scotland, providing an overarching framework for delivery and helping put in place the right conditions for implementation, driving forward change and evaluation. It is the role of local authorities, Community Planning Partnerships and others to ensure that local delivery organisations are putting appropriate solutions in place and that they have the right skills, capacity and knowledge to deliver. Sustainable communities will only be achieved when communities themselves play a part in delivering that change and as a Government we facilitate engagement between local partners throughout the wider public, private and community sectors to promote community-led regeneration.

We accept that there needs to be a focus of effort and strategic approach across all public policy areas. We also agree with the importance of sharing and promoting best practice, and that there should be a measure of general oversight. However we do not accept the Committee’s finding that there is ‘a key role for the Scottish Government in ensuring central responsibility for … co-ordination of regeneration activity’ (launch press release), and the comment that ‘nobody seems responsible for … co-ordination of activity…and determination of impact across Scotland as a whole’ (Executive summary para 10) seems to us misplaced. What truly matters here are local outcomes and sustainable local communities. Community planning is key to the delivery of the regeneration vision (R 208) and we believe that
successful outcomes will be influenced more by ‘walking the walk’ than ‘talking the talk’ (para 158), echoing the comment from the Committee’s Renfrewshire evidence about ‘business as usual, on a day-to-day basis, and not […] set-piece events. That is how community planning at the local level will begin to grow and be more effective than it is at present.’ (para 154)

We want to acknowledge, as the Committee does throughout its report, that community-led regeneration takes commitment and effort, and we too learn a great deal from meeting people across Scotland who are working to regenerate their communities (para 17). Recognising the Committee’s encouragement to ‘everyone involved in regeneration to note and act upon the committee’s observation that all partners are not placing enough emphasis on true community participation, particularly at the design stage; and must place the community at the heart of decision making and involvement throughout (in the foreword to the Report)’, we intend to share the Committee’s report, and our response, for example with Location Directors (para 199). Some of the Committee’s recommendations (such as those about community officer posts, and the use of school buildings), (R 344 and R 341) will also be more appropriately addressed at local level.

We have now put in place all the components under the Regeneration Strategy. SPRUCE, a new regeneration loan fund, combining Scottish Government and European money, was established in December 2011 and has made its first four investments. The People and Communities Grant Fund made its first awards in May 2012 and has now given support to 135 projects. The combined Scottish Government/COSLA Regeneration Capital Grant Fund has never been done before. The first awards from this were announced in November 2013. The Town Centre Action Plan was launched in November 2013. The Strengthening Communities Programme was launched in April 2014.

Our focus has been on getting these initiatives established. The last two, in particular, involve very close working across various areas of central government and beyond. The staff in the Scottish Government ‘Regeneration Unit’ spend a significant proportion of their time out and about around Scotland building connections as we seek to extend the messages about preventative and asset based approaches, partnership working, and community led regeneration, in other words to ‘embed’ or ‘mainstream’ these at both a national and local level (Executive Summary para 4).

Monitoring and evaluation is important and it will take time for results to emerge. Very often these results will not be clear cut. We all recognise the challenge of measuring success in this area and in particular of attributing specific outcomes to specific inputs, whether that be
particular funding or strategic interventions or a partnership working approach. But we are committed, not only to supporting best practice in regeneration activities through the grant of central government money, but also to helping showcase the good work that is done, and to drawing out the evidence through our monitoring and evaluation framework.

We now turn to the broad narrative of the Committee’s recommendations based on the structure of both the main report and the Executive Summary:

- Strategy and Policy
- Regeneration Funded Programmes
- Learning and Reporting
- Community Planning and the Community Empowerment (Scotland) Bill
- Procurement, the EU and State Aid.
Committee recommendations

Strategy and Policy

We are clear that regeneration is ‘as much about people as place’, as the Minister said when appearing before the Committee. This message is reinforced throughout the Regeneration Strategy and through our approach to community led regeneration, and though we do not intend to revise the strategy as such, we will continue to stress the importance of this message for delivery. R 205

Regeneration, if not always badged as such, is at the heart of government policy as set out in the Government Economic Strategy. This recognises the unique contribution that every part of Scotland can make, based on the distinct characteristics and strengths of an area and its local community. The Committee agrees that regeneration outcomes are not unique to regeneration policy. Regeneration contributes directly and indirectly to the National Performance Framework, and with a range of other core policy areas working to achieve the same outcomes depending on their relevance to local circumstances. The Scottish Government remains committed to pursuing a transformative cross-sector programme of public service reform to improve outcomes for people and tackle the inequalities that persist in society.

Regeneration outcomes can be achieved through mainstream budgets such as health, education and justice and staff in the Regeneration Unit actively engage with colleagues from a wide range of policy areas across government such as Building Safer Communities, Employability and the Central Scotland Green Network. One of the newer arrangements, overseen by the Minister for Local Government and Planning, monitors progress on delivery of the actions outlined in the Town Centre Action Plan published in November 2013. This links colleagues from digital to third sector to transport to planning and more, to ensure we make these cross-cutting connections, develop a unified approach to town centre regeneration, and have effective engagement with external partners within the wider public, private and community sectors. R 206

It is doubtful whether any exercise designed to put a figure on what other budgets contribute to the regeneration agenda could ever produce a useful or definitive figure that could be relied upon, especially when much regeneration activity is funded by local authorities through the local government settlement. We believe that time and effort could be more usefully focussed on actually delivering regeneration activity for communities on the ground,
and therefore do not intend to undertake a mapping exercise of the type that the Committee recommends. R 212

In response to the Committee’s request last year, the Scottish Government website now includes a ‘community funds’ gateway listing central government funds that can be accessed by community organisations with regeneration projects. This also has links to other sites such as the Big Lottery, Sportscotland and the Central Scotland Green Network Development Fund and to the SCVO website which is currently being updated to provide better details of funding opportunities for communities. A first port of call for community groups seeking funding can be their local authority and we are pleased to see some excellent local authority funding websites, for example Dundee City Council’s, which provide the kind of signposting for community groups that the Committee seeks. While we will ensure that the list of central government funds on our website is maintained, we do not therefore intend to devote resource to creating an extended funding information portal. R 340

We appreciate what the Committee says about the importance of longer term funding, however, regeneration funding is subject to the standard cyclical budget review processes that are overseen by the Parliament. R 213

We note the Committee’s observations about the roles of various groups within government. We will seek to strengthen the scrutiny and accountability for Community Planning Partnerships in monitoring their contribution and delivery of the Strategy outcomes. With the various regeneration programmes and initiatives in place, we will also now review more broadly our oversight arrangements in relation to the Strategy outcomes and ensure these are fit for purpose, though, given the points we make in the introduction about the balance of national and local, we do not intend to develop a national co-ordination role. We will, however, continue to work with colleagues pulling together the different strands of related policies at a national level so that regeneration does not stand alone but is an integral consideration across a wider range of connected strategies and policies. R 207, R 481

The Regeneration Strategy (Annex B) sets out clearly defined roles and responsibilities for government and partners in the delivery of the regeneration vision. In order to ensure that the vision is being delivered locally, we encourage local authorities to take account of national policies and strategies and implement them at a local level. Local authorities are well placed to link economic opportunity and need and ensure that the resources they have are directed by the genuine needs of local people. There are a number of other partners
who help deliver regeneration initiatives at a local level. The Regeneration Unit work with these partners to influence and embed national outcomes at a local level.
Regeneration funded programmes

Local delivery is vital to tackle disadvantage and achieve the outcomes that are required in Scotland’s communities. We have always understood that local authorities and Community Planning Partnerships are best placed to co-ordinate both economic development and regeneration activity as they understand local needs. For this reason, whilst we do have specific funds which we ensure are directed specifically to disadvantaged areas, such as the European Structural Fund etc. in addition to regeneration funding streams, we consider that we have struck the right balance in the way we are allocating public expenditure, with the majority of funds forming part of the local government settlement. R 211

As regards those funds allocated to support regeneration specifically, we welcome the Committee support for a holistic approach; that funding should be available across the piece to support physical, economic and social activities. The Regeneration Strategy set out how, in addition to the transfer of funds to local authorities through the local government settlement, we had brought together key funding streams to focus activity on the priority outcomes required to deliver successful regeneration.

The Regeneration Investment Fund – comprising a Capital Investment Fund (£25m p.a.) and the People and Communities Fund (PCF) (£7.9m p.a.) – does just that, with a strong focus throughout on community involvement in regeneration projects. For example, although the Regeneration Capital Grant Fund (RCGF) supports capital projects, all of the 22 successful projects have a focus on community engagement and will drive greater community participation. In terms of focussing funding, whose importance the Committee has flagged, this fund primarily supports areas which are addressing high levels of deprivation and disadvantage and these projects will provide much needed employment and training opportunities.

Within the overarching PCF, The People and Communities Grant Fund (PCGF) (at least £6m p.a.) has a clear focus on community led regeneration, supporting community anchor organisations to progress within communities. We agree that flexibility should be retained for communities to deliver regeneration activities and outcomes as they see fit. R 216, R 335

Housing Associations, like other community anchors, can play a pivotal role here, often acting on behalf of a range of local projects to secure funding and being agents of change. They have a continuing and necessary role in many local communities across Scotland and
we welcome the Committee’s recognition of this wider role. We would encourage local partners to work with their local Housing Association and other community anchors in all aspects of their work, to provide a more joined up approach and better support local community outcomes. A Housing Association is often the local organisation with the greatest capacity to take the lead in this way. Many Housing Associations have diversified beyond their core landlord role, to address the wider issues in their local communities and we are in regular contact with the Scottish Federation of Housing Associations, Glasgow and West of Scotland Forum of Housing Associations and individual Housing Associations about their wider role in helping to develop sustainable neighbourhoods. We will continue to discuss with them how they may wish to use their resources and skills for the benefit of their local communities. There are a great variety of Registered Social Landlords and we do not intend to remove their eligibility for PCGF funding. R 218, R 337, R 492

The emphasis on employability and preventative action projects within the PCGF has been well received by community organisations to date, but as the Committee suggests we will take a look at the current criteria for the fund to be sure they remain fit for purpose. R 216, R 217

We agree that the fund has been very successful and we are pleased with the initial results. For example, the Rosewell Development Trust is running a training and employability programme in Midlothian. Thus far they have provided 75 part-time training opportunities and 100 part time volunteering opportunities. 90 local people have benefitted from employability advice and support. Irvine Housing Association are providing an overarching support service for people living in the most deprived areas of North Ayrshire, East Ayrshire and Dumfries & Galloway. Thus far, 26 people have moved into employment, 24 into training and 6 into volunteering placements.

By investing in a £10m charitable bond in 2013-14, we managed to generate £1.4m to invest in additional projects. We have also increased the total People and Communities Fund budget by £1.5m in 2015-16 to £9.4m and we are continuing to seek ways to increase it further.

As well as the money distributed through the People and Communities Grant Fund, the wider PCF fund supports the Development Trusts Association Scotland (DTAS) to deliver the Community Ownership Support Service, the work of Coalfields Regeneration Trust and the Strengthening Communities Programme. R 214, R 215, R 475
The Minister officially launched the Strengthening Communities Programme on 1st April. This programme has been developed to

- support emerging community groups, with a focus on communities suffering disadvantage and inequality, and
- provide direct investment in community organisations that have the highest potential to become increasingly sustainable community anchor organisations
- complement the work of the PCGF.

Through this collaborative programme, which we are delivering in partnership with Highlands and Islands Enterprise, DTAS and the Scottish Community Development Centre, we expect to provide support to around 150 community organisations. Funding for this programme is from regeneration, third sector and rural communities budgets.

Just as the third sector has a vital role to play in regeneration so does the private sector. For example, the £50m Jessica/SPRUCE Fund, has now provided £30.6m of support for four projects which have a variety of private sector developers as partners. We have been successful in encouraging the private sector to deliver community benefits as part of these contracts. Appropriate clauses are now included in all investment agreements which ensure that local communities benefit not only by seeing new infrastructure being delivered in their area, but also by employment and training opportunities. Combined, these four SPRUCE projects will support over 1000 jobs during the construction phase. We are not aware of similar community benefits agreements in other private sector investments. They are an example of how a supportive public sector can encourage a dynamic private sector with a community perspective. R 338

Again in terms of focusing funding, in order be eligible for SPRUCE funding the projects must lie within the 13 local authorities identified as suffering most disadvantage in the ERDF programme area. It can provide support for a variety of projects including:

- development, refurbishment and enhancement of locally based training/learning and e-skills centres
- increased local access to ICT facilities within communities to improve skills of local people seeking to re-enter the labour market and increasing access to web based public services
- development and refurbishment of existing facilities and workspace (especially those that employ “green design” principles)
• conversion and adaption of industrial sites and business centres/facilities that offer employment or training opportunities to people living in targeted areas (especially those that employ “green design” principles)
• energy production from renewable energy and low carbon technologies in response to local energy needs, such as co-generation and distribution energy systems (e.g. district heating and Combined Heat and Power projects).

A key benefit of this innovative fund is that when the loans are repaid the returns can be recycled into additional projects in deprived areas. R 213

Private sector developers are also contributing to a number of RCGF projects such as that at the Baltic Mill in Arbroath. The focus of the project is to refurbish and convert an empty, Grade A listed Victorian mill site in a high profile and pivotal central location in Arbroath, which is in the lowest 15% of the Scottish Index of Multiple Deprivation data zones. The local community listed the historic site as iconic for Arbroath and supported the development plan during consultations. The redeveloped estate will provide a multi-functional community space, nursery, a retail/ commercial unit as well as business start-up units and affordable flats. Angus Council are working alongside private sector investors who will be providing the majority of the funding – more than £3m.

We continue to develop relationships with bodies such as the Scottish Futures Trust (who have a place on the RCGF independent panel) as well as other relevant policy areas in Scottish Government. Working through others already in partnership with the private sector can bring dividends as we are able to bolster regeneration activity such as through the work of Scottish Canals and the Urban Regeneration Companies (URCs) whose success is based on uniting public and private sector partners. R 339

As the Committee states, “the level of market failure in regeneration areas is of such scope and scale that there is a need for commitment from the public purse. Addressing market failure in respective URC areas is a long-term process that aims to build interest from the private sector” (para 305). “With the banking crisis this strategy, albeit still credible, is inevitably slowed and delayed, although the social and economic needs remain” (para 308). We agree that each URC business plan has been impacted by the severe economic recession regardless of what its original aims were. The impact on both business and housing markets has presented significant difficulties for the URCs. However, it is doubtful if even that reduced level of activity would have taken place in their absence. URCs have a made a difference to their communities and are continuing to do so. We note that the
Committee Convenor, commented in March 2014 in respect of one such URC that “The amount of community participation with Clyde Gateway seems to be very high and it is a URC which is delivering. The people you talk to there felt included and their opinions have led some changes in the strategy of what was actually going on in the area. That's a very good example of where participation of the community can have a major effect.”

The URC model of intervention, as the Committee accepts, was always seen as a long term investment - 10, 20 years or more. Once those operational plans have been delivered and time allowed for the impact of that investment to take place, we will be able to judge their impact. In the meantime, however, there is early evidence of their potential successes. There are many good examples of projects which have been inspired by and/or had the support of the local community. For example, in Clyde Gateway, they have completed the redevelopment of the Olympia Theatre and undertaken works to restore the ‘Bridgeton Umbrella’ at Bridgeton Cross. Irvine Bay URC provided support for the award winning Pennyburn Regeneration Youth Development Enterprise (PRYDE) project, involving the conversion of a former pub within one of Kilwinning’s most deprived communities into a new community and youth training hub. They also supported a group of people from a diverse range of Black and Ethnic Minority communities in North Ayrshire to establish the AMEC Centre, a facility where they could access culturally appropriate information and advice services. This project has helped promote integration and delivers a range of services to over 100 people each week. Riverside Inverclyde URC are providing assistance to The Broomhill Tenants & Residents’ Action Group, who approached the URC with positive views on the potential regeneration of their area within Greenock – one of its most disadvantaged communities. A detailed dialogue with this group is continuing to jointly develop an Area Renewal plan. R 309

The Committee recommends that we carry out a review of the URCs, including their governance, aims and funding. However, the URCs are independent bodies set up to deal with the issues arising in their own areas, based on local knowledge and with local community input. They consult a wide variety of stakeholders including local groups on the development and delivery of their operational plans and in the circumstances, it would be inappropriate to intervene in that process given our role as a strategic enabler and funder, and supporting change at a local level rather than leading that change. R 483

The governance arrangements for each URC allows for a review process and the three URCs that continue to receive support from the Scottish Government have all undertaken a review in the last three years, taking into account the changed economic climate. The
responsibility for delivery of their day to day business plans lie with their respective Boards, with the main public sector partners being Scottish Enterprise and their respective local authorities.

As regards establishing an appropriate level of funding for URCs, from 2014-15, save for a level of core government funding, the URCs will only receive funding on a project by project basis. They are able to apply for a range of funds, including the RCGF and a number of their projects have been successful in receiving support. The funding provided to the URCs was always intended as pump priming, on the basis that they would move to be self-sustaining in the medium to longer term. That process is now in train.

In addition, the Committee suggests that the URCs consider what might be the final disposition of their assets once their business plans have been completed. We have already asked all of the URCs to consider their legacy planning arrangements and a number of these are already starting to be implemented. Clydebank Rebuilt is one such example. R 484

All but one of the URCs are charitable organisations. The rules governing such organisations and Scottish Government grant conditions ensure that they are required to pass on their assets to another such organisation with similar objectives should they cease to exist. This could include a properly constituted community group.

The Committee has made some suggestions around the monitoring of URCs. They are all working in very different environments with differing priorities as decided by their independent Boards. Whilst shared targets might seem the way forward, we believe it would be inappropriate for government to interfere in that process. They do already have an agreed monitoring format and provide a detailed report on their expenditure relating to their government grant every year. We are happy to agree to have further discussions with them to refine that format. In this way they report on their contribution to the 16 national outcomes. R 482
Learning and Reporting

On the broader question of monitoring the outcomes of the Regeneration Strategy, as the Committee mentions, we have developed a monitoring and evaluation framework which will report on the progress of delivering on the Strategy on an annual basis. In line with this framework we will publish the first summary report on regeneration data and indicators in the autumn. As regeneration initiatives embed, and as data from local authorities via Single Outcome Agreements becomes available, we will be able to build on our first report to provide more information on regeneration outcomes.

The framework utilises existing data collected by national and local government which is updated on an annual basis to set the context in which the strategy operates.

Specific strategy activity will also be monitored annually as the Scottish Government recognises the need for regeneration projects and initiatives to be given time to effect change and report on outcomes achieved. We are pleased that the Committee accept this premise in their recommendation that we report biennially on progress, though we expect that sufficient progress can be made in certain projects for annual reports to be informative.

An example of specific monitoring concerns GoWell. The Scottish Government commissioned the GoWell partner organisations to extend the programme into the East End of Glasgow. The study will look at the contribution of the Games to the communities most immediately affected by the Games. The main Games stadiums are included in this study area, as is the Athletes' village.

This study will identify changes in physical activity and wellbeing, perceptions and experiences of neighbourhood and housing, experience and outcomes of employment, learning and volunteering, engagement with legacy programmes, and support for, and engagement with, the Games themselves. One of the main benefits of building on the GoWell programme is the scope for comparability with other regeneration areas in Glasgow. This will allow examination of the potential 'Games effect' and help address the question of 'additionality' of the scale and pace of regeneration in Glasgow's East End, if the regeneration effects are positive. GoWell have already conducted the first survey wave of this study in 2012, with two further waves due to take place after the Games have finished in 2014, and in 2016.
Another specific example, also involving GoWell, concerns the Transformational Regeneration Areas (TRAs) in Glasgow. They represent some of the most deprived communities in Scotland, requiring a coordinated, comprehensive regeneration approach going beyond physical improvements and tackling the fundamental reasons for their decline such as housing, health, economic and educational inequalities. These are long term projects with a 10 to 20 year life span. To date, four of the eight TRAs have been activated.

The Scottish Government is working with GoWell in the development of an outcomes/ performance framework for the TRAs. In setting out the vision and outcomes a shared understanding of what needs to be achieved with communities across the TRA programme will be clearly established and articulated. It is anticipated that information drawn from GoWell will feed into the performance measurement of the individual TRAs. This connection with GoWell will enable a more comprehensive picture of the impact of regeneration activity across TRAs.

The Committee also has a specific interest in the outcomes of the Jessica/SPRUCE fund. The fund is managed by an independent fund manager - Amber - which is required to comply with the terms of the three year Investment Strategy, approved by the Jessica Investment Board (the Board), that sets out the economic and social outcomes expected from investments. Implementation is monitored on a quarterly basis by the Board. We will report regularly on the outcomes of these investments alongside other regeneration outcomes and on specific investments once in place. R 532

We will be considering how to highlight further regeneration activity and outcomes. We provide financial support for the annual national SURF Awards for Best Practice in Community Regeneration. These recognise and reward best practice and innovation in community regeneration, promote best practice across Scotland and highlight how regeneration projects can improve the wellbeing of individuals and communities. We also support various community organisations such as Development Trusts Association Scotland, Scottish Communities Alliance and Community Development Alliance Scotland in their role to promote good practice. We will look at whether we can do more to signpost their work through the Scottish Government website as we recognise more could be done to show case examples and promote best practice. R 477
Community Planning and the Community Empowerment (Scotland) Bill

The Scottish Government echoes the conclusion of the Committee (para 191) that effective public service reform is essential to the successful delivery of the regeneration strategy. We welcome the Committee’s commendation of community planning as the main vehicle for delivering regeneration, and its recognition of the significant moves being made by local partners to deliver public service reform (para 460).

As the Committee knows, the Scottish Government and COSLA are committed to strengthening community planning so it drives public service reform in line with the clear vision in our shared Statement of Ambition (March 2012).

New Single Outcome Agreements (SOAs), produced in 2013, provide a focus for Community Planning Partnerships’ (CPPs) efforts. More than ever before, the latest SOAs provide a clear ‘plan for place’, with an emphasis on prevention activity around shared local priority needs, including on six policy priorities set out in SOA guidance (December 2012). Each of these policy priorities (economic recovery and growth; employment; early years; safer and stronger communities and reducing offending; health inequalities and physical activity; outcomes for older people) are relevant to efforts to promote regeneration.

We and CPPs recognise that these agreements need to be matched by improvements in practice. As a result, each CPP agreed a series of development priorities to drive ongoing progress, as part of the quality assurance process for these latest SOAs, and is now addressing these priorities. The National Community Planning Group (NCPG) intends to ask each CPP to report on progress against their Development Plan as part of their annual reporting for 2013-14.

We welcome the Committee’s support for proposals to strengthen community planning in the forthcoming Community Empowerment (Scotland) Bill. The proposals set out in the recent draft Bill consultation document attracted broad support from respondents. These included amending the legislative basis for community planning to place stronger emphasis on the purpose of delivering better local outcomes; placing clear duties on partner bodies to support CPPs on this purpose; making these bodies accountable for how they fulfil these duties under their existing formal lines of accountability; and requiring CPPs to report to their local communities on their progress in delivering better local outcomes. We look forward to working with the Committee on the detail of the provisions in due course. R 486, R 487, R 490
A number of the Committee’s recommendations refer to the role of the NCPG. It has based its current work programme around a number of development priorities for community planning it has identified from CPPs’ development plans, and the first series of CPP audit reports published by the Accounts Commission and Auditor General in March 2013. These themes include prevention (including tackling inequalities); governance and accountability, and the role of the third sector in supporting community engagement and co-production (consistent with the Committee’s recommendation - R 478). Each of these contributes in some way, either directly or indirectly, to how CPPs pursue regeneration as well as other priority outcomes locally.

Another priority for the NCPG is joint resourcing, to stimulate progress by CPPs in implementing the expectations of the Agreement on Joint Working on Community Planning and Resourcing. These expectations require community planning partners to share budget and resource planning assumptions with each other at an early stage, and work together through CPPs to deploy resources towards the jointly agreed priorities in their SOA. With these expectations in place which apply to all local priority outcomes, as we indicated earlier, it is not clear to us what added benefit would be achieved through the Committee’s recommendations about mapping and co-ordinating use of resources in relation to regeneration outcomes alone. R 212, R 491

We note that the Committee makes recommendations which anticipate a specific role for the NCPG in monitoring progress by CPPs on regeneration outcomes (notably R 208, R 344, R 480 and R 481). We do not consider this an appropriate role for the NCPG. CPPs are accountable to their local communities for the progress they make in improving local outcomes, not to the NCPG. As the Committee’s report states (at para 195), “regeneration is not a defined activity, there is no “one size fits all” approach to tackling deprivation and inequality”. So we consider it appropriate that accountability for monitoring progress in a CPP area should be a led at a local level, where understanding of local circumstances and priorities for local regeneration activity is strongest.

We are also working to encourage and establish processes to mainline and roll out best practice (para 477) which includes the establishment of What Works Scotland, a centre which from June 2014 will play an important role in evaluating evidence from emerging approaches to public service delivery and reform in Scotland.
The Committee expressed an interest in progress with the Achieving Change Programme. We explored the development of this programme to promote local public service reform in our most disadvantaged communities with an emphasis on: taking an assets based approach; closer integration of services; better use of data to understand neighbourhoods; and involving local people more deeply in developing and delivering change. We contacted a number of local authority areas where significant challenges exist in relation to concentrated multiple disadvantage to explore how they were tackling those challenges. This found a range of interesting and important work, for example, Edinburgh’s Total Neighbourhood approach in the east of the city, Dundee’s anti-poverty strategy, and East Ayrshire’s Vibrant Communities Service, all of which seek to adopt evidenced based best practice in delivering local neighbourhood regeneration. Given this, and in line with the Scottish Government’s position that real and lasting change takes place at local level, it was clear that a separate programme inviting CPPs to submit proposals to the Scottish Government would not add value. Colleagues from across Scotland were however interested in hearing about the different approaches being taken. Each approach was at the early stages and so it was decided that an informal networking meeting would be appropriate. We therefore arranged for people from across the country to come together in April 2013 to share their existing practice and to help people establish their own networks.

Hearing from local delivery partners in this way has shaped thinking on our approach to sharing learning in the broader sphere of public service reform and community planning. We are now developing a conference to be held in June 2014 to highlight good examples of local work that exemplifies the principles that were to underpin the Achieving Change Programme. A number of the people who were originally contacted about the programme have been approached to present at the conference.

As regards community empowerment more broadly, we share the belief of the Committee that strengthening the role of communities in the determination, design and delivery of public services can significantly contribute to public service reform and delivering regeneration. We welcome the Committee’s support for proposals in the forthcoming Community Empowerment (Scotland) Bill, and look forward to working with it on the detail of the provisions in due course. R 209, R 489
**Procurement, the EU and State Aid**

Turning to the Committee’s comments about procurement, we welcome its view that procurement can act as a mechanism to support community regeneration. The £9 billion spend referred to in the Committee report describes the aggregated spend across the entire Scottish public sector and as such cannot be artificially manipulated to direct spend to the most disadvantaged areas. Responsibility for this expenditure, including local budget priorities, rests with Scotland’s public bodies. R 346

The Procurement Reform Programme provides a focus for public sector procurement activity in Scotland. It aims to accelerate the pace of change and the delivery of benefits, including those which will support and embed initiatives into ‘business as usual’.

The Procurement Reform (Scotland) Bill, now progressing to stage 3 in the Parliament, proposes to introduce a sustainable procurement duty. This will require contracting local authorities to consider how a procurement exercise can improve the economic, social, and environmental wellbeing of that local authority’s area, to facilitate the involvement of SMEs, third sector bodies and supported businesses (establishments where the majority of workers are people with a disability) and to promote innovation. The Bill also proposes a general duty on contracting authorities to treat those bidding for public contracts equally and without discrimination and to act in a transparent and proportionate manner.

We accept that a more open and transparent procurement process will make it easier for a wider range of groups to access public contracts. Public Contracts Scotland (PCS) was launched in July 2008 to provide businesses with easy access to contract opportunities. Over 400 public bodies are now placing their contract opportunities on PCS in a standard format and over 60,000 suppliers are now registered. Standardised and simplified procurement guidance has been published in The Procurement Journey to facilitate best practice and consistency across the public sector proportionate to the value or risk of procurements and to help manage the expectations of stakeholders, customers and suppliers alike. R 347

In February this year, European Ministers adopted three new EU procurement Directives which will replace the existing legal framework on public procurement. Their aim is to ensure that public purchases are made in the most rational, transparent and fair manner and to simplify and reduce the length of the procurement process. These measures support access to public contracts by SMEs, enable a sustainable approach to the delivery of public services
and reduce the bureaucracy of public procurement procedures. With the final version of the text of the new Directives now published, Member States will have two years to transpose them into national law.  

R 347

We are pleased to see the committee’s support for the SLAED and Improvement Services Supplier Development Programme (SDP). The SDP provides training to SMEs and Third Sector organisations to assist them in bidding for public contracts, with current membership extending to 25 Local Authorities. We are working in partnership with the SDP’s board to deliver a transition plan that will establish the SDP with a national footprint, integrated with regional planning and delivering improved digital commerce capability to SMEs and third sector bodies.  

R 348

The Committee comments on a number of EU issues, particularly the difficulty for community groups to access EU funding. Community groups have not had significant involvement in the current structural funds programmes to date. There are a number of reasons for this such as the level of audit burden which is imposed on applicants, which may be off-putting for many community groups. Projects also need to be of sufficient value in order to make a strategic impact and community groups may not have projects of that scale. Both the Scottish Communities Alliance (SCA) and the Community Energy Scotland have been working very closely with Scottish Government to help shape the 2014-2020 Structural Funds Programmes.

In addition, the Committee is concerned that the State Aid Rules are restrictive and that robust advice is necessary to prevent a negative impact on potential regeneration projects. We already provide state aid advice to all public bodies, including local authorities in Scotland, as the rules cover all forms of economic activity regardless of the constitutional status of the beneficiary. The rules are currently being revised as part of the EC’s State Aid Modernisation initiative and we are updating our advice to all public funders as a result. The State Aid Unit has a programme of awareness-raising activities to promote awareness of the new regulations and clarified guidance will be coming into force this year. This will ensure greater consistency of approach across the public sector.  

R 537

In the light of any advice provided, funding decisions can then be made within the terms of relevant body’s financial management framework and at the appropriate seniority level for the relevant decision.  

R 534
Highlands and Islands Enterprise, who gave evidence to the Committee on this issue, are happy to publish their guidance on State Aid on their website. They work closely with the State Aid Unit on state aid matters and are happy to meet with the SCA and others. We note that the SCA made a number of suggestions to the Committee which it supports. We confirm that the European Commission’s State Aid Modernisation initiative has widened the scope of activities that are caught by the State aid rules, but it is also true that public interventions in very localised activities, which do not distort intra-EU trade, are not caught by the rules. The State Aid Unit is reviewing its advice to public funders to reflect the Commission’s State Aid Modernisation initiative. R 535, R 536, R 538, R 539
**Conclusion**

The Scottish Government is committed to supporting regeneration and development in our most deprived areas — this includes both urban and rural communities. Our vision is a Scotland where our most disadvantaged communities are supported and where all places are sustainable and promote well-being. This vision can only be delivered if regeneration is approached in an holistic way by addressing the economic, physical and social needs of our communities. These key elements cannot be delivered in isolation — each is connected and vital to success. Some communities face particular challenges and we are committed to helping ensure that the right conditions are in place to improve their wellbeing.

The key regeneration outcome is sustainable communities: communities that are economically, socially and physically sustainable. The Regeneration Strategy gives the framework for local action to tackle area inequality, address market failure and create opportunities. We are providing targeted regeneration funding to support change, while recognising the importance of local decision making, and local authorities’ lead role in community planning and maximising the impact from their budgets. We are working to ensure that our activity focuses on outcomes and to put communities first, involving local residents and empowering communities to take action themselves.

Regeneration contributes to sustainable economic growth. We have pioneered innovative investment models. For example, our £10 million investment in a ground-breaking charitable bond initiative provides £8.6 million in loan funding for social housing development by a registered social landlord to build around 150 new affordable homes in 2014-15, as well as generating over £1 million of grant funding in 2013-14 to help community regeneration work through the popular PCGF.

The PCGF supports robust community anchor organisations in deprived communities to deliver regeneration projects that meet the needs and aspirations of their communities. This focus on community-led regeneration means that, so far, 135 projects are being supported with a funding commitment of £15.8 million over 2012-2015.

We are now beginning to deliver the Strengthening Communities Programme to build the capacity of community groups, with a focus on communities suffering disadvantage and inequality, and to provide direct investment in community anchor organisations that have the highest potential to become self-sustaining. We expect over 150 organisations to receive support.
The £25 million per annum RCGF supports projects in disadvantaged communities that drive social and economic change and involve the local community. From the first round of applications, 22 projects will be supported across Scotland from 2014-15, ranging from a new commercial office complex in Ardrossan to a community hub in Burnfoot in Hawick and the Women’s Library in Glasgow.

We continue to deliver the Vacant and Derelict Land Fund which is intended to stimulate economic growth and job creation and to promote environmental justice and improved quality of life. Money from this fund encourages innovation in temporary and longer-term greening techniques for vacant and derelict land sites in five parts of Scotland - Glasgow, North Lanarkshire, South Lanarkshire, Dundee and Highland Councils - reflecting the extent of vacant and derelict land and levels of disadvantage in these areas. Projects range from the remediation of two former municipal landfill sites in Inverness for the purpose of creating land which can be developed, to park space improved in North Lanarkshire, with £36 million being provided over four years. In the Glasgow City Council area the fund has improved 25 hectares, to provide quality open space for the 2014 Commonwealth Games and up to 73 residential plots for show-people relocated from Dalmarnock.

The £50 million SPRUCE Fund helps develop social and economic infrastructure through leveraging in private sector investment in large-scale regeneration and development projects. Investments to date include workshop and office developments which support employment and community benefits. Its most recent investment of £9.6 million will progress a £200 million multi-purpose development intended to create thousands of jobs in Edinburgh.

We have developed a Town Centre Action Plan in response to the national review of town centres to support and promote local action to revitalise town centres, and we have awarded £2.75 million from the Town Centre Housing Fund to seven projects to test the barriers to and opportunities for town centre living.

Regeneration covers a wide range of activity from land remediation, new build and renovation, housing and premises for businesses, to employability and skills programmes, all of which are underpinned by a supportive public sector.

Regeneration is also about a sense of place – about creating attractive and vibrant communities where people want to live, work and invest.
Most of all, regeneration is about people themselves. The best people to take decisions about their local area are the people who live and work in that local area. Nobody else knows as much about their priorities and challenges, and nobody else cares as much about getting those decisions right. That is why we are particularly pleased that the Committee took so much care during this inquiry to engage with so many people, from localities across Scotland, including during its fact finding visits.

Our on-going challenge is to embed our approach to regeneration. As we do so, it is with a clear strategic focus on how best to maximise the successful delivery of regeneration initiatives, facilitate and share learning, and promote continued integration of policies and strategies across government. All this will help support local partners achieve their regeneration needs. This activity will be further enhanced by the forthcoming Community Empowerment (Scotland) Bill that will provide, for the first time in Scotland, legislative duties to ensure stronger emphasis for delivering outcomes for our most disadvantaged communities. With the framework of the Strategy in place, we are concentrating on delivery, and that involves concerted effort among many partners.

End

9 May 2014