



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 18 November 2015

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LOCAL GOVERNMENT AND REGENERATION COMMITTEE

26th Meeting 2015, Session 4

CONVENER

*Kevin Stewart (Aberdeen Central) (SNP)

DEPUTY CONVENER

*John Wilson (Central Scotland) (Ind)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Jayne Baxter (Mid Scotland and Fife) (Lab)

*Cameron Buchanan (Lothian) (Con)

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

Cara Hilton (Dunfermline) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Eric Adair (EDI Group)

Bill Alexander (Highland Council)

Walter Drummond-Murray (Scottish Government)

Jillian Ferrie (CultureNL)

Quentin Fisher (Scottish Government)

Lisanne McMurrich (North Lanarkshire Council)

Ian Murray (High Life Highland)

Sandra Ross (Bon Accord Care)

Peter Watton (City of Edinburgh Council)

CLERK TO THE COMMITTEE

David Cullum

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 18 November 2015

[The Convener opened the meeting at 10:01]

Arm's-length External Organisations

The Convener (Kevin Stewart): Good morning and welcome to the 26th meeting in 2015 of the Local Government and Regeneration Committee. I ask everyone to switch off mobile phones and other electronic equipment, as they affect the broadcasting system. Members may consult tablets during the meeting, because we provide meeting papers in digital format. We have received apologies from Cara Hilton.

Under agenda item 1, we will take evidence as part of our inquiry into arm's-length external organisations. I welcome Ian Murray, chief executive of High Life Highland, and Bill Alexander, director of care and learning at Highland Council, who will give evidence on High Life Highland, which provides cultural, sporting, leisure, learning and health initiatives and projects on behalf of Highland Council; Eric Adair, operations and finance director of the EDI Group, and Peter Watton, head of corporate property at the City of Edinburgh Council, who will give evidence on the EDI Group, which is a property development and investment business set up by the City of Edinburgh Council; Jillian Ferrie, chief executive of CultureNL, and Lianne McMurrich, head of education skills and lifelong learning at North Lanarkshire Council, who will give evidence on CultureNL, North Lanarkshire Council's cultural services ALEO; and Sandra Ross, managing director of Bon Accord Care, which delivers a range of social care services for Aberdeen City Council.

Before we hear from our witnesses, I will comment on the absence this morning of witnesses from Aberdeen City Council. Last week, the chief executive wrote to me indicating that the council was

"not currently in a position to attend this inquiry"

as officers with responsibilities relating to ALEOs had been asked to focus on other activity, and that the council did not think that it could

"give appropriate and useful input to an appearance at the committee."

The committee clerk has had a series of conversations with Aberdeen City Council in that regard, reminding it of our powers to compel witnesses and urging it to reconsider. The clerk has also reminded the council of what I said on behalf of the committee last year in response to similar issues that we were then facing. On that occasion, I said:

"I would like to clarify the committee's approach to who we ask to appear before us and the general criteria that we adopt. This is directed towards those from the public sector, including local authorities in particular, although for others our approach is similar.

When deciding who to invite, we look to achieve a balance from across the country that covers both rural and urban. We also have in mind coverage from affluent and less affluent areas. We aim to spread the coverage across the whole country, although we recognise that those in the larger urban areas might have more experience and knowledge of particular issues to share with us. We also recognise that staff in the larger urban areas can be more specialised and potentially handle a wider variety of issues, but we are always looking to the impacts on smaller areas, too.

We consider written submissions and other pertinent information before we select witnesses, and we are always interested to hear from those who provide an opinion that may differ from the status quo. If we receive submissions that provide similar opinions, we will try to avoid duplication on our panels, and we will strive to have contrary views available to test what we are told.

When we issue an invitation, we expect witnesses to attend. We will cancel an invitation only in exceptional circumstances. These invitations are not like invites to attend Government or other working groups, and we do not consider acceptance to be discretionary. We have powers to compel, but we do not want to use them, as we appreciate that it is far better all round that people attend willingly.

If witnesses feel that they are not the appropriate person to attend, they should contact the clerk immediately. That will allow an opportunity to discuss whether there might be a better alternative. If witnesses leave it to the last minute to contact the clerks, they will not be allowed to withdraw, and we will expect them to attend."—[*Official Report, Local Government and Regeneration Committee*, 10 December 2014; c 2.]

I ask committee members for their views on whether they consider the reasons for Aberdeen City Council's non-attendance today to be acceptable and invite comment on what action they would wish to take. I have a suggestion that we should summon from the council the original witness, the chief executive and the leader.

As there are no alternative views, do we agree to do that?

Members indicated agreement.

The Convener: Thank you very much. That meeting is likely to take place on 2 December.

I invite opening statements from Highland Council and High Life Highland.

Bill Alexander (Highland Council): Good morning, committee. I will give an opening statement on behalf of Ian Murray and myself. High Life Highland was established as a council-owned company, with charitable status, in October 2011, so it is now four years old. It was set up with a board of 12 directors—eight of whom are independent and four of whom are councillors—to run adult learning, archives, arts, leisure facilities, libraries, museums, outdoor activity, sport and youth work.

Undoubtedly, the council's initial driver was the capacity to achieve on-going savings and to protect services that might otherwise have had to be reduced. However, there were also aspirations that the new body could act more quickly, be more creative and, where appropriate, be more commercial, utilising the skills of independent directors while retaining a clear focus on public service, with strong links to council priorities.

How has it been for the council? We would say that it has been very good—there have been definite service improvements in a range of areas, including libraries, leisure facilities and museums. There has also been an on-going commitment to council priorities, such as the integration of adult health and social care and corporate parenting for children. In the past year, High Life Highland has joined the community planning partnership as a full member, and we are beginning to engage in partnership issues.

High Life Highland has achieved savings largely through increased income and efficiencies, and always with a focus on council priorities. It has also begun to develop partnerships with the private sector. Mr Murray will say more about that.

Why has it worked? In the end, that comes down largely to attitudes and relationships. The council's positive challenge was that the High Life Highland board should have the responsibility and the freedom to improve services. From the start, the board has had a positive approach to improving and developing services. It has not been about sitting back and simply managing budget reductions; rather, it has been about achieving creativity with a particular focus on the services that it provides.

High Life Highland has wanted to be, and is regarded as, a trusted partner by the council and other public bodies. That approach has built confidence over the first few years, which has helped to build the strong and stable relationship that we now have. Fundamentally, High Life Highland is popular. It is popular with council members, its staff, the public and communities. It is seen to be working with the council, but it also has its own identity, which brings creativity and focus.

The Convener: Do you have anything to add to that, Mr Murray?

Ian Murray (High Life Highland): Not at this stage.

The Convener: Do the City of Edinburgh Council and the EDI Group wish to make an opening statement?

Eric Adair (EDI Group): Yes. Good morning. I am joined this morning by Peter Watton, head of corporate property at the City of Edinburgh Council.

The EDI Group is a wholly owned subsidiary of the City of Edinburgh Council. It was established 25 years ago with the purpose of leading the development of Edinburgh Park, which it did successfully. Today, it has two objectives, the first of which is to carry out property development in specific areas of regeneration. Those areas are identified by Edinburgh Council and, at the moment, they are the Craigmillar and Granton areas of Edinburgh. The second objective is to take land and buildings that are surplus to the council's operational needs and develop them for profit.

An example of our current work is that we are designing and building a hotel in a gap site in the old town of Edinburgh. We have designed the new town centre in Craigmillar and we are attracting retailers to that in order to improve the local shopping facilities. We are creating a master plan for the former industrial site at Fountainbridge. As part of that, with the support of a joint venture partner, we are developing a 300-home, £100 million private rented sector scheme.

I have been a director of EDI since 2006. Peter Watton has the privilege of being the council's observer and attending all the EDI board meetings. He worked in EDI for a period, so he has been on both sides of the fence. The board structure has changed at various points while I have been involved in EDI. Currently, it consists of one executive director—me—and six non-executive directors. Of those, three are councillors appointed by the council and three are external independent directors appointed for their experience.

There is a shareholders agreement between the council and EDI, which was reviewed and updated in 2014. It sets out the practical arrangements of governance between the council and EDI.

The Convener: I think that Jillian Ferrie will say something on behalf of North Lanarkshire Council and CultureNL.

Jillian Ferrie (CultureNL): Yes. I would like to give the committee some background information on CultureNL. On 1 April 2013, operational responsibility for North Lanarkshire Council's

cultural and associated services transferred to CultureNL, which is a specially created company, limited by guarantee, with charitable status agreed in accordance with approved charitable objectives and principal activities.

The transfer followed a full and transparent options appraisal, led by KPMG and utilising a toolkit devised by Museums Galleries Scotland. The council established CultureNL in order to provide a sustainable future for cultural services; to allow continuous service improvement in the years ahead; to reach new audiences and develop strong partnerships; to enable services to operate in a more responsive way; and to undertake new developments, besides making a financial saving on non-domestic rates.

CultureNL is responsible for the management and operation of performance venues; arts development and community arts activity; community facilities, including the letting of school halls and sports pitches; museums and heritage; libraries and information; and play services, along with the catering, cleaning and caretaking associated with those services.

Since its inception, CultureNL has embraced its responsibility for delivering services of major importance to the communities of North Lanarkshire. The organisation has flourished in its first two years of operation. It has placed culture at the centre of activity, provided a sustainable future for cultural services, and recognised the importance of arts and culture in day-to-day life and the positive health and wellbeing impact of participation in cultural activity.

The Convener: What is the make-up of the board of CultureNL?

Jillian Ferrie: We have 13 directors on the board, seven of whom are independent and six of whom are partner directors appointed by North Lanarkshire Council.

The Convener: Are they all councillors?

Jillian Ferrie: Six of them are; seven are not.

The Convener: Six are councillors. I understand that Bon Accord Care does not wish to make an opening statement. I ask Ms Ross to indicate the make-up of the board of Bon Accord Care.

Sandra Ross (Bon Accord Care): Certainly. I am the managing director and there is our finance director, our chairman and four non-executive directors. There are no elected members on the board.

The Convener: There are no elected members. It is you, the chairman, a finance director and four others.

Sandra Ross: Also, each board meeting is attended by an officer from Aberdeen City Council.

The Convener: So an officer without a vote attends on behalf of the council.

Sandra Ross: Yes.

10:15

The Convener: How does Highland Council scrutinise High Life Highland?

Ian Murray: There are biannual meetings of the adult and children's—

Bill, will you please give the right name?

Bill Alexander: The education, children and adult services committee.

Ian Murray: Twice a year, I report directly to that committee. In between, there are monthly informal meetings with the council's leader, the chair of that committee, the convener, the chief executive and Bill Alexander.

In addition, there is quarterly input into the care and learning service performance report, which goes to the council's chief executive. The director of care and learning has a standing invitation to the senior management team of High Life Highland. Similarly, I have a standing invitation to the management team of the care and learning service. That is on an as-and-when basis rather than a regular basis. There is a range, from the committee right through to informal meetings.

The Convener: Are all your performance indicators available for scrutiny at council committee?

Ian Murray: Yes. They are based on the single outcome agreements between the council and the Government. Our performance indicators are taken directly from those that affect and influence the nine areas of our work.

The Convener: Are you questioned on those performance indicators by the relevant council bodies that attend?

Ian Murray: Yes. I was at the committee just last week and there was a range of questions on almost everything, from youth work through to leisure facilities.

The Convener: Is it easy for members of the public to scrutinise what you are up to as well?

Bill Alexander: As part of our integrated health and social care arrangements, we are increasingly developing local community planning forums. In future, we see those as the hub for community and public engagement. Mr Murray has recently been to those forums and engaged in discussion about High Life Highland's range of activities. We expect

the public, community councils and community organisations to be involved in that.

I would not say that that was scrutiny; it is discussion about local delivery. Scrutiny happens in the council committee, the officer processes and reporting in the performance framework. However, High Life Highland has a very high profile and there is very active community debate and discussion about the delivery of services. High Life Highland is very much part of that.

The Convener: How is scrutiny of EDI by the City of Edinburgh Council carried out?

Eric Adair: The shareholders agreement sets out a number of requirements. Broadly, that would include the submission of all board papers to the observer, including a number of specified finance reports. Those finance reports are also provided to the council's head of finance on a monthly basis.

The shareholders agreement requires the preparation of an annual business plan looking three years ahead. In the first instance, that is submitted to council officers for their input and review. It is then submitted to the council's economy committee for approval.

There are also ad hoc summons to other committees. Recently I attended the council's housing committee to present what we are doing on housing delivery in our areas of development.

The Convener: What about North Lanarkshire Council and CultureNL?

Lisanne McMurrich (North Lanarkshire Council): At present, quarterly reports are presented by me, as the contract manager, to North Lanarkshire Council's learning and leisure services committee. In addition, there is an officers meeting between me, the head of financial services at North Lanarkshire Council and the chief executive and her team, at which we look at performance measures and the financial position of CultureNL. I also have ad hoc meetings with the chief executive on strategic matters.

Sandra Ross: Our contract states our finance arrangements, and we report monthly to the council on our finance. We also have in place service level agreements that stipulate our key performance indicators. Some of our KPIs are reported weekly and some are reported monthly. We have monthly operational management meetings, and I meet the integration joint board—it used to be the director of social work—monthly to discuss the KPIs and the outcomes.

We have to prepare an annual report and present it to the council. We also share our annual accounts, once they are audited. We present at the ALEO governance hub, which takes place throughout the year, where we report again on our KPIs and are asked about how our board is

operating, about strategic areas that we are moving forward in and about a range of issues.

We have information on our website about freedom of information requests, and we have a robust complaints and comments procedure in place, which is well utilised by our service users and members of the public. We also use local committees such as sheltered housing committees to give people access and to allow us to gain a good understanding through direct contact with our sheltered housing service users.

The Convener: Can I stop you there, please? From what you have said, it seems that the only opportunity for councillors to scrutinise Bon Accord Care is at the presentation of your annual report—is that correct?

Sandra Ross: No. The ALEO governance hub, which was the shareholder scrutiny group—

The Convener: Can you tell us about the ALEO governance hub? Who is on that?

Sandra Ross: The ALEO governance hub is officers to whom all the ALEOs present.

The Convener: How many councillors are on the ALEO governance hub? I am interested in the opportunity for councillors to scrutinise what is going on. The other organisations have said which committees they are responsible to.

Sandra Ross: I apologise.

The Convener: How do Aberdeen City Council councillors scrutinise what you are doing?

Sandra Ross: The ALEO governance hub asks us specific questions that have been asked by the audit and risk committee. The report that we prepare goes to the audit and risk committee, and we attend that committee, as well, where we are open to direct questions from councillors.

The Convener: How often does that happen? Others say that they have to go to such meetings quarterly, for example. How often do you have to attend the audit and risk committee of Aberdeen City Council?

Sandra Ross: I am sorry, but I cannot answer that question at the moment. I can get back to you on that. It is about three or four times, but I am not sure of the frequency.

The Convener: Okay. Thanks.

John Wilson (Central Scotland) (Ind): Good morning. Mr Alexander, in your opening remarks, you said that the reasons for setting up High Life, which is a council-owned company, were savings, increased aspiration, partnership with the private sector and improved service delivery. Why could those things not happen under total control by the local authority? Why was it felt that the council had

to use an arm's-length external organisation to achieve those things?

Bill Alexander: I suppose that that is the \$64 million question, and it is one that we ask ourselves quite a lot. The initial motivation was undoubtedly that the cost base of the arm's-length external organisation would allow savings to be made with regard to non-domestic rates. It was also felt that an ALEO could give focus and bring creativity to services that might otherwise be threatened.

There was no scientific analysis of that and we did not necessarily know what would happen. We set a policy framework around the ALEO and some parameters within which it should operate. We then encouraged it to fly, and it has flown. Some magic dust is created, perhaps partly because the ALEO is not the council. It has a sense of identity and a focus on its business, and it fosters loyalty. It has a degree of creativity and there is passion from its independent directors, who bring a range of skills to the board. It also has passion from its staff, who enjoy its identity and would not want to come back to the council.

There are a range of issues—some that we can quantify and talk about and others that we are less able to articulate but which are about passion, creativity and focus. The ALEO brings more than a council, which delivers a whole range of services, could bring to the remit.

John Wilson: Will you expand on the savings? You mentioned savings on non-domestic rates, but surely it is not just about that. What other savings have been made? Have there been changes to staff terms and conditions?

Bill Alexander: No.

John Wilson: Have zero-hours contracts or other such things been introduced?

Bill Alexander: No.

John Wilson: I have heard that such things have been raised in other ALEOs. A number of ALEOs make the same argument that the savings outweigh the benefits of their remaining part of the council. Have the savings just been on non-domestic rates?

Bill Alexander: No. There have been many more savings. The intention was never to achieve savings through changes to staff terms and conditions. That is quite clear. The savings were to come from the business though income and efficiencies. Mr Murray can provide more details.

Ian Murray: We have always been absolutely focused on not changing staff terms and conditions.

The non-domestic rates and VAT treatment that are available to a charity are different from what is

available to a council, and therefore the council is making savings of approximately £1.1 million. Also, since the organisation left the council's direct control, the ability to focus that Bill Alexander mentioned has produced some magic dust. The staff feel part of a manageable organisation, and that has led to a greater focus on generating income through our leisure centres, which is where most of our income comes from.

A small example would be donations at the Highland folk museum in Newtonmore, which has free entry. Attendances have gone up from 16,000 to 44,000 in the past couple of years and donations have gone up to nearly three times their level when we left the council. That is simply about staff having more of a feeling of oneness with the organisation and understanding that it is important to get donations up in order to protect services.

It is difficult to explain why that was not achieved in the council—and I was head of service in the council—but it seems that setting the ALEO free and staff identification allow the staff to focus on the business.

John Wilson: Mr Alexander, you are quoted as saying that High Life is a council wholly owned company.

Bill Alexander: That is correct.

John Wilson: If that is so, why do the staff who work for High Life feel that they are part of an entirely separate entity? Why do they seem more encouraged to work for that separate entity than they would be for the council? It is a wholly owned company, in your words, that is controlled and, bar the day-to-day running of the organisation, directed by the council.

Bill Alexander: I am not sure how aware the staff will be of the back-office joins. What they see is a standalone independent company of 600 to 700 people, many of whom they know personally, a chief executive whom they know personally and a company with its own branding and a high profile. High Life has ties and badges and you can get a jacket with the label on it. High Life has an identity and people talk about it. We have a membership scheme and the public and communities want to be part of that. It has a brand and identity that works and it is seen as separate from the council.

In governance terms, we do not rigidly pull every single string that makes High Life work. It has a degree of freedom and autonomy within the overall priorities, parameters and policies of the council. We have not yet come to an issue that would break that trusting relationship. With the budget challenge that is coming down the road, that might get more difficult, but to date it has worked.

10:30

John Wilson: Thank you, Mr Alexander.

I turn to North Lanarkshire Council, and I need to make a declaration at this point. I know the services fairly well as I rent some premises from the council for my surgeries and I am aware of what I might describe as the intricacies that exist in North Lanarkshire. Not only do we have representatives speaking on behalf of CultureNL here today, but we also have North Lanarkshire Leisure, which is another organisation that operates at arm's length from the council that has leisure facilities and other premises.

I was interested in Ms Ferrie's reference to CultureNL operating education services. An issue that constituents have raised with me is that, when they try to book a council hall—that is the local term—they can be sent to anything up to three different departments before they get an answer as to whether they can book it. Some of the facilities are owned by the education service and controlled by it up to 5 o'clock in the evening, some are owned and operated by NL Leisure and others are operated by CultureNL.

Given the conflict that exists there, why did North Lanarkshire Council not just decide to transfer some of the CultureNL services to NL Leisure instead of setting up an entirely different organisation?

Jillian Ferrie: CultureNL certainly lets community facilities in schools and the pitches associated with them after 5 o'clock. Mr Wilson is right to say that North Lanarkshire Leisure, as a sports trust, operates pitches as well. Within CultureNL, we have one booking system that allows people to see any facility that we operate, so people would come to us only once if they were trying to hire a facility such as a sports pitch from us. I believe that it is slightly different for North Lanarkshire Leisure, which focuses on specific areas such as Airdrie sports centre and Ravenscraig. It does not have the same booking system as us.

I cannot speak for the council on why it did not transfer the sports pitches at the time when it established CultureNL, but I note that CultureNL is much wider than sport. We will hire out a pitch for anything. It does not have to be for a sporting activity; it could be for a gala day or anything at all. We will hire out the pitch, but we are not responsible for what is on it, whereas North Lanarkshire Leisure is different because it has football clubs and other sporting clubs that use its pitches. I am not sure whether that answers your question.

John Wilson: Maybe Ms McMurrich can explain the council's reasoning for that decision.

Lisanne McMurrich: When the council was considering through an options appraisal process the establishment of a separate cultural trust, what was then called learning and leisure services—and previously the education service—had one process for booking community facilities and school facilities regardless of whether they were sports or cultural facilities. The council found it difficult to split school use under a compartmentalised approach whereby some things were about community learning activity and therefore had to be booked in a particular way and some things were about cultural activity or sports activity.

We wanted to take an holistic approach to making better use of the school estate, so we felt that it was not right to fragment the system in such a way that a third-generation sports pitch would be booked through a leisure trust. We felt that our approach should be about community use and community access to schools. That was the original rationale for keeping that approach and vesting it in one ALEO in particular.

However, we have done something, which has perhaps muddied the waters, in relation to a particularly large, enhanced facility—St Ambrose high school in Coatbridge, which has a lot of community facilities and particularly sports facilities. As a council that constantly looks at pushing the boundaries to try to find best practice and best value, we appreciated that there might be a sports element to that facility and we put in place a pilot to consider whether it would be more appropriate for it to be operated by a leisure trust whose thinking was very much about sport. That has perhaps led to some confusion in the community about how to book during the day for the community aspect and in the evening for the sports element.

We are still evolving our approach. When we established CultureNL, it was predominantly about cultural services. As regards the points that have been made about the importance of focus and what it brings to an arm's-length external organisation, we have not said that we would never consider a merger between the two ALEOs. At a point in time, that might be a consideration for the council.

John Wilson: I will ask the same question that I asked before about the savings that have been made. I think that NL Leisure has been established since 2009 and CultureNL was established in 2013. Over that period, what savings has North Lanarkshire Council made from the establishment of the ALEOs and what changes have taken place to allow those savings to be made?

Jillian Ferrie: In CultureNL's first year, the savings were mainly from non-domestic rates. In

2013-14, we saved £1.15 million because of that. In the second year, we had a further efficiency saving to make of nearly £700,000. By that time, we had had a year to bed in. We were a new organisation and we had increased our income generation. We have a lean management structure. There is me and there are 14 managers; there is no hierarchy.

The Convener: I want to get my head around the non-domestic rates situation. It seemed clear to me that the transfer of properties to High Life would create a saving in non-domestic rates, but what you have just discussed in your exchanges with Mr Wilson is that you do bookings for nights in schools and various other things. Obviously, those schools have not transferred to CultureNL, so how can there be non-domestic rates savings? I take it that there are none.

Jillian Ferrie: We saved £1.15 million in non-domestic rates as a result of the establishment of CultureNL.

The Convener: A lot of your activity seems to cross into educational establishments and the rest. Am I right in saying that there will be no non-domestic rates savings there?

Jillian Ferrie: We would make non-domestic rates savings in the museums, libraries and community facilities, but not in the schools.

The Convener: I just wanted to clarify that. Sorry, John.

John Wilson: That is okay, convener.

Jillian Ferrie: In our second year, we had to save £695,000 and, as I was saying, a lot of that was through increased income. By that time, we had managed to bed in and we knew what we were trying to do.

Following the set-up of the trust, we benefited greatly from venues and catering merging. Previously, catering sat within environmental services, the venues—the concert halls and the theatres—sat within learning and leisure and there was no joined-up working at all. When CultureNL came into being, the leisure catering transferred. We have benefited greatly from those two services merging, particularly as regards income generation and customer development. The two services are located in the same building and they work as one team. That helped towards our savings.

As I said, we have a lean management structure and we have careful vacancy management. We secured the second year saving out of that.

John Wilson: My follow-up question is on terms and conditions for staff who transferred under the Transfer of Undertakings (Protection of Employment) Regulations 1981 and for other staff

who were taken on. Do you employ staff on zero-hours contracts? Ms McMurrich will have heard that question asked a number of times in the council chamber. Do your staff have the same terms and conditions and rates of pay that they would have enjoyed if they were employed—or had continued to be employed—by the council?

Jillian Ferrie: Yes. We have not changed the terms and conditions and we work with the council's job evaluation scheme so everyone is on the same rates of pay that they were on.

John Wilson: When I go to my surgeries on a Monday morning, I see a notice on the noticeboard from CultureNL advertising vacancies and saying that there is flexible working. I am positive that, some time ago, there was a poster that talked about zero-hours contracts. Flexible working is certainly mentioned in the notice that I see regularly at my surgeries. Have there been savings from staff going on to more flexible contracts?

Jillian Ferrie: We have not changed the contracts. People have applied to work flexibly, as they are able to, and we have a number of people who undertake flexible working within CultureNL. We have no one on a zero-hours contract and we have never advertised a zero-hours contract.

We do have casual staff. For example, the front-of-house staff who work at the concert hall and the theatre are casual staff. They cannot be given contracts because they work as and when required and they know that. That has always been the case. Nothing has changed since we became CultureNL.

John Wilson: Will you define the difference between a casual contract and a zero-hours contract?

Jillian Ferrie: I know that we do not issue anyone with a zero-hours contract and that casual staff apply as casual staff. For example, the pantomime is just about to start and we will employ more front-of-house staff in order for that to take place. We would advertise for short periods of working and people know that they will be put on a rota. We do not say that they are zero-hours contracts.

John Wilson: You just say that they are casual staff.

Jillian Ferrie: They are casual staff.

The Convener: Before we move off that topic, I want to make sure that we get details about terms and conditions from all the witnesses. Mr Adair, can you tell us the EDI position on terms and conditions? Are the folks who work for you on the same terms and conditions that they would have been on when they were working for the council?

Eric Adair: No. EDI employs people on separate terms and conditions from the council. I do not think that there are any employees now who transferred from the council. There were some 25 years ago, but TUPE probably did not apply then, so I do not know what terms and conditions they transferred over on. All current employees of EDI were recruited privately into EDI.

The Convener: Mr Watton, do you have any comment on that from a council point of view?

Peter Watton (City of Edinburgh Council): No. We have transferred staff under TUPE from EDI into the council and we have respected the terms and conditions of their contracts in that process. It is well known that EDI, when it advertises on the wider market, offers different terms and conditions from those that the council can offer. That is one reason why it was set up—the ability to attract better commercial talent.

The Convener: Do you have any zero-hours contracts?

Peter Watton: No.

The Convener: Ms Ross, what about terms and conditions at Bon Accord Care? Are they the same as staff had previously?

Sandra Ross: Yes.

The Convener: Does that include new recruits?

Sandra Ross: Yes.

The Convener: Do you have any zero-hours contracts?

Sandra Ross: No.

The Convener: Mr Murray, does High Life have any zero-hours contracts? You have already explained the position on terms and conditions.

Ian Murray: Zero-hours contracts were being discussed as we were leaving the council. There are a limited number of zero-hours contracts for people such as coaches who are employed for three or four hours a week, where there needs to be a mutual agreement that there is a requirement to turn up. If we had a completely casual relationship with a member of staff such as a fitness coach, they could decide that they were not going to bother to turn up next Tuesday, which would make it difficult for us to maintain a public face. In a limited number of cases, a zero-hours contract ensures that there is mutuality. If we are giving the person those three hours a week, they have to turn up.

The Convener: Do you think that your staff who are on zero-hours contracts are happy with those arrangements?

Ian Murray: I am not aware of any complaints. There is no suggestion that they cannot work for anybody else. It fits into their lifestyle to do a few hours of coaching.

The Convener: So there is no exclusivity. Folk can do what they want as regards other jobs and all the rest of it.

Ian Murray: Absolutely. It is simply to make sure that we know that they are going to turn up at the times that we have arranged with them.

10:45

Jayne Baxter (Mid Scotland and Fife) (Lab): I was going to ask about zero-hours contracts, but as my question has been answered, I will ask about employee involvement in general. I should say that this question is for all of the witnesses and that I expect an answer from each of them, if possible.

Do any of the witnesses have employee representation on their boards? What is the situation with trade union involvement? Many of the witnesses have said that their staff are happy. It is good to hear that, but do they do any staff surveys? How do they test that happiness? How are staff involved in the operation of the companies, and what is the relationship with trade unions?

Sandra Ross: I meet our union representatives every month and have done so since we went live. We share many of our key operational figures with them, and we discuss points and move forward. There is a good working relationship.

We have a quarterly staff forum that has an open agenda, and there is representation from every one of our services and all our staff. Staff attend one session in the morning and one in the afternoon. Because it is an open forum, they can address and raise any questions that they choose; indeed, everything from solar panels to uniforms has been raised.

We take the points from the staff forum and put them into action points, which are presented in “You asked” and “What we did” terms. They then go into our quarterly staff newsletter, and we ensure that each of our staff members gets their own copy of that newsletter. Previously, the newsletters went up on noticeboards, but we found that some of our staff who, because they are community based, do not have a lot of access were not seeing them, so we now ensure that everyone has a hard copy or electronic copy.

Every quarter, we carry out staff surveys that we encourage staff to complete and which we then use. All our services must have staff engagement meetings every month, and we have recently encouraged an increase in trade union stewards

within our organisation. We also have health and safety meetings for our ground-based staff.

Jillian Ferrie: We have one trade union director and one employee director on the board, and each month I and our human resources manager meet jointly with the three trade unions. That is our union negotiation and liaison.

Since we came into being, we have undertaken one employee survey. About 700 staff work for CultureNL; 41 per cent of them responded to that first survey, which we thought was encouraging, and 82 per cent of those respondents said that they were proud to work for CultureNL. We are taking that as the basis on which to work.

We have a number of staff working groups that focus particularly on matters such as health and safety. Those groups are chaired by members of staff and include members of staff from each of the groups within CultureNL. We also have regular one-to-one meetings and monthly team meetings.

We also do an annual review for all staff. It is a kind of highlight report that is emailed out or put on noticeboards so that everyone has a copy of it. I also engage all the staff in anything of importance if they need to be engaged. For example, savings have just come out and we have had to tell everyone about them.

Finally, there is also quite a lot of email contact.

Eric Adair: There are no employee representatives on the EDI board. We are a small company—we have only 16 employees—so the engagement between the board, the executive and the staff is open and informal. I believe that two members of staff are members of trade unions.

Ian Murray: All staff have personal development plan meetings twice a year and any trends that emerge from them are reported to the senior management team. We meet quarterly with the three unions that are involved in our business, and those meetings involve staff representations. There are also staff on the health and safety committee.

Every second year, we run a company-wide staff survey. The results of that are reported directly to the board with any action plan that comes out of them. In common with others, I am sure, we have a staff award ceremony at which we reward excellence.

Jayne Baxter: The Scottish living wage has just gone up to £8.25 an hour. Many councils have declared themselves to be—and have become accredited as—living wage employers. Many arm's-length external organisations that rely on council funding find it difficult to get that accreditation, because they do not have certainty about continuity of funding. Are your councils living

wage employers and are your ALEOs able to be living wage employers, or are there funding issues that prevent that from being the case?

The Convener: I will ask the councils first and then the ALEOs. Obviously, you are in a tricky position, Ms Ross, so we will ask your council later.

Mr Alexander, is Highland Council a living wage employer?

Bill Alexander: Yes, it is.

The Convener: Is High Life a living wage employer, too, Mr Murray?

Ian Murray: Yes.

The Convener: The City of Edinburgh Council?

Peter Watton: Yes.

The Convener: EDI Group?

Eric Adair: We follow that and apply the living wage.

The Convener: North Lanarkshire Council?

Lisanne McMurrich: Yes.

The Convener: CultureNL?

Jillian Ferrie: Yes.

The Convener: Is Bon Accord Care a living wage employer, Ms Ross?

Sandra Ross: We are. We are currently applying.

Cameron Buchanan (Lothian) (Con): I am interested in your non-executive directorships. Do all the ALEOs have non-executive members? How are they recruited—internally or externally?

Ian Murray: Out of the 12 on the board, four are councillors, so we look for eight independent non-executive directors. Those positions are advertised openly in newspapers as well as, for example, through community planning partnership websites; candidates come in for a general discussion, which gets us down to a short list; our nominations committee makes its nomination; and the final recommendation goes to the council for sign-off.

The Convener: Who is on that nominations committee?

Cameron Buchanan: That is just what I was going to ask.

Ian Murray: The director of care and learning from the council and two directors from the existing board.

The Convener: So there is a fair amount of council input into that committee. You also said

that the nomination has to be signed off by the council, too.

Ian Murray: Yes. The individual person needs to be signed off.

The Convener: So, if somebody does not meet with the council's approval, it could veto that non-executive director's appointment.

Ian Murray: It could.

Bill Alexander: We also use a skills matrix to consider the range of qualities that we want on the board. Indeed, that matrix is now being used more widely across other council services.

The Convener: What about EDI and of the City of Edinburgh Council?

Peter Watton: The situation is similar. Until two years ago, there were no non-execs on the board but with the revamping of the company and the rewriting of the shareholders agreement three non-execs were brought in. Those positions were advertised in the press, and there was an interview process. The panel comprised senior members of the administration, me and a senior HR representative, and we interviewed and then made recommendations to the council.

The Convener: So the council could, again, veto any non-executive director that it did not like.

Peter Watton: Technically, that is correct.

The Convener: What about North Lanarkshire?

Jillian Ferrie: We have 13 directors on the board, seven of whom are independent. The trade union director was appointed by the trade unions, and the employee director was appointed after a ballot of all the staff group.

The other five independent directors were appointed after an open advert. Like the other authorities represented here, we have a skills matrix for what we require on the board. We know of gaps on the board that we would like to fill; we developed that matrix, went to open advert and ran a workshop for all the interested applicants. Then there was an interview, which was conducted by three members of the board, and the nomination was taken to the leisure and learning committee for ratification.

The Convener: Again, the council could veto anyone that it did not want. Am I correct in saying that?

Lisanne McMurrich: Yes, it could, but that has not happened.

John Wilson: Jillian Ferrie said that the applicants for CultureNL were interviewed by three members of the board. I assume that the three members of the board were elected members.

Jillian Ferrie: They were initially, when we appointed the first lot of independent directors. Initially, we had five vacancies, and we had only elected members on the shadow board. We have since had another vacancy on the board and that second panel consisted of two elected members and an independent director.

The Convener: How does it work for Bon Accord Care?

Sandra Ross: The board had been advertised for and appointed when I came into post, and the board with which we started is still current. We have not had any vacancies. We have five non-execs.

The Convener: Do you have any idea how they were appointed?

Sandra Ross: My understanding is that the positions were externally advertised and the candidates interviewed and appointed through the council.

The Convener: Do you know who did the interviews?

Sandra Ross: The council.

The Convener: Councillors or officers?

Sandra Ross: I am sorry, but I cannot answer that. I am not sure.

Cameron Buchanan: You referred to looking for people with particular skills. Does that include looking for people with commercial expertise and external skills generally in order to balance out the non-execs?

The Convener: I see lots of nodding heads. Mr Alexander, do you want to comment?

Bill Alexander: Yes. That is something that we definitely look for. We might also look for people with interests in particular areas of activity. If we did not have anyone from a sports background or a third sector background, we would look for such people as well, and we would certainly want to make sure that we had people from a commercial background.

The Convener: Ms Ross, you are in an unusual position in that there are no elected members on your board. I will not ask you to comment on that, because that is Aberdeen City Council's bag and we will get the opportunity to speak to the council later. Before we move off this topic, though, I want to ask the other council representatives whether they could ever envisage a scenario in which there would be no councillors on their board.

Lisanne McMurrich: An elected member chairs the board of CultureNL. If there was a development whereby independent directors were to be reappointed or new members were to be

brought in, we might consider whether the chair should be an independent director.

The Convener: That is not what I asked.

Lisanne McMurrich: My apologies.

The Convener: My question was: do you envisage a position whereby there would be no elected members on the board of CultureNL or any other North Lanarkshire ALEO?

Lisanne McMurrich: It is difficult for me to say yes or no, because such a decision would be for the council and elected members.

Peter Watton: I do not envisage that there would ever be an EDI board without councillors on it. As I have said, previously the board was predominantly made up of councillors; at one point, there were seven, along with three executives. The council acknowledged that that was the wrong mix and agreed to change the make-up to three councillors, three non-executives and one executive.

Bill Alexander: Perhaps a prequel to your question, convener, is: what is the role of the councillor on a board? We wrestle with that issue, which is about councillors on NHS boards as well as councillors on ALEOs. A councillor on the High Life board is a member of the High Life board; they are not the council on the board. It is quite difficult to work out what that is about. It is not about governance. The council does not operate governance through the councillor being on the board; that happens in council committees. What it is about is partnership and communications.

At the moment, High Life Highland is a council-owned company. If that were to change, members, not officers, would have to change it. I do not envisage that it would change, because the council likes having it as a council-owned company, and it wants that partnership to continue.

It is interesting that High Life Highland is developing into new areas beyond council activity by, for example, developing private partnerships with agencies that do not have relationships with the council. Although we are developing into new areas, the council would still want to have elected members on the board; it would still see the company as a council-owned company. However, that is not where the council exerts governance.

The Convener: We will probably come back to that.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): I have a couple of questions about income generation. One of the great hopes for ALEOs when they were conceived of was that they would open up new opportunities for funding streams that were not available to our councils. That was

one of the clear reasons for establishing many ALEOs. By and large, have you explored that route and, if so, has it been successful for you?

Ian Murray: The hopes are greater than the reality. Limited funds are available to non-council organisations, and we have gone looking for them. There is flexibility in being an ALEO. For example, we are just beginning to develop partnership with the private sector. To take a specific example—the Inverness botanic gardens—there was a three-way capital funding partnership between a private catering organisation, the Inverness common good fund and the council's own capital funds to completely upgrade the visitor services, the cafe et cetera, and we were able to develop things by acting as the halfway-house broker. We do not have a great deal of experience in commercial catering, but the facility was crying out for a decent cafe. However, that was not at the top of the council's list for capital funding. Our ability to bring in a third of the money that was needed from the private sector opened doors with the other two funders. The ability to get grants that are not available to councils is overstated in many people's minds, but it exists, and the flexibility allows us to do other things.

11:00

Eric Adair: The common view is that EDI's fundamental purpose is to create income and that by operating at arm's length from the council, with a specific focus on property development, it should be able to realise greater property values than would be realised if the same activity were undertaken within the council. Certain major circumstances impacted on us in the period from 2009 to 2011, but over the previous 20 years we had paid approximately £60 million in dividends to the council. We are now returning to a profitable position and budgeting to pay dividends to the council in the coming years.

Jillian Ferrie: I agree with my colleague from Aberdeen. We secure a reasonable level of external funding; last year, for example, about £0.5 million of our income came that way. I do not think that many of the sources were new. We attract a lot of funding through Museums and Galleries Scotland and Creative Scotland. Our being a charity has allowed us to apply for more trust funding, which might not be applicable to a local authority. However, the applications are usually for small amounts of money, and I do not think that we have managed to make great inroads there yet.

Sandra Ross: We are currently exploring opportunities for getting different sources of funding.

The Convener: Can you tell us what those are?

Sandra Ross: Certainly. The way that our contract is set up means that the funding that comes across is for commissioning services through the local authority. Any additional services that we provide have to be funded independently. We have a pilot looking at more traditional home help services, for example.

Willie Coffey: Thanks very much for that. On the leisure-related services that you provide, has your performance in relation to income improved as a result of putting prices up, or have you been able to generate new income streams and markets? I am not picking on you, Jillian, but you said that you had to save £695,000 and managed to do so. Did you have to cut that amount or did you make up the income from other sources through price increases or by developing new services?

Jillian Ferrie: We have developed a few new services. We increase prices every year—we always have. As part of the council, we increase prices by 3 per cent every year. It is quite a small amount of money to add on. It could mean, for example, 10p on a community let—it is not a massive amount.

We have found that the organisation is working together more closely. Instead of everyone doing different things, managers and teams are beginning to develop their working patterns together much more closely, which lets us focus on the culture. We have come together as one organisation, and that has let us develop activity.

For example, we have a cultural festival called encounters that takes place every October; it was established in the council, but we have managed to grow it, and we now have an Easter encounters and a summer encounters. Next week, we are holding an adult learning week, which is also branded “encounters”. We are beginning to roll out the brand with input from all the sections in the organisation. We have developed new working streams.

Earlier, I mentioned the link between catering and venues. That has been very successful and has let us bring in substantial income. As we build, the catering income also lets us slightly change our programming and allows us to take a bit more of a risk. Previously, we would be very careful to book activities that we knew we could get lots of people to attend, but as we develop, we are becoming a bit less risk averse, and that lets us spread the cultural activity and thereby develop new audiences. That is where we are aiming to go.

Willie Coffey: Could none of that have happened if your organisation had not been an ALEO? Would that improved performance and income generation not have been possible?

Jillian Ferrie: To be honest, I do not think that there would have been the same focus. Previously, I was a creative services manager, so I worked with the venue side of things and the council’s community arts activity. We now have libraries and museums and heritage on board, so we are bringing together a much more diverse group of people who all have culture at their heart. That allows us to play on and use one another’s strengths to widen the offer, and we hope that that will bring new audiences in time.

Willie Coffey: On the public’s perception of how happy they are, I am not picking on Bill Alexander either, but, Mr Alexander, you said that High Life Highland is popular with communities. How in general do you assess public perception? How do you measure performance, public acceptance and the support for the work that you do?

Bill Alexander: There are two particular issues. First, the pricing scheme has gone down well. Ian Murray describes the approach as “Stack ‘em high—sell ‘em cheap”. In our approach, we have introduced a mass volume membership scheme, which has been very popular, with high take-up. Footfall and usage are up in libraries, leisure centres and some of the museums that Mr Murray mentioned.

In Highland, we also have a citizens panel, which is a representative sample of just over 2,000 people that cuts across all Highland communities, and High Life services figure very prominently in its positive satisfaction rates.

Willie Coffey: How do the others measure public satisfaction?

The Convener: EDI is somewhat different in that regard, is it not?

Peter Watton: We do not actually provide a public service.

The Convener: What about public satisfaction with Bon Accord Care, Ms Ross?

Sandra Ross: We carry out service user surveys and attend local meetings. Those are part of our recognised KPIs, which we report back on.

Willie Coffey: How does North Lanarkshire Council measure public satisfaction?

Lisanne McMurrich: Through a variety of methods, including the resident surveys that are carried out by CultureNL. As part of the quarterly monitoring process, we also report to the committee on the number of comments and complaints that there have been and their nature.

The Convener: How many folk in the general public see the difference between the leisure trust or the care trust and the council? On a recent visit to Inverclyde, we asked members of the public that, and they thought that the services were still

council services. What do the general public think about High Life? Do they see the difference?

Bill Alexander: That is another pertinent question. I have been in this room before, when I have been asked about health and social work services. Sometimes I think that the public do not really know who provides things; they just want the service. I still get letters of complaint about services that the council does not provide.

The arm's-length external organisations have a bit of a different identity, and I think that people understand that they are not the same services as those that pick up the bins and provide social work or schools. There is an awareness that they are different, but I do not know whether the public in general have a very sophisticated understanding of that.

I do not know whether Mr Murray wants to add to that.

Ian Murray: I agree with that. The public look both ways. The organisations have a separate identity, but we occasionally get comments such as, "But you're the council, aren't you?" However, I am not sure that that matters.

The Convener: What about Bon Accord Care?

Sandra Ross: I think that there is an understanding that there is a difference, but I echo what Mr Alexander and Mr Murray have said.

The Convener: What about from the North Lanarkshire perspective?

Lisanne McMurrich: From the council's perspective, we are concerned about the quality of the service provided and that there is confidence in the brand that is CultureNL.

Jillian Ferrie: We have not specifically asked the question of the public as yet, but we are just about to undertake a reputation survey and we will see what comes back from that.

George Adam (Paisley) (SNP): I used to be a member of Renfrewshire Leisure when I was a councillor on Renfrewshire Council. As far as everybody was concerned, the leisure services were still the council and if the cost of a swimming pool pass went up, it was the council that did it. I know that Mr Alexander said that his brand seemed to be going well, but Renfrewshire Leisure tried to create a brand and it did not go well, because it was still the council as far as everyone was concerned.

One of the issues that I have follows on from what Mr Coffey said. One of the public's criticisms of ALEOs—this does not affect EDI so much—is that they are just an excuse to put up the cost of services, whether that is pitches or leisure services, because they are not subject to the full scrutiny of the council. The councillors end up

getting told that they must represent the board and not the council, so the use of ALEOs seems like an easy way to generate more income by putting the price of services up. What is your opinion on that?

Jillian Ferrie: We have a pricing strategy but we have a number of criteria for pricing. For example, in community facilities there could be five different price ranges, depending on where you fit into the system, so the prices of services are heavily subsidised. Museums are free. We may apply small charges for activities, or a small charge to go on the tram at Summerlee, for example, but generally the activity is free. For community arts, we have a number of pricings as well. We have an over-25s and under-25s pricing range and a passport to leisure range. There is a variety of pricing for everything that we do.

George Adam: Did you say that you did football pitches as well?

Jillian Ferrie: We hire out pitches, yes.

George Adam: That is always a contentious issue with the public.

Jillian Ferrie: We hire out the school pitches. Our pitch hire price is exactly the same as that of North Lanarkshire Leisure, so there is no competition between the two.

The Convener: That is an interesting scenario. There is no competition between CultureNL and North Lanarkshire Leisure. Is there a written agreement about that?

Jillian Ferrie: I do not know whether there is a written agreement, but we mirror each other's pricings for pitches. We have agreed that. Previously, they were not the same, but for the past year they have mirrored each other—they are the same now.

The Convener: Are there any councillors on the boards of both North Lanarkshire Leisure and CultureNL?

Jillian Ferrie: No.

Ian Murray: I can speak only from the perspective of High Life Highland but, as Bill Alexander said, the stack-them-high-sell-them-cheap model was developed when we were still within the council and that has not changed and the prices have not gone up, except in line with inflation. That means, for example, that somebody who is in receipt of benefits can use any of our facilities at any time, including all the courses, classes and swimming lessons, for 50p a time. An all-inclusive family membership is only £28, and that includes absolutely everything. That has not changed, inflation aside, since we left the council.

That is a different operating model from many others. We took the view early on that we were not

going to compete with the private sector. The private sector can do its thing and attract people at a higher level of cost. We were aiming for the family market and the mass-participation market and were focusing particularly on those people who would find family budgets stretched in pursuing a healthy lifestyle.

George Adam: That is interesting, Mr Murray, because one of the other criticisms of ALEOs tends to be that they end up competing with the private sector—in the leisure industry, for example. We all know that, in certain areas, the minute someone jumps into a swimming pool it is massively subsidised, but some councils are offsetting that by moving into parts of the leisure industry that people would not traditionally think of as something that a local authority should be backing. Should a local authority have a spa and be competing with the private sector, when we know that there are kids whom we need to get involved in sporting activities such as some of the minority sports? You have raised an interesting point and I would be interested in hearing you develop it further. I would like to hear from others, too.

11:15

Ian Murray: It is an operating model that was looked at by and mentioned as part of Mr McLeish's working group on sport. It is a different approach. The Western Isles adopted the same approach and pricing structure about three years ago. We have been running the model now for 13 years and the difference between then and now, if you take out inflation, is an increase in attendances at our leisure centres of 88 per cent and, importantly, an income increase of 89 per cent. It is the Lidl model versus the Marks and Spencer model; it is about getting more people through the door rather than putting up prices all the time.

Moray Council began using the same model during the current financial year and it is already seeing significant increases. The Western Isles has been doing it for three years and I understand that the increase, even in some of the more remote places where the facilities on an island might be open for only half a week, is more than 30 per cent in usage and more than 27 per cent in income, although I would need to check those figures. The model works and it seems to be being taken up elsewhere.

The Convener: I feel that I should do the BBC thing and say that other supermarkets are available.

Jillian Ferrie: We are slightly different, being a cultural trust. Our competition is anyone else who provides cultural activity or a social event.

The Convener: I think that we have established that you are a little bit more than a cultural trust if you are dealing with football pitches and so on.

Jillian Ferrie: Yes. The organisation's focus is culture. The community letting is one aspect of what we do, but I would not say that we were in competition with hotels, for example. If somebody wanted to hire a community centre or a hotel, we would be the much less expensive option. We do not price ourselves in accordance with such things.

The Convener: Somebody might want to hire a football pitch and their choice could be to go through you or North Lanarkshire Leisure, or they could go through a company such as Goals Soccer Centres, which operates in various parts of Scotland, does it not?

Jillian Ferrie: Yes, it does. As I say, we match North Lanarkshire Leisure's prices and it matches ours. That is the only information that I have about the pitches.

George Adam: Having been a councillor, I have seen the challenges and I know that you have to balance the two situations. How often have councillors declared an interest at a board meeting or a council meeting and withdrawn from a discussion that they believe will give them a conflict of interests?

Bill Alexander: Councillors routinely declare their interests. I am not aware that they have ever felt that there was a conflict in any particular discussion. I cannot recall a member leaving a council committee because of a particular discussion about High Life Highland.

Ian Murray: Members do the standard test and decide at the time whether the conflict will be severe enough for them to have to leave the room.

The Convener: I want to get this straight. You are saying that folk have declared an interest but not left the room.

Bill Alexander: Yes. Declaring an interest is normal, but there would have to be a particular conflict of interests for them to leave the room. It is unusual for councillors not to declare an interest at any meeting, because they are involved in all sorts of groups and boards and they have employee relationships with the council, but for there to be a conflict of interests that would compromise them in any particular discussion, a different level of the test would be involved.

The Convener: Okay. Mr Watton and Mr Adair can talk about Edinburgh.

Eric Adair: All directors have to declare their interest at every board meeting. I am aware that a number of councillors who were on the EDI board also sat on the council's planning committee and,

if our planning applications were being considered, they withdrew from that committee and were not party to any of the discussions.

The Convener: Let us move away from planning. You report to the economy committee in the main—I think you said that earlier.

Eric Adair: Yes.

The Convener: Are any directors of EDI on the economy committee?

Eric Adair: Yes, there are two.

The Convener: Have they ever declared an interest at the economy committee and then left the room?

Eric Adair: They have declared an interest, but they did not leave, if I remember correctly.

The Convener: Okay—thank you. What about North Lanarkshire?

Lisanne McMurrich: The members of the CultureNL board declare an interest against each relevant paper at the beginning of the learning and leisure services committee. They take no part in the discussion, but they do not leave the chamber.

Bill Alexander: Can I just clarify one point for the record? We have a new chair of the education, children and adult services committee. At the time he was elected, he was a board member of High Life Highland, and he chose to stand down from that role when he became the chair of the committee.

The Convener: Right. I am going to put this on the record, because I think that it needs to be said. Previously, in another life as a councillor, the last lot of advice that I received was that if a councillor declared an interest on anything, they had to leave proceedings.

I know that the advice that is given in some places is different from the advice that is given in others, and I know that it is all down to the judgment of the individual anyway. However, I think that we as a committee need to get some clarification from the Standards Commission for Scotland and others on the matter, and I suggest that we write to them. Do members agree to do that?

Members indicated agreement.

John Wilson: Mr Adam raised the point about members excluding themselves from discussion on the issue. I would like to examine what happens when elected members sit on the board of an ALEO and a committee is making a funding decision regarding that ALEO. What do elected members tend to do in those circumstances?

There is a difference between being party to a discussion in a committee and making a funding

decision in a committee. With all the organisations here, with the possible exception of EDI, local authorities make funding decisions that apply to the ALEOs that elected members may sit on the boards of. Do members exclude themselves when a committee is making a funding decision—or when a full council is making a funding decision—when it applies to the ALEO that they are on the board of?

Bill Alexander: It is difficult to recall specific examples. I can recall that that has happened, but we would probably have to organise a check of the council minutes.

The Convener: It would be useful if you could do that and then write to the committee about that.

Lisanne McMurrich: North Lanarkshire Council can write to the committee about that as well.

The Convener: I want to go back to the establishment of ALEOs and terms and conditions. I have some questions on pension funds, because we have recently been taking a look at local authority pension funds. Is High Life a member of the Highland pension fund?

Ian Murray: We are an admitted body in the council's fund.

The Convener: Do your employees have the same terms and conditions as Highland Council staff?

Ian Murray: Yes.

The Convener: Is there a pension fund deficit?

Ian Murray: There is.

The Convener: What is the value of it?

Ian Murray: I would need to check the exact figure, but it is around a £5 million deficit for our share of the pension fund.

The Convener: Is that a manageable figure for High Life or is that a burden that was transferred that is difficult to cope with?

Ian Murray: As with all pension fund deficits, if it was called in tomorrow, it would be very difficult to deal with. However, as these things are longer term, it is manageable on a year-to-year basis.

The Convener: Is that deficit going down or up?

Ian Murray: It fluctuates. After the first year, it went down and then it went back up again last year.

The Convener: Okay—what about EDI?

Eric Adair: We are an admitted body to the Lothian Pension Fund and staff have the option of joining the Lothian Pension Fund or having a private arrangement. The majority of staff have taken the option to join the pension fund. All the

staff who join have, in effect, the same terms and conditions as employees of the City of Edinburgh Council.

The Convener: What is the deficit scenario?

Eric Adair: I think that the deficit in the pension fund is running at about 94 per cent and that EDI's share of that is about £500,000. It has increased recently, as bond rates have changed the overall deficit. The deficit is manageable within EDI's resources.

The Convener: What is the position with CultureNL?

Jillian Ferrie: We are an admitted body with Strathclyde Pension Fund and, as with the other organisations here, there is a deficit. Unfortunately, I do not have the figures with me. I would be happy to send them to you later.

The Convener: I would be grateful for those figures. What about Bon Accord Care?

Sandra Ross: We are an admitted body and we, too, have a deficit. All our staff are on the same terms and conditions and our deficit is around £8 million.

The Convener: Is that growing or decreasing?

Sandra Ross: This is our second year of operating and the deficit has increased in the past two years.

The Convener: Is it manageable?

Sandra Ross: Our pension contributions have increased to help us manage the deficit.

The Convener: Your pension contributions?

Sandra Ross: Our employer contributions have increased.

The Convener: Your employer contributions have increased—okay.

I thank you all very much for your evidence today. We will be considering the evidence that we are going to get from Aberdeen City Council at a later date and then the committee will consider its draft report.

I suspend the meeting to allow for a changeover of witnesses.

11:25

Meeting suspended.

11:29

On resuming—

Fixed-odds Betting Terminals

The Convener: Agenda item 2 is on our inquiry into fixed-odds betting terminals. We will take evidence from Scottish Government officials as part of the inquiry. There are proposals on gaming machines in the Scotland Bill, of course. I welcome Quentin Fisher, who is head of the licensing and human trafficking unit, and Walter Drummond-Murray, who is a policy officer in that unit. Do you want to make brief opening remarks, gentlemen?

Quentin Fisher (Scottish Government): No, thank you, convener.

The Convener: First, can I clarify that you watched last week's committee meeting or read the *Official Report* of it?

Walter Drummond-Murray (Scottish Government): We have read the *Official Report*.

The Convener: We will move straight to questions.

One issue that came up last week was planning. The local authorities seemed to feel that they cannot use planning to the extent that they feel that they should be able to on the siting of bookmakers shops, most of which lead to the introduction of fixed-odds betting terminals. Do you have any comments on that from a Government perspective, please, gentlemen?

Walter Drummond-Murray: An underlying point is that we feel that licensing is the more appropriate mechanism to deal with such things and that the question whether a betting shop should be allowed should more naturally fall into licensing. However, we do not have the power in that regard.

Mr Neil indicated to Parliament that we would look at amending the use classes order if we did not get from the United Kingdom Government the most effective powers on controlling payday lending and gambling. The Scotland Bill has now gone to the House of Lords, and the Scottish Government will consider the next steps, but we are clear that the question whether a betting shop should be allowed is more naturally a licensing decision than a planning one.

The Convener: Many of us around the table found ourselves in situations in our previous lives as councillors—Mr Buchanan is the only one who has escaped being a councillor—in which, as Mr Adam said earlier, we wore one hat in one place and another in another place. Difficulties often arise between planning committees and licensing boards. Would it be much easier to have a joined-

up approach? Is it possible for the Scottish Government to consider that?

Walter Drummond-Murray: That is not possible as things stand, because there is the distinction between the reserved powers on the licensing of betting and the devolved powers in relation to planning. However, not only in the context of betting but in respect of pubs and all the other licensed activities, it is familiar territory for local authorities that there is a distinction and people approach things with a very different mindset. Licensing is concerned with the typical licensing objectives of protecting public health, preventing criminality and reducing disorder, for example. Planning is very different.

The Convener: Last week, we heard that there is a flaw in the ability to police aspects of the Gambling Act 2005. I understand that there was an attempt to amend that through the Scotland Bill—that is what we were told. Has the Scottish Government made any representations to the UK Government to amend the 2005 act and ensure that licensing boards have a better ability to police outlets than is currently the case?

Quentin Fisher: I take it that you are referring to the provision on the ability of licensing standards officers to police outlets.

The Convener: Yes.

Quentin Fisher: We have raised that issue with the UK Government. It is not a new issue; it is old. The Gambling Commission has also made representations and I know that it offered evidence to the committee in which it raised that point. Needless to say, we cannot change the UK legislation, but we have supported the work that the Gambling Commission has done.

The Convener: What has the UK Government's response been to the Scottish Government's requests for that to be changed?

Quentin Fisher: You will note that there have been no such amendments to the Scotland Bill.

The Convener: I understand that, but you said that the Scottish Government made representations to the UK Government. What was the UK Government's response? I understand that an amendment was rejected during the Scotland Bill's passage through the House of Commons, but what written responses, for example, has the Scottish Government received from the UK Government?

Walter Drummond-Murray: My memory is that Kenny MacAskill as the then Cabinet Secretary for Justice wrote to his counterpart at the time—I think that that might have been Jeremy Hunt—to raise the matter and Mr Hunt replied with a willingness to do something. More recently, officials have indicated a willingness to approach the problem,

but the point is that primary legislation is required and the Scotland Bill might not necessarily be the right vehicle. The UK Government has expressed a willingness but, as yet, there has been no sign of the work being undertaken.

The Convener: I think that I speak for my colleagues when I say that we would be interested in seeing the lobbying that has gone on and the responses that came back from the UK Government if we could.

Walter Drummond-Murray: I think that the correspondence has been published, but we can certainly provide it.

The Convener: If you could send that to the committee, that would be useful.

John Wilson: I have a question about the Scottish Government's perspective on fixed-odds betting terminals. Are they a problem in themselves or is it the users of the machines who are the problem?

Walter Drummond-Murray: We share the concern that many stakeholders have expressed that fixed-odds betting terminals may be particularly problematic. That may be because of the speed of play, the stakes and the nature of the casino-type games that are played on them, such as roulette. Nevertheless, as regulators, we acknowledge that the empirical evidence is currently inconclusive or, at least, there are different views on how it should be interpreted. Against that, the anecdotal evidence of harm is substantial and we note the Gambling Commission's position that there is a case for taking action on fixed-odds betting terminals on a purely precautionary basis.

Fundamentally, we do not have the policy responsibility or legislative powers for fixed-odds betting terminals or gambling more generally. Therefore, we have not developed and agreed a detailed policy approach on what specific steps could or should be taken to mitigate possible harm. It is worth considering measures such as reducing stakes, reducing prizes, slowing the speed of play and limiting the number of machines but, under the current constitutional arrangements and those that are set out under the Scotland Bill, it is for the UK Government to undertake that work.

John Wilson: Some of the evidence that we heard last week in the round-table discussion indicated that there is a flaw in the Gambling Act 2005 regarding the role of enforcement officers, which is different in Scotland from that in England and Wales. The evidence suggested that, if enforcement officers in Scotland had the same powers, they would be able to deal with some of the issues that are being raised on fixed-odds betting terminals. What is your position on that?

Walter Drummond-Murray: The issues on fixed-odds betting terminals are probably more fundamental than enforcement. The issues that are being raised with staking and the speed of play cannot be addressed by enforcement. However, better enforcement would be welcome and could only be a good thing. A particular betting shop might not be following the codes of practice in specific instances, for instance. However, there are more fundamental issues that enforcement would not address.

John Wilson: Have there been any discussions with the UK Government about amending the remits of licensing officers in Scotland under the 2005 act?

Walter Drummond-Murray: As I just discussed with the convener, we have raised the issue with the UK Government on a number of occasions and ministers have raised it in correspondence, but the ball is firmly in the UK Government's court to find the right legislative vehicle to do something about it.

The Convener: On the UK Government's and the Scottish Government's policy positions, I am sure that, if you have not already done so, you will convey what happened at last week's committee meeting to the cabinet secretary and the relevant ministers. Have there been any discussions with the UK Government in recent times about the lack of empirical evidence that you identified, to determine whether both Governments can put together something to find out exactly what harm the machines are doing?

Quentin Fisher: We have previously written to UK ministers about that. We will share the correspondence with you, if that would be helpful.

The Convener: From the survey that we carried out, the submissions that we have received and the evidence that we took last week, it seems that everyone apart from the bookmakers, including other folk from the gambling industry, feels that there are difficulties with the machines. There seems to have been inaction on the part of Government to address those concerns. Is that the case?

Quentin Fisher: Convener, do you mean the UK Government, the Scottish Government or both?

The Convener: I meant both Governments.

Quentin Fisher: The Scottish Government commissioned research some years ago not into fixed-odds betting terminals in particular but into gambling more broadly. We are constrained by the fact that gambling remains a reserved matter. Whatever we do has to be within those confines and, consequently, the main thrust of our efforts has been to engage with the UK Government and

the Gambling Commission to try to improve existing regulation.

Walter Drummond-Murray: There might be a view that not enough has been done, but it is not the case that nothing has been done. The Gambling Commission produced a new code of practice that came into effect in April 2014 and required people who stake more than £50 on the machines to go to the counter to seek authorisation or have some sort of interaction.

The commission conducts a triennial review on stakes and prizes for gaming machines. That is due in 2016, so work is continuing to improve the research picture. Within that, it is recognised that there is already a case for doing something on a precautionary basis. The commission will see what effects the measures that have already been taken have had before it considers next steps.

The Convener: Let us look at the evidence that we received last week on some of those measures. Many betting companies seem to use the registration for stakes of more than £50 as a marketing tool. We were told that folk got text messages to their mobile phones—with which they have to register—with adverts or slogans such as "Big men bet big". None of that seems to be particularly precautionary to me. It seems that, with what has happened thus far, we have simply created yet another marketing tool for the betting shops. What is the Scottish Government's view on that?

Walter Drummond-Murray: We would be deeply concerned if such practices were going on. The Gambling Commission should certainly be aware of and discuss that, because it seems to be counter to the spirit of what the companies sign up for and what that tool is intended for.

The Convener: What will the Scottish Government do to ensure that the Gambling Commission and the UK Government take cognisance of those concerns?

Walter Drummond-Murray: We have a continuing relationship with the Gambling Commission and we speak to it on numerous occasions over the year but, in direct answer to your question, we have no power to ensure that it does anything.

Quentin Fisher: It might be worth flagging the point—although I am sure that the committee is already aware of it—that the Scottish Government's position on the regulation of gambling more broadly and not just FOBTs is that the power should be devolved to Scotland, which would give us the ability to consider the issues, do the necessary research, do the necessary development work and make the regulation as effective as possible.

The Convener: In relation to the Law Society of Scotland's concern about the constitutional position whereby licensed premises in Scotland are currently regulated by the UK Government and the Scottish Government, the Scottish Government's position is that all the regulation and legislation should be devolved, so that the Scottish Government can deal with it in its entirety. Is that correct?

Quentin Fisher: That is correct.

John Wilson: We have talked about the Gambling Commission and the negotiations with the UK Government. What discussions have taken place with licensing boards in Scotland about the use of their powers to restrict the number of premises and, more particularly, to restrict the number of fixed-odds betting terminals that are located in betting shop premises?

My understanding is that there are powers to allow licensing boards to restrict the numbers. Has there been any discussion with the Scottish Government about using those powers to try to get licensing boards to cut the numbers? A witness told us last week that, in effect, their chain of betting shops was maxed out with fixed-odds betting terminals. There does not seem to be any restriction on the number of terminals in betting shops. Could the Scottish Government tell licensing boards that they have the powers to restrict the numbers and ask why they are not using those powers?

11:45

Walter Drummond-Murray: As a general point, there has been engagement with licensing boards under the auspices of the Gambling Commission. That has predominantly been focused on enforcement and the powers that they have and do not have. I am not aware that that has specifically gone into the powers that boards might have to limit numbers of fixed-odds betting terminals, but there is a general assumption under the legislation that there is a maximum of four per shop, which tends to be what the shops get.

I am not aware of any suggestion that licensing boards have significant powers to say no to an application for a betting shop in the first place or, once the licence has been granted, to significantly limit the number to fewer than four.

The Convener: Basically, you are saying that there is a free-for-all out there and that licensing boards have no powers whatsoever in this regard.

Walter Drummond-Murray: I am saying—

The Convener: I would say that that is what you just described to me. I do not think that I misheard that.

Walter Drummond-Murray: I would not characterise the position as strongly as that. There is regret that licensing boards do not have more powers. Before the Gambling Act 2005 was passed, there was a demand test that enabled applications to be dealt with on the basis that, if there was one betting shop on a high street already, another was not needed, and the onus was on the applicant to prove that there was unsatisfied demand. That test was removed in the 2005 act and we very much regret its passing. Licensing boards and local authorities tell us that they do not feel that they have enough powers in determining applications. I would not go as far as saying that it is a free-for-all, because the boards have powers.

The Convener: Describe to us the powers that a licensing board has to restrict the number of betting shops and FOBTs in its area.

Walter Drummond-Murray: Boards have very little power in that regard. I was referring to the powers that they have that relate to monitoring behaviour, ensuring that underagers are kept out and ensuring that the codes of practice are complied with in terms of—

The Convener: Basically, you are saying that licensing boards have no way of preventing the issuing of licences to as many bookies as can possibly come into an area. The boards have no ability to restrict the number of FOBTs, other than by ensuring that there is a maximum of four. Is that what you are saying?

Quentin Fisher: It is correct that the maximum number of FOBTs in each betting premises is set in UK legislation, and that is not—

The Convener: Yes, it is set at four.

Quentin Fisher: I understand that that is not at the discretion of the licensing board.

The Convener: Basically, Mr Drummond-Murray is saying that the board has to license whatever number of bookies applies.

Walter Drummond-Murray: There is no mechanism for dealing with overprovision in the Gambling Act 2005.

The Convener: So there is no ability whatsoever for licensing boards to use the sort of overprovision powers that they have in relation to alcohol in dealing with bookmakers shops.

Walter Drummond-Murray: Exactly.

The Convener: Therefore, the only way in which a local authority would be able to prevent an increase in the number of bookmakers shops would be through the planning system. Is that correct?

Walter Drummond-Murray: As I said earlier, planning is not the right mechanism for dealing with the issue. Planning is more naturally—

The Convener: Can I stop you there? You have already said that planning is not the right mechanism, but there seems to be no other mechanism through the licensing process. If I was a local authority member and I had concerns about the number of bookmakers in my area, I would be looking at planning.

Last week, Councillor Rooney indicated that, in a small parade of shops in his ward, there are three bookmakers with 12 FOBTs, and I have found out since then that there is also a pawn shop that folk use before going into the bookies. Councillor Rooney feels that that is overprovision, it seems that his community feels that it is overprovision and there is cross-party agreement in Glasgow City Council that there is overprovision. To him, the only way in which he can deal with that is through planning legislation, and you have basically said as much to me. What can be done in that regard?

Walter Drummond-Murray: The point that I was trying to make is that we are not sure how effective planning would be. Nonetheless, Mr Neil said that we would look at the use classes order following the conclusion of the Scotland Bill, and that may provide a route for something to be done through planning. However, as I said, there are questions about how effective that would be.

The Convener: Let us hit the specifics. Has the Scottish Government considered revising the planning rules to create a separate planning class for licensed betting premises, thereby ensuring that planning permission must be sought from a licensing board to open a licensed betting premises? Is there scope to include that issue in the current independent review that is taking place?

Walter Drummond-Murray: I am not a planning expert, but I am aware that a consultation was done in 2014 on the question of expanding the use classes order. The conclusion was not to proceed with the approach that you describe of putting betting shops in a separate use class. However, Mr Neil has subsequently said that we are happy to look at that again following the passage of the Scotland Bill. There is a strong preference for us to have the powers to deal with the issues through licensing but, if that does not happen, planning might provide a route for us to do something, and we are happy to look at it.

The Convener: I would like those powers to come here, too. However, as things stand, unless amendments to the Scotland Bill are lodged and agreed to in the House of Lords, it is unlikely that that will happen. Therefore, we have difficulties

that we need to deal with using the legislative competences that we currently have. I realise that you are not a planning expert, but I think that I speak for all members when I say that I hope that those issues will be considered during the review of planning.

John Wilson: I want to follow up on my earlier question. We are considering what we can do to restrict or control the number of FOBTs. In our papers for the meeting, we received a note to help us to consider the questions that we will ask. I will quote it, because I want to hear your views on this. It states:

“The Gambling Act 2005 gives licensing boards the powers to, amongst others, review premises’ licenses and attach conditions or revoke them. In doing so, it should be mindful of, amongst others, the licensing objectives (relating to preventing crime, fairness, protecting children and vulnerable people) and the licensing authority’s statement of licensing policy. This licensing policy can reflect local issues, priorities and risks and underpin its approach to local regulation.”

Do you know of any licensing boards that have been encouraged to set licensing policies that outline the concerns that have been raised by the committee and others in relation to the unfettered market for betting shops and FOBTs?

Walter Drummond-Murray: As I said, the Gambling Commission had a session with licensing boards on their policy statements and what could be in them. Boards are encouraged to take account of the licensing objectives in formulating their policies.

On the more fundamental question about how far those policies can be used to tackle the specific problem of fixed-odds betting terminals, I am aware of a case in England in which a council—I think that it was Newham London Borough Council—tried to prevent a betting shop from being opened on public health grounds, but my recollection is that the council lost that on appeal. I come back to the point that boards feel that the legislation circumscribes what action they can take.

John Wilson: My question was about the Scottish Government’s discussions with licensing boards, not the Gambling Commission’s.

I want to be clear about the guidance, information and advice that are being provided by the Scottish Government on the operation of licensing boards and policy decisions. You mentioned an authority south of the border that tried to invoke certain conditions and whose decisions were overturned. The court system in Scotland is different and the issue would be whether the Scottish Government would be seen to be actively supporting licensing boards, such as the Glasgow board; as we heard last week, that board has serious concerns about the number of

licensed betting shops and FOBTs that are operating in Glasgow.

Has the Scottish Government entered into discussion with licensing boards or encouraged them to use those powers to restrict the number of betting shops and FOBTs in their local authority areas?

Quentin Fisher: Justice officials have not engaged local authorities in that discussion, to my knowledge, primarily because we have no particular locus in the matter. I cannot say whether planning officials have had such discussions.

John Wilson: Are you saying that the Scottish Government has no particular locus regarding the number of betting shops and FOBTs that are currently in operation?

Quentin Fisher: I apologise—rather than the word “locus”, I should have said “power”. We have no particular powers to address that issue.

Walter Drummond-Murray: We considered that under the discussions that the Gambling Commission organised, so we see ourselves as being involved in the process. However, the constitutional position is that the Department for Culture, Media and Sport is responsible for the matter. DCMS charges the Gambling Commission to take forward such work and the commission has undertaken that process of engagement with the licensing boards to develop their policy statements to be as effective as possible.

Jayne Baxter: When did all the discussion between the Gambling Commission and the local authorities take place?

Walter Drummond-Murray: It was in spring this year—April, perhaps.

Jayne Baxter: My next question is for the convener and the rest of the committee. The planning review is an opportunity for us to put down some kind of marker and I agree that we should do what we can. Could the committee write to the independent review body to raise the issue and reflect the discussions that we have had?

The Convener: That is a likely scenario, which we should discuss in more depth. That seems to be the way that we are going, if I am reading the views of members properly, although I do not want to pre-empt anything.

Jayne Baxter: Thank you.

Willie Coffey: It sounds like a discussion about a transfer of power that does not actually transfer any powers—that is very strange. I will take a chance and ask another, related question. At last week’s meeting, I asked about the deployment of technology, particularly in order to protect individuals who might be tempted to gamble beyond their means. There was some discussion

about that and we were told that William Hill had put in place a system to try to identify people who are at risk. Can that be progressed further?

The deployment of the technology seemed to be about enriching the experience and hooking someone into gambling, rather than protecting them from it if they were vulnerable. Is there any scope for us to influence the direction of travel to protect individuals who might make those mistakes?

Walter Drummond-Murray: I noted the committee’s discussion last week on the value of the algorithms and so on. As the machines are run from servers in the companies, it is very easy to make changes. That has already been done, so that, for example, after someone has spent £20—or £50 or whatever it might be—a message pops up asking whether the player should take a break.

Our more fundamental concern is that all those things are aimed at the gambler, rather than the product. We do not think that technology can provide the whole answer—the solution needs to be wider than just providing discrete measures that might assist an individual gambler. That brings us back to the discussion about the stakes and the speed of play and so on more generally, rather than just trying to tailor something for an individual.

12:00

Willie Coffey: But we must have an interest in whether harm is being caused. I think that you mentioned that in your remarks. An extensive amount of data gathering will take place on a person’s gambling experience and the industry will have all that data. Do we have any opportunity or right to access that data to see whether we can help the industry to protect people? I very much doubt it, but surely there has to be an opportunity there to ask the industry whether it would share that data.

Walter Drummond-Murray: I think that there is a willingness to share data. The industry does that with research bodies such as the Responsible Gambling Strategy Board and the Responsible Gambling Trust, which have undertaken substantial research studies into the issue, albeit that the conclusions are subject to different interpretations.

We have not specifically asked for that data—I am not quite sure what we would do with it—but the experts in the field who are conducting those studies could certainly make use of it.

The Convener: How much contact has the Scottish Government had with betting organisations and anti-gambling organisations

since we indicated that we were going to have this inquiry?

Walter Drummond-Murray: If we go back a little further, over the past two or three years, since the whole question arose of the constitutional arrangements changing, we have moved from a position of virtually zero engagement from different companies to quite substantial engagement.

The Association of British Bookmakers has been in touch with us. William Hill has been in touch with us on a couple of occasions. From memory, we have also met Money Advice Scotland and the RCA Trust, which provide support for problem gamblers.

The Convener: Have you met the Senet Group?

Walter Drummond-Murray: Only via William Hill, which is a member of Senet. We have not met Senet itself.

The Convener: Was William Hill speaking on behalf of Senet?

Walter Drummond-Murray: No. It did not portray itself as speaking on behalf of Senet; it portrayed itself as being a member of Senet and told us about it.

The Convener: So there has not been any lobbying from Senet itself or meetings and discussions with Senet?

Walter Drummond-Murray: No, although I understand that it is quite a new organisation.

The Convener: Okay. How regularly have you met Government planning officials regarding these matters?

Walter Drummond-Murray: We have regular contact by email and I spoke to planning officials yesterday.

The Convener: What was that discussion about?

Walter Drummond-Murray: It was about the use classes order and what exactly the commitment may be to look at that following the Scotland Bill.

The Convener: What was their response?

Walter Drummond-Murray: It was around the remarks that I made earlier regarding Mr Neil's commitment to look at amending the use classes order following the Scotland Bill.

The Convener: Does your team or the responsible minister or cabinet secretary intend to submit anything to the independent review of planning on that issue?

Walter Drummond-Murray: I am afraid that I could not say.

The Convener: Has there been any discussion about that?

Walter Drummond-Murray: I assume that there has been some discussion, but I have not been involved in it.

The Convener: Okay. Thank you for appearing as part of our consideration. As agreed, we now move into private session.

12:04

Meeting continued in private until 12:25.

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