



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Culture, Tourism, Europe and External Relations Committee

**Thursday 23 November 2017**

**Session 5**



The Scottish Parliament  
Pàrlamaid na h-Alba



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**Thursday 23 November 2017**

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**CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE**  
**28<sup>th</sup> Meeting 2017, Session 5**

**CONVENER**

\*Joan McAlpine (South Scotland) (SNP)

**DEPUTY CONVENER**

Lewis Macdonald (North East Scotland) (Lab)

**COMMITTEE MEMBERS**

Jackson Carlaw (Eastwood) (Con)

\*Mairi Gougeon (Angus North and Mearns) (SNP)

\*Ross Greer (West Scotland) (Green)

\*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)

\*Richard Lochhead (Moray) (SNP)

\*Stuart McMillan (Greenock and Inverclyde) (SNP)

\*Tavish Scott (Shetland Islands) (LD)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Daniel Johnson (Edinburgh Southern) (Lab) (Committee Substitute)

John Mooney (Scottish Government)

Ian Nicol (Scottish Government)

Kirsty Norris (Corra Foundation)

Alex Paterson (Historic Environment Scotland)

Donella Steel (Historic Environment Scotland)

Claire Tynte-Irvine (Scottish Government)

**CLERK TO THE COMMITTEE**

Katy Orr

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



## Scottish Parliament

### Culture, Tourism, Europe and External Relations Committee

*Thursday 23 November 2017*

*[The Convener opened the meeting at 09:03]*

### Decision on Taking Business in Private

**The Convener (Joan McAlpine):** Good morning, and welcome to the 28th meeting in 2017 of the Culture, Tourism, Europe and External Relations Committee. I remind members and members of the public to turn off mobile phones; members who are using electronic devices to access committee papers should please ensure that they are turned to silent.

Apologies have been received from Jackson Carlow and Lewis Macdonald, and I welcome to the committee Daniel Johnson, who is substituting for Lewis Macdonald. As it is Daniel's first time at the committee, I invite him to declare any relevant interests.

**Daniel Johnson (Edinburgh Southern) (Lab):** Thank you, convener. The only relevant interest I have is that I am a member of the Labour movement for Europe.

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

Our first item of business is a decision on taking agenda item 3 in private. Are members agreed?

**Members** *indicated agreement.*

## Draft Budget Scrutiny 2018-19

09:04

**The Convener:** Our main item of business is to take evidence from two panels in our scrutiny of the draft budget. We will hear first from the Corra Foundation and the Scottish Government's international development division and later from Historic Environment Scotland.

Our first panel of witnesses are Kirsty Norris, project manager international with the Corra Foundation; and from the Scottish Government Claire Tynte-Irvine, head of the international division, Ian Nicol, Malawi development programme manager, and John Mooney, Rwanda development programme manager. Welcome and thank you for coming to give evidence to us today.

I invite the Corra Foundation and the Scottish Government to make opening statements.

**Kirsty Norris (Corra Foundation):** Good morning. Thank you very much for inviting us along to talk to you about the work that we are doing with the Scottish Government. My role is to manage the international team at the Corra Foundation. We work closely with the international team at the Scottish Government to support the management and delivery of various funds across the programme.

We have over 30 years of expert grant-making experience. For the past four years, we have been working with the Scottish Government to support the management of the small grants fund. More recently, we have been working to support the assessment of the main funding rounds, as well as the climate justice innovation fund.

I want to talk a little bit about our impressions of the small grants fund and some of the work that we have seen through the fund. The way that the fund has really built the capacity of the international sector in Scotland, particularly smaller organisations, is amazing. The fund enables these organisations to access institutional funding; often that is a real barrier for organisations of that size. The process of applying, managing the grants and reporting back to the Scottish Government is, in itself, significant capacity building for the organisations and supports them to develop.

We see the fund as building the sector for the future in Scotland. That has been evident in the most recent main funding round, in which we have seen a number of small organisations, which have come up through the fund, go on to secure main grant funding. It is great to show the impact and the scalability of some of the work that is going on at this level.

The most important part of the fund is the work that is going on in-country. The organisations that are supported through the fund are much smaller and, therefore, the partnerships that they are developing in-country are often grassroots and very community focused. As a result, the projects are very impactful and cost effective. They can often reach really vulnerable groups in hard-to-reach communities, which can be difficult to access for larger organisations.

That is what I wanted to say. I look forward to talking to the committee about some of the processes that we have at the Corra Foundation to support the Government, and to answering any questions that you might have.

**The Convener:** Thank you.

**Claire Tynte-Irvine (Scottish Government):**

Thank you, Kirsty, and thank you, convener, for giving us this chance to give our evidence to you.

As you mentioned, I am here with my colleagues Ian Nicol and John Mooney. Ian covers the Malawi fund, but he has also been very involved in the set-up of the small grants programme. John, who is our Rwanda programme manager, has been very involved in the set-up of the humanitarian emergencies fund. If the committee has questions on those aspects of our operations, we would be happy to take those as well.

I know that the committee has already taken evidence on our new international development strategy, but I would like briefly to put today's session in that context, too. We see that as important to the work of the Scottish Government, and we think that Scotland has a distinctive contribution to make. We feel that that is true around the expertise that we can share, so we try to align our grants and our programme management behind supporting that and being innovative in what we do. We know that, in comparison with many international funders, our budget lines and our capacity are limited, but we try to be innovative and different and to achieve impact through that.

Our emphasis is on partnership, both with the organisations that we work with and with Governments and others in our beneficiary countries, and all our subject matter priorities for our funding are determined by the appetite and interests of those partner Governments. We look for impact, obviously, in those beneficiary countries but we also hope for some impact here in Scotland. The international development fund is part of the Scottish Government's attempt to develop Scotland as a good, global citizen, so—as Kirsty Norris outlined with the small grants fund—we see part of our purpose there as building capacity within Scotland to engage in international

development and to have that impact on the broader stage. We are proud that some of the small grants beneficiaries have gone on to secure more funding not only from us but from other donors, such as the Department for International Development or even the big international donors, which shows that Scottish organisations are able to play that role on a global stage.

We see the programme as an important part of Scotland's contribution to the sustainable development goals. The First Minister has committed to that and, again, partnership plays a very important role.

The budget is small. It has increased consistently over the years, but it remains small by many other comparators, so it is very important that we manage it appropriately to maximise its impact. We hope that our impact is not necessarily determined entirely by the size of the budget. When international comparators are looked at, some of the countries that come out on top in those rankings, including the Nordic countries, are often not those with the largest amount of money to spend.

We think that it is important that our grant management processes are rigorous, as they should be. This is public money and we have to meet high standards of public accountability, proportional to the size of the organisations that we are working with and to the size of the fund we are operating; effective and appropriate controls have to be in place. To do that, we comply with the Scottish Government's internal audit proceedings. We have been reviewed and we have met the recommendations of those reports. We are open to lesson learning, and I hope that during today's evidence session we will demonstrate that we are interested in continuously improving the way in which we manage the money.

As I said at the beginning, this is a big year for us—it is the first year of the new strategy, which means that we have been quite busy on the grant management front. Our Rwanda and Zambia projects started just in October. The grant process was run over the summer; I think that it was running when the committee last looked at this area. Our small grants bidding process has just finished—Kirsty Norris can tell you more about that—and our Malawi round is currently open. This has also been the first year of the humanitarian emergencies fund, which has been activated three times—once for the East African famine, once for the south Asia flooding crisis and once for the Rohingya crisis in Burma.

We have learned lessons from the process for the Rwanda and Zambia fund, but we are interested in any more feedback that the committee might have. I can reassure you that all of our administration costs—apart from the

humanitarian emergencies fund, of which a small percentage is for administration—including the costs for the Corra Foundation contract, are met from a separate budget line. They do not come from our headline development funding.

I will leave it there. We are happy to take questions.

**The Convener:** Thank you very much. You said that there is not a huge amount of money but that you have managed it innovatively in order to reach vulnerable groups and do things differently. Can you give us some examples of how the funding has been spent in an innovative way?

**Claire Tynte-Irvine:** The small grants programme is a great example of that. First Aid Africa, which I think is one of the examples that Kirsty Norris alluded to, is a very different type of organisation. It was created by students at Heriot-Watt University and initially it was funded entirely—the students would say so themselves—by bake sales and fund raising at that level. We have been able to work with an organisation like that and help it with its own financial compliance processes. It then has an impact on the ground, using those student networks to reach out on an individual level to individual places in Malawi. It has also used first aid, which is an area that is often overlooked. For us, that was a good example of an organisation doing quite unusual things, from a very small starting point. A case could then be made that their activity was giving value and that we could build this organisation into one that could secure funding from others and could have real impact on the ground in Malawi.

In their latest projects, the people in that organisation are looking at building institutions around first aid and how that then builds into hospital accident and emergency departments. They are looking at transport and at what they call an ethical Uber app, which will engage motorcycle riders and motorcycle taxis to draw them to the scene of an accident. Those people will then have basic training. They will have a line into the nearest accident and emergency department. The result is that a group in society that is often seen as being responsible for accidents—a large number of accidents involve motorcycles—are being recruited and trained to be part of the solution, which enables those who are injured to get help faster.

That is a good example of a very small-scale innovation that has much wider applications.

**The Convener:** When we took evidence earlier this year from aid organisations, there was a lot of positive feedback about the small grants programme and the way in which it is administered. There was some criticism about the larger funding programme and how it was

operating, particularly from Scottish Catholic International Aid. Can you address those criticisms?

**Claire Tynte-Irvine:** This is the first time that we have run the Rwanda and Zambia round, and we ran it to tight timescales. We needed to do that to ensure that there was not a gap in our funding. To take account of that feedback and ensure that we learned from that process, we ran a feedback day on 7 September to assess the overall feedback on the round once it had closed. We did that with Scotland's International Development Alliance; I think that Jane Salmonson from the alliance has also given you evidence about the process.

We were pleased that the process was largely positive, but we have learned from various aspects of it. First, we are now having a longer timescale for the Malawi round, to give organisations more time to prepare. The second aspect concerned turnover limits, given that we did not want to accidentally exclude certain categories of organisation from our funding. We have sought to learn from that, and I think that is part of our continuous improvement. When we are trying to do things differently there is always feedback.

Would you like to say a bit more about that process over the summer and since, John?

09:15

**John Mooney (Scottish Government):** Yes. Following the consultation on our new strategy, which was published last December, one of the key points was about the length of projects. Traditionally we have funded projects for one to three years, but the feedback that we got through the consultation was in favour of longer projects, to allow partnerships to be built and developed and, therefore, to effect the longer-term sustainability of projects beyond the funding period.

We took that feedback into account and, for the Rwanda and Zambia funding round, we have increased the projects to four and a half years to allow that sustainability to develop. Based on the feedback from the consultation, we also introduced a two-stage application process. Previously we just had full applications, and organisations had to put a lot of effort and resource into developing them. We introduced our concept note stage, which requires the completion of a much shorter application and is less resource intensive for organisations. Organisations that are successful at that stage go through to the full application stage where, of course, their chances of being ultimately successful are much greater.

**Ross Greer (West Scotland) (Green):** John Mooney has just touched on this in relation to the Rwanda and Zambia project, but could you outline

in a bit more detail how you invite and encourage organisations to apply for funding? Do you approach specific organisations? Do you cast a very broad net?

**Claire Tynte-Irvine:** I will respond briefly and then ask Ian Nicol to talk about Malawi and small grants, and John Mooney to talk about Rwanda and Zambia.

We cast the net widely and make an absolutely open call for applications. We publish on our website the criteria within which organisations will fit, but it is in our interests and in those of the beneficiaries to get the widest range of applications possible, which is what we seek.

I also highlight the role of the networking organisations in Scotland, such as the alliance and particularly the Scotland Malawi Partnership, which publicise grants to their members. We seek to use those networks, too.

**Ian Nicol (Scottish Government):** As Claire Tynte-Irvine said, we make a full, open call for funding applications. We also hold information days—we are having an information day for the Malawi funding round on 29 November—and we ask all interested parties to come and find out more about our funding rounds.

We also use co-operation agreements, particularly for Malawi. We commit ourselves to fund according to the Government of Malawi's priorities, which are health, education, civic governance, economic development and renewables. We look to organisations who work in those five areas to put in applications and we certainly encourage them to do that.

**John Mooney:** As Ian Nicol and Claire Tynte-Irvine said, the net is very wide. We welcome and have funded private sector organisations, universities, health boards and local authorities, as well as the more traditional international development non-government organisations. We have a few criteria about an organisation being a legal person and having a presence in Scotland but, other than those essential eligibility criteria, we have a very wide net and we welcome and encourage applications from across sectors in Scotland.

**Ross Greer:** Could you outline the process for deciding whether funds are granted, particularly for the main funds? Other members will ask about the small grants fund. I understand that it is a relatively transparent process, but it would be helpful if you could outline it.

**Claire Tynte-Irvine:** It is certainly intended to be transparent. I will ask Kirsty Norris, who is sitting patiently beside me and is involved in the assessment process, to outline it for us.

**Kirsty Norris:** We have a rigorous process that goes through a number of stages. Applicants are invited to email an application inbox and, once the fund deadline closes, they are sent an automatic response so that they know that their application has been received.

The first part of the process is a very basic criteria check. As John Mooney said, there are a number of essential criteria that applicants must meet in order to be eligible to make a full application. We quickly check the criteria and that allows us to inform applicants very quickly if they are outwith the criteria. Rather than asking them to wait two, three or four weeks for a response, if they are not within the criteria they will be told within five working days.

For the applications that come through that check, the first stage is the concept note process, which is a much shorter application. The point of it is to allow organisations to give an overview of their project and to tell us about the partnerships that they are proposing, how they intend to work, the essentials of the needs assessment that they have carried out, and an indication of their budget. We do an assessment based on the information that they have given us, rather than asking all applicants to go through what is a fairly lengthy full application process. That allows us to do what is almost a first sift, and it supports a better success rate in the fund rather than asking people to go through it all.

Once we have done the criteria check, we do due diligence checks. We look at the applicants' accounts and at their governance. For example, we look at the makeup of their board and at whether they have any engagement with diaspora groups in Scotland, for example, which is really important for a fund of this nature. We also look at previous years' expenditure and income, and at what types of funds they have and how they are managing them, because that gives us an indication of whether they are able to manage a funding amount of this size, particularly for the larger funds.

Once we have that part of the process out of the way, we go on to do an assessment of the concept note. We look at the key areas that have been outlined in the concept note and we have a scoring pro-forma—it is shorter for the concept note—that allows us to look at key areas of their application and attribute a score to those areas. We have grant assessors who work on that process.

Once that is done, we move on to our challenge process. We meet as a team—there are a minimum of four of us—and we look through all the assessments that we have carried out and we ask the assessors to justify their scores. From there, we come up with final scores and each



application is given a red, amber or green rating. Red means that we do not recommend that the application is continued to the next stage of the process. An amber rating is given to an application that we feel has real potential, but also areas of concern that we would want to go back and clarify. A green application is one that we would feel comfortable in recommending for funding. We take those recommendations to the team at the Scottish Government and they are able to then select the applications that they would like to progress.

That is the concept note stage. For the main grants, we then have exactly the same process, but for a full application. Any organisation that has been successful in the concept note stage is invited to send us a full application, which has additional documents that must be completed. Applicants must fill in a full application form and complete a logical framework, which is a monitoring and evaluation tool that enables them to demonstrate how they will measure progress against their set outcomes. We also ask them to complete a comprehensive budget document, which allows us to look at all the lines of expenditure and how they plan to spend over the five-year period.

The full application goes through exactly the same process that I have just described. The due diligence checks were done as part of the first stage, but we go through a detailed pro-forma that scores against the various areas that we are looking at and is particularly focused on partnerships, project management, project design, the reasonableness of the budget, whether all the documents make sense and whether what they are proposing seems achievable and realistic.

Then we have another challenge meeting. For the full-stage applications, the meeting includes senior members, so our head of grants and our deputy chief executive come to those challenge meetings. Then we write a recommendation report for the Scottish Government, again using the same RAG rating system.

It is a fairly lengthy process, but we are confident that all the steps that we go through are rigorous and stand up to both internal and external scrutiny.

**Ross Greer:** That is useful; thanks very much. The budget is obviously relatively small, so it is important to ensure that projects that are funded are genuinely developmental compared to, say, historical western aid projects that have often been more about managing a situation than developing it. Once a project has been through the process and has been funded, what are your monitoring criteria for ensuring that it has genuinely developed a community or a nation?

**Kirsty Norris:** The approach that you are talking about is key and it starts as part of the assessment process. A key part of the assessment is to look at the organisation and the partnerships that it has developed. There must always be an in-country partner and, as part of that, we ask applicants to give robust evidence on what types of needs assessments they have carried out in-country.

Taking that a step further, we ask them to evidence how they have consulted with the communities in which they will be working and, in particular, to demonstrate how the project aligns with the national Government's strategies and that what they are proposing is something that has been outlined. For example, if the Government of Malawi has particular priorities around health, we would look to see how a project fits with that. It is more than a tick-box exercise—the application must evidence that.

Another key thing in our assessment is looking at the sustainability of and exit around the projects. They are five-year projects, which sounds like a long time but, in development terms, it takes a long time to achieve things. You have to get to know the community and set a project up well to ensure it will be effective. We look for evidence in the application that the organisation has thought about the longer-term impact of the project: things like capacity building, particularly of national staff, and how that project will be continued in future, beyond the lifecycle of the funding. That forms a key part of the monitoring process. Holders of small and large grants must include in their reports evidence of how they are working towards that exit strategy or that vision of sustainability for the project. Using the logical framework that we talked about, they also have to give numerical and qualitative evidence around how they are working towards the objectives that they set, which tie into the longer-term sustainability of the projects.

**Ian Nicol:** The monitoring and evaluation of the projects is carried out by Scottish Government staff. We have three teams, Malawi, Rwanda and Zambia, and we carry out six-monthly monitoring of the projects. We look at the five areas on which the original assessments are made. Every six months we get a report in from the grant holders and we look to see whether it is still relevant. We look at whether the beneficiaries are still receiving the promises that they were given. Is the grant holder still covering the issues that were originally covered in the application? If they were going to deal with HIV or education, is it still the case that the project is doing that? We look at the effectiveness and the progress to date.

Every six months a report tells us about progress and we check that that progress is in line

with what is expected. We look for whether the project has changed direction—we have obviously agreed to do X, Y and Z and if they are doing A, B and C then we want to know why that is. There might be a valid reason for that, but we would like to know that. We look at the efficiencies, so we look at the spend. Is the spend in line with what they envisaged or have there been changes in spend? Has money been spent on one area rather than another, and why is that?

We particularly look at sustainability, which is the issue. In the past, people have just gone in and thrown money at a problem and then walked away from it. We do not want that to happen. We are looking from the very beginning to see whether that project is sustainable. In Malawi we used to look at three years, but we will now look at four and a half years. At the end of four and a half years, is something going on with the project? Will the community take it on? Will it have a lasting impact? We do not want to waste taxpayers' money and we do not want to raise expectations in, for example, Malawi, which is my area, that cannot be fulfilled.

Finally, we look at the overall impact, not only in the area concerned but at whether there is a bigger impact and perhaps some institutional learning, or whether there has been a change of policy through one of our projects. We monitor that on a six-monthly basis.

**Ross Greer:** Are there situations in which an organisation might receive funding without having gone through the grant application process?

09:30

**Ian Nicol:** Yes. In the past, we have match funded—that was part of the old policy, purely for Malawi. In the new strategy, we have a match funding policy. That was used to quite good effect. Recently, we have match funded the Blantyre project with the University of Malawi's college of medicine. We can provide further information if you wish. We have committed to providing £1 million over the next five years, and that has been matched by funding from the World Bank and the Wellcome Trust Liverpool.

We are working with the college of medicine, the University of Glasgow and the Wellcome Trust Liverpool. The primary object of the project is to look at non-communicable diseases, which are prevalent in the west of Scotland. It turns out that they are becoming prevalent in the middle classes in Malawi. It is an interesting project that is looking at two different communities that are suffering from the same range of illnesses. It is trying to establish whether there is a connection. As a by-product of that, we will help to refurbish some research labs in the college, which will have a

twofold benefit. As well as giving the college better laboratory facilities, it will enable the college to use those facilities to carry out research such as drug research, which will allow it to bring in money from pharmaceutical companies. Those world-class facilities will in turn help to build the capacity of the college's project. That is a good example of how we have gone outwith the application process and attracted money in.

**Ross Greer:** Are there any transparency measures around that? It seems pretty clear what transparency measures there are around the grant application process, but if there are projects outwith that—it sounds as though they are well-justified projects—what are the transparency arrangements for them?

**Claire Tynte-Irvine:** The competitive challenge model is for the development assistance element. All the development assistance—that 75 per cent—is done through the competitive challenge process, which is what Kirsty Norris described.

We also have the capacity-building strand, which is where the project that Ian Nicol mentioned comes through. That involves looking at organisations in Scotland that have particular expertise or capacity to work very transparently with partners in beneficiary countries on the priorities that have been set out to us by the Governments in those beneficiary countries. Another example of such a project is the work that Police Scotland has done in Malawi around gender-based violence. Police Scotland did not go through a challenge process to do that. It was the organisation with the expertise in that area in Scotland. That is how that element of the fund is done.

The other element is humanitarian assistance. When we had the hunger crisis in Malawi, we were able to put some money through international NGOs that were active on the ground. We have also provided match funding for Comic Relief.

The competitive challenge model that we described is what we use for development assistance, which makes up the vast bulk of our funding, but the other streams—capacity building and humanitarian assistance—operate differently. There is transparency—all the documentation is available for scrutiny—but the competitive challenge access process is not part of that.

**Ian Nicol:** They all report on the same six-monthly cycle.

**Daniel Johnson:** I would like to follow up on the competitive challenge mechanism, which Ross Greer asked about. You have outlined the various stages. At the assessment stage, according to your submission, you have six different criteria that you score against, after which you give an overall RAG rating. Could you explain how those scores

are attributed in each of those areas? Are there criteria that you set in advance? How do you measure against those? I would be interested to hear a bit more about how those scores are set.

**Kirsty Norris:** As I mentioned earlier, we have a scoring pro-forma that outlines the key areas that are identified in the submission. Within each area, we have the different elements of the application form and the different key areas that we want to see. As part of that, we have a scoring table. We have a process of grading, whereby we look at the level of evidence that is given for each of those sections. We talk about very good evidence, by which we mean evidence that gives us no doubt that the applicant has considered the needs of the community, for example. We look for evidence that the applicant has collaborated as part of the needs assessment process and evidence that they have considered the wider context in-country and looked at national strategy. That would give them a top score of 10. There is excellent evidence, good evidence, clear evidence, unsatisfactory evidence and no evidence at all. We get applications in which people do not answer the question or it is very clear that they have not given it full consideration.

We take those scores and use that as a benchmark. For every application, we look at the answers and the information that the applicant has given. We mark it against the same benchmarks for each area. We also apply weightings to different areas. In discussion with the Scottish Government, we look for areas that are particularly important as part of that assessment. Monitoring and evaluation is incredibly important. We need to make sure that the project is going to be monitored effectively so that we can see that the outcomes that were set will be achieved and adhered to throughout the project.

I have already spoken quite a bit about needs analysis, but it is a very important part of the process. It is necessary to make sure that you are getting value for money and that the budget is realistic and has been well thought through. Weightings are applied to those areas, so a higher score would be given in that area for excellent evidence—for example, it might receive a score of 10, whereas in another area excellent evidence might receive a score of 8.

The challenge process then provides an opportunity to make sure that there can be no bias in the process. Everyone who is involved in the challenge process will have read the assessments and the applications. The grant assessors, who have attributed the scores, will have the opportunity to justify why they felt a particular score was appropriate. If it is felt that a score—a low score or a particularly high score—has been given unfairly, there will be some discussion about

that and agreement will be reached on what the most appropriate score should be. At the end of that, we look at the scores that we have. That is when we come up with the RAG ratings. We can see from the scores where the splits are. That is when we decide what would be considered green, amber or red.

**Daniel Johnson:** Relative weightings are applied in each of the six categories.

**Kirsty Norris:** Yes.

**Daniel Johnson:** You have set out how the process is based on evidence. That evidence is provided by the applicants. You are obviously very dependent on what the applicants give you and what they say, which is not necessarily the same thing as their actual capability and capacity to deliver. What do you do to look at what is delivered compared with what was put in the original application? Further to that, what is your process for assessing your incoming criteria and altering them on the basis of what you find?

**Claire Tynte-Irvine:** There is no point in giving a grant to an organisation that is not capable of delivering and finding that out only at the end of the process when they did not deliver. That is an outcome that we seek to avoid.

Through the assessment application process, there are parts of the form that are designed to assess the capacity of the organisation, which look at what financial compliance they have in place, what audit they have in place and what their track record is. We seek to get that information from the charity or organisation that is applying for the grant funding.

As I said at the beginning, we are seeking to build that capacity, so we will support people as well. That is part of what the on-going monitoring process is. If something is not on track, the idea of the regular reporting is that it enables us to intervene and say, “What is going wrong here?” I am sure that Ian Nicol and John Mooney can talk in more detail about that process. Does that address what you were asking about?

**Daniel Johnson:** My question was about how you assess the effectiveness of your assessment criteria rather than how projects are delivered while they are in flight. It is the ability to reflect on and scrutinise your own processes that I am interested in.

**Claire Tynte-Irvine:** You want to know how confident we are, when we look at the overall outcome of an assessment process, that the right projects and the right organisations have been—

**Daniel Johnson:** How reflective are your criteria?

**Claire Tynte-Irvine:** I think that that is built into the process. It is built into the challenge structure.

**Kirsty Norris:** The challenge structure is a good way of making sure that the process is very transparent and of enabling different people to go through and look at the scores that have been attributed.

We review the scoring pro-formas at the beginning of every round. We make sure that the pro-formas reflect the different priorities that have been outlined as part of the background criteria for the fund. We pass them to the team and review them together. We can also tell through our own assessment. If we were assessing areas in which we were consistently not getting enough information through the application, that might indicate that the application form and the assessment were not talking to each another. We would review that.

We do a lessons-learned report at the end of the process. We look back at the funding process, and part of that involves reviewing the assessment process itself. In that report, we look at the relevance of the criteria and how relevant what came through was to the criteria that had been outlined, and we look at some of the challenges in the assessment process—in particular, we look at areas in which we struggled to get enough information. We look back ahead of the next funding round, as we have done for Malawi, and we look to revise the pro-formas, as well as the application forms for the applicants, to make sure that they are as conducive as possible to ensuring that the assessment process is fair.

Another point that it is important to add is that, in the assessment process, we do not simply assess on the basis of what we have been given. We build telephone assessments into that process. In the context of building capacity, we are very aware that, if an organisation has never previously applied for institutional funding, it might find the process of putting together an application and a budget challenging. Once we have done our first review of the application form, we set up a telephone appointment with the applicant. We will have a phone call, which usually lasts an hour to an hour and a half, in which we will go through the application with the applicant. In any areas in which we were not clear or we would like more information, we give the applicant the opportunity to talk to us about their project, because that is often a good way for us to get a full sense of their capacity and their knowledge of the project.

You mentioned that although somebody could write something in an application, that might not give a good indication of how well they will be able to deliver it. Through a telephone assessment, it is often possible to get a much better sense of the extent to which someone has an in-depth

knowledge and understanding of what they are going to deliver and the community that they are going to deliver it in.

**Daniel Johnson:** The only contact you have with applicants is by telephone. You would not meet them face to face.

**Kirsty Norris:** We do not have face-to-face conversations largely because of capacity and time constraints, but we are building such conversations into the process for the Malawi funding round that is coming up, given the size of the funding that we are talking about. We use telephone assessments across all the different funding streams at the Corra Foundation and we find them to be very effective. We also have the option of Skype as well, which we are using more and more. We are hopeful that we can do face-to-face assessments for the Malawi round, because it is possible to get a lot more information through that level of communication with applicants.

**Claire Tynte-Irvine:** As Ian Nicol mentioned, there will be the information days, but we are looking to repeat those through the assessment process. For example, we offer those organisations that are successful in getting through from the concept note stage to the full application stage the chance to come in and meet us and have a whole day of discussion. That is a chance to do a face-to-face assessment; it also enables them to surface any issues that they are concerned about, as well as allowing us to talk to them in more depth about any points that have come up in the assessment process. I hope that that gets closer to what you were asking about.

**Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** We have talked a lot about the application process and the criteria for funding. What kind of consultation does the Corra Foundation have with the Scottish Government and what sort of pitch do you take to the Government? It must be difficult to turn down projects or have projects in the wings, in the amber group. What interaction and discussion do you have with the Scottish Government prior to the allocation of funding?

09:45

**Kirsty Norris:** We have regular communication with the Scottish Government at key points in the funding process. We get together and talk about the criteria ahead of each funding round. To ensure that we can do the best assessments possible, it is important for us to know the criteria inside out and understand exactly what the priorities are for the funding round and how we can best assess the applications. You are right that it can be difficult, particularly when there are amber projects that we know have a lot of

potential but we are unable to take forward. The reality is that, when a large number of applications come in, only a small number will proceed.

We consciously almost disappear to do the assessment process, because it has to be an independent process. Once the fund has closed to applications, we carry out our full process, which I described, and the communication that we have with the Scottish Government during that time is mainly when something comes up in an application and we are not 100 per cent sure how it fits with the criteria. For example, we would get in touch with the Government if somebody asks in a budget for a cost and we are not exactly sure that it is acceptable.

At the end of that process, we write our recommendation report, in which we give full justification for the scoring and the RAG rating. For example, if a project gets an amber rating, we outline our concerns about it and say why it has not quite made it into the green category, or the top of the pile. For any projects that have a red rating, we make sure that that is fully justified through the discussions and our process.

Following that, we have a meeting with the Scottish Government's international team to go through every single project. We do not just talk about the greens or the ambers or the reds; we start from the beginning and talk through the process. We talk through our findings in the assessment and our concerns and what we found was really positive about the projects, giving the reasons why we have recommended that projects should be funded or not.

I will pass over to Ian Nicol to talk about how our recommendations are taken forward.

**Ian Nicol:** The conversation also depends on the situation. I do not think that this was an issue with Rwanda and Zambia, because there were enough projects to meet the budget, but there was a difficulty in the last Malawi round, which was done with a previous assessor. We received 52 applications, but originally only seven applicants were given a green rating, which took up a small amount of our available budget. We had to decide whether we just stopped there or looked for a process whereby we could use our budget effectively.

We had a conversation with our assessor about what it thought was wrong with the amber projects and how particular projects could be brought up to speed. If I remember correctly, we selected about 20 projects that we thought were just missing the benchmark and could be brought up to meet it, and then we worked with the organisations over a two or three-month period to bring the projects up to fundable standards. One or two of those projects still had little issues, but we built it into the

grant conditions that X or Y had to be done within the first six months.

The conversation is different depending on the funding situation and the applications.

**Rachael Hamilton:** Mr Nicol, you mentioned your engagement with DFID and private sector funding. Does the private sector come to you or do you go to it? What kind of relationship do you have with the private sector and how much engagement do you have with DFID?

**Ian Nicol:** Private sector bodies apply to our funding rounds as any other applicant would. They are part of the challenge process.

We keep in touch with DFID. Perhaps Claire Tynte-Irvine wants to comment on that.

**Claire Tynte-Irvine:** DFID's work is on a different scale from ours, so the natural intersection is limited. However, we work closely and have a good relationship with DFID through its country offices in our beneficiary countries. DFID has a presence on the ground and local knowledge. When we visit countries, we always speak to DFID about their assessment of the local conditions, the context, any particular information that we ought to be aware of, areas where our partners are operating and anything that is of concern. We have a close natural relationship with DFID in-country.

On the UK-based side, we have an on-going dialogue but DFID's level of intervention tends to be quite different from ours. One exception is that DFID has fairly recently introduced a small grants programme. We do not have absolute evidence that it is modelled on ours, but it is similar to ours, which we take as a vote of confidence. You would have to ask DFID more about the background to that, but it shows that DFID thinks that some of the stuff that we are doing is, as I said, innovative and worth modelling its activity on. We keep in touch on that basis.

**Mairi Gougeon (Angus North and Mearns) (SNP):** I want to go back to some of the points that Ian Nicol made in response to Ross Greer's questions about the monitoring of projects and the importance of longer-term sustainability. Is the monitoring process for larger projects similar to the monitoring process for the smaller ones?

**Kirsty Norris:** The monitoring process for the small grants is similar. With the successful projects, organisations are asked to provide six-monthly reports on key areas, to check that things are on track. We ask for updates on activities, any delays and any issues that have arisen during the reporting period. As part of the original application in the small grants programme, we ask the organisations to outline a monitoring and evaluation plan. Although they do not have to

complete a logical framework, which would probably not be proportionate for the size of the funds that they are receiving, they have to outline the areas that they will measure to help track progress against the outcomes. The organisations are asked for an update and then, importantly, they are asked to do an expenditure report. They give us a detailed description of how they have spent their budget next to what they planned and what they are planning to spend in the next period.

It is important to note that we encourage the development of professional relationships with the organisations over the three-year period, which allows us to have a transparent approach with them. Over the time that we have been managing the funds, organisations have felt able to tell us when things are not on track, and that allows early intervention if something is not going as planned. With any project, there might be a great plan at the beginning, but then something might go wrong. There could be an election or something else could change in-country that can have an impact on the project. It is encouraging for us to see real honesty coming through in the reports. That is important, because it allows us to work with the organisations and the team at the Scottish Government to support them.

One great thing about the fund is that we want the projects to succeed. It is a competitive process, but it is about building capacity and seeing success for the organisations on the project. There is a real feeling that, if they tell us what is happening, we can support them in every way possible to make the project a success.

The 12-month report is a bit more reflective. It looks back at the year and describes lessons learned and how the organisations are disseminating any learning that they have gathered through their work. The small grants are made through annual payments and on the basis that both of those reports have been completed and there are no areas of concern that would lead us to talk to the Government about delaying the payment or changing it in any way.

**Mairi Gougeon:** In your opening statement, you talked about how some of the smaller organisations have stronger links to the community and can have more of an impact than bigger organisations. Do you have any examples of projects that have been funded through the smaller grants programme?

**Kirsty Norris:** We have a number of such projects. One that I mentioned in our written evidence is the Leprosy at Utale village plus, or LUV+ project, which is a really good example. The project involves working with communities that are affected by leprosy, which is an area that we do not necessarily hear much about these days. The project is run by a small organisation in Scotland

that initially managed to make connections because it was a church-based organisation. Often in developing countries, the churches have incredible reach into communities. The project involves communities that are highly stigmatised, as people do not want anything to do with the disease, so those who have it can become very isolated. Part of the impact that the project is having is through working with those communities to support them economically. In villages where there are a number of people affected by leprosy, the project develops work to allow them to generate their own income.

The reports from LUV+ show that the project is having a number of impacts, which is great. Not only are people able to start making an income, which is important, but they find a place in the community. For example, people have started selling crops at market and a lot of them rear chickens, which are things that can benefit the wider community. One of the great things in the most recent report was about people having increased confidence and feeling part of something and belonging, because a disease such as leprosy can be very isolating.

I included that in the written submission, because it is a powerful example of how, not necessarily on a huge scale but on a smaller scale, a project can have a great impact for different communities.

**Ian Nicol:** I will add a point about the reporting. We have the formal six-monthly reporting, but we also encourage our projects to contact us. We have regular face-to-face meetings with them. That allows us to build up a better rapport, which means that they are more willing to come to us early on when there is a problem. We try to visit some of the projects, to see what the impact is and speak to the beneficiaries. Sometimes, the beneficiaries have a different view on a project from the project manager in-country or the project manager here. If we can link up those three views, that gives us a rounder picture of the project and, when it comes to our assessment at the six-month stage, we have a better picture of what is happening on the ground.

**Mairi Gougeon:** On longer-term sustainability, have either the vast majority or all of the programmes that have been funded through small grants continued to have a longer-term impact?

**Kirsty Norris:** A lot of the work that goes on through the small grants is about building capacity at community level. The fund also builds the capacity of the delivery partners. There are a number of ways to look at sustainability. With something like the LUV+ project, we are enabling people to generate income in a way that they possibly did not have access to before. For a few years, we put in that energy and support for them,

and they can go on and grow businesses. For example, with the chicken rearing or any sort of animal or agricultural project, people can often then sell animals to other people. It is a way to support people with growing a business.

The capacity building of the local partners is important, too. By its very nature, institutional funding raises the standard of project delivery, because more scrutiny takes place than perhaps happens with other types of funders. Projects have to learn lessons about monitoring and evaluation and assessing the impact that they are having. A big part of that is about learning lessons and adapting the way that they work.

With the small grants, the way that the projects are starting to build sustainability supports the smaller organisations to raise up the work they are doing in countries and look at more effective ways of working in development. Often, part of that is about building the sustainability of the communities that they are working in.

**Claire Tynte-Irvine:** We can never guarantee what will happen in future for every single project but, to go back to the importance of the assessment process and the application process, requiring people to think about a project and have a plan for it from the start and the ability, through the reporting process, to check whether those plans are in place, gives them the best possible chance of doing that. That is what we are looking for our projects to achieve.

**Stuart McMillan (Greenock and Inverclyde) (SNP):** Do you see a trend of organisations applying with different projects round after round?

**Claire Tynte-Irvine:** To a certain extent. Ian Nicol or John Mooney would have the best view of whether organisations are applying for repeat funding.

**John Mooney:** Overall, you would be looking at the larger international NGOs that are based in Scotland, such as Oxfam, Christian Aid and Tearfund. Traditionally, those types of organisations apply, but we have seen an increasing trend of universities, local authorities and health boards applying. We have a mix, but traditionally the applicants will be the larger international NGOs.

The benefit of the small grants programme is that a number of organisations have graduated from small grants to applying for the main funding programmes. For the Rwanda and Zambia funding round that ran this year, two organisations—First Aid Africa, which I think has been spoken about already, and Gaia Education—received a small grant and then graduated on to be successful in receiving a larger grant. One of the real benefits of the small grants programme is that we have seen an increase in the smaller NGOs engaging with us

and accessing larger amounts of funding. It is no longer just the larger, better-known NGOs.

10:00

**Ian Nicol:** It has been a bit different for Malawi. We have always had the big six, so to speak, but, because there are more civic links in Scotland, we have had a full range of organisations apply to the Malawi round.

**Stuart McMillan:** You stated that you check the financials of the organisations. However, if larger NGOs, health boards and so on are applying, you would not necessarily check their financials every time that they put in an application, would you?

**Ian Nicol:** Yes, we definitely would.

**Kirsty Norris:** Every application is treated the same in every new funding round. When we know that organisations have been funded before, we look for evidence on how their projects have been managed. That is essential information to make sure that we are not going to be refunding an organisation that has mismanaged funds in the past. However, every organisation is taken through exactly the same process. No matter how big or small their governance, organisations can change and their financial situation can change year on year, so it is important that we review that every time. There is no hiding, I am afraid, for anyone.

**Stuart McMillan:** On average, how many applications do you allocate money to and how many are unsuccessful?

**John Mooney:** In the last funding round, which was Zambia and Rwanda, we had approximately 40 applications. I cannot remember the exact number, but Kirsty Norris might.

**Kirsty Norris:** I think that it was 49.

**John Mooney:** There were 49, and eventually 13 were successful. We had an attrition rate of about 50 per cent from the concept note stage through to the full application—it might have been less than that—and 13 were ultimately successful.

**Ian Nicol:** On the last funding round for Malawi we had 52 applications, 51 of which were within criteria. In the end, we funded 20 projects.

**Stuart McMillan:** For the money that you allocate, are there targets for the percentage that goes to administration and the percentage that goes to delivering a particular project?

**John Mooney:** If you mean the administration of the actual project by the successful organisation, we have a 10 per cent limit for Scotland-based administration costs, which are staff costs. We do not fund overheads in Scotland, only running costs. There is not a similar limit for

in-country administration costs. There are obviously benefits through creating employment in our partner countries, so we do not have limits on those costs. If the in-country administration costs were particularly high, we would certainly question them and look for full justification as to why they were high.

**Ian Nicol:** We would ask organisations not to aim for the 10 per cent limit but to look at their administration. To be honest, I find that small organisations are far better at that. They are used to working on a shoestring and in my experience they can manage really well.

**The Convener:** We are out of time. Just before we finish up, I want to go back to something that Ian Nicol had said. Correct me if I have picked you up wrong. When you were talking about the RAG system, you said that in Malawi very few projects got the green light and you had to go back to look at the others. I was quite surprised at that, given the length of engagement that we have had with Malawi. I would have thought that more projects would have got a green light.

**Ian Nicol:** That was down to the quality of the applications, which were all assessed in the same manner. Seven passed the benchmark and the 45 that did not were of questionable quality. We fed that back. Other organisations have been doing work on applications, and we will offer more support on them. I am afraid that they just did not reach the benchmark.

**The Convener:** Is that because our relationship with Malawi is so well known that you are getting applications from less experienced applicants?

**Ian Nicol:** No, I do not think that it is because of that. It is a while since I have looked at the applications, but there were some surprising organisations in the amber and red sections: organisations that we did not expect to be there. It was just down to the standard of the applications.

**The Convener:** Was that a fluke or a one-off?

**Ian Nicol:** That was my first funding round. We are looking forward to seeing, in the next funding round, whether that was a fluke.

**The Convener:** Is it different in Rwanda and Zambia?

**John Mooney:** Yes. We had a lot of good-quality applications. We had a very small number that were red, and a few that were amber, some of which we went back to to see whether we could help them develop and push them into green. We do not have the same depth of partnership and relationship with Rwanda and Zambia as we do with Malawi, so it is possible that predominantly the larger organisations are applying. Those organisations have more experience and more resource to put into putting together an

application. We probably benefited from that by getting more higher-quality applications.

**Ian Nicol:** The size of the organisation, in my experience, is of very little relevance to the quality of the application. We get some fabulous applications from individuals.

**The Convener:** I thank all our witnesses for coming to give evidence to us today. We will have a brief suspension so that we can change over our witnesses.

10:06

*Meeting suspended.*

10:09

*On resuming—*

**The Convener:** Before we continue to take evidence on the budget, I welcome a group of journalism students from Edinburgh Napier University, who are in the public gallery. Last week, I participated in a journalism event in the Parliament that involved the Political Studies Association at which we commented that not enough journalists pay attention to the committee's work. It is therefore very good to see so many students who have come to hear about our committee's work.

Our next evidence session is with Historic Environment Scotland. I welcome Alex Paterson, who is the chief executive of Historic Environment Scotland, and Donella Steel, who is its director of finance.

Would Mr Paterson like to make an opening statement?

**Alex Paterson (Historic Environment Scotland):** Thank you for the invitation to meet the committee. This is my first time at the committee, and it is probably the first time that Historic Environment Scotland in its new guise, following the merger of Historic Scotland and the Royal Commission on the Ancient and Historical Monuments of Scotland a couple of years ago, has been here.

I will make just a few comments by way of introduction.

We are, as members will know, the lead public body for Scotland's historic environment, and a lot of what we do is set within the context of "Our Place in Time—The Historic Environment Strategy for Scotland". We are a diverse organisation, and we look after 336 properties across Scotland that are in the care of the Scottish ministers. A major role that we have is conserving those properties and making sure that they are enjoyed by us and that they will be enjoyed by generations to come.



Seventy-seven of those sites are staffed, and they include some of Scotland's leading visitor attractions. As members will know, visitor numbers are increasing.

We are a regulator and part of the planning system in that we look after listings and designations, and we look after a lot of Scotland's national historic records in our archives and collections. We invest a lot in traditional skills, and we do some very interesting work, which many people perhaps do not appreciate, in areas such as climate change and digital documentation and visualisation, and increasingly in augmented reality.

The new merged organisation has a single operating plan, and we have five themes, which the whole organisation is aligned behind. In 2016-17, we had a very successful first year as a new organisation and delivered 96 per cent of our key performance indicators. I am pleased to say that we are making good progress in delivering our current year's performance indicators.

Our budget is a combination of grant-in-aid and commercial income that is raised through a range of vehicles, such as admission prices at our sites, membership and other commercial operations. This year, our budget has had a capital increase to help us to take on some projects, and we have benefited from an increase in commercial income as a result of increased visitor numbers.

The word "historic" is in our name, but we do not deal only with the past. The historic environment and the organisation are relevant to the world of today, and the past will help to shape Scotland's future. We are a significant contributor to most of the Scottish Government's national performance indicators. The 4.3 million paying visitors who visited our sites last year contributed over £400 million to the tourism economy. We spend £32 million on local contractors and suppliers, and that, in turn, supports local economic growth and local jobs. Through our work, we support more than 15,000 full-time equivalent posts across Scotland, and we provided more than 100,000 learning opportunities to youngsters in schools and colleges across Scotland last year. The reach of our funding extends into many local projects across Scotland through our grants programme.

We are a young and ambitious organisation and there is a lot that we want to do, but we have made good progress since the formation of the organisation in 2015.

**The Convener:** Thank you very much, Mr Paterson. As you said, Historic Environment Scotland is a young organisation, which was born out of the merger of two organisations. Has that merger saved money, or are you still carrying over its costs?

10:15

**Alex Paterson:** Seven objectives were set out when the merger was agreed, and we believe that all seven of those objectives have been delivered. An independent gateway review that was undertaken confirmed that the transition to the new organisation had been successfully delivered.

Our focus is on making sure that, as one organisation, we are delivering to a consistent agenda. That is why members will not find any references to "merger" in the organisation any more. There is one organisation with one corporate plan and five themes that the whole organisation gets behind.

In the past couple of years, we have benefited from an increased budget. That increase was to address some of the historic environment's long-standing financial challenges and to invest in new experiences at many of our sites. Staff security of employment, which was one of the objectives of the merger, has been maintained. The benefits of the merger are starting to emerge, and the objectives that were set out at the outset have been realised.

**The Convener:** That is great. I am sure that you are delighted that your budget has increased, but are you still carrying costs associated with the merger, or are you already making savings because of the back-office staff changes, for example? That is what I asked about.

**Alex Paterson:** I am sorry. A budget was attached to the merger, and the merger was delivered within the budget that was allocated to it. There is no doubt that there will be savings as we move forward, because we do not have to replicate activities that were replicated in the two organisations. We are moving into things such as shared information technology services and shared human resources functions. It is clear that there will be efficiencies where those things are not duplicated and we can provide those services consistently across the organisation.

**The Convener:** You mentioned an impressive increase in visitor numbers. Obviously, that generates an income for the organisation. Do you expect a similar footfall in 2018? How do you plan to optimise that income and use it in the best interests of the organisation?

**Alex Paterson:** Last year, there were 4.3 million visitors. That was a record, and we thought that it might be a challenge to match that. This year, visitor numbers are 19 per cent up across the whole of the estate to date. Things vary from site to site, but if we aggregate the numbers across our estate, visitor numbers are up again, and that provides additional income.

At the start of this year, we developed a prioritisation process for how we might use income most effectively. We are doing a number of things with the income. Historic sites do not stand still; just by standing there, they deteriorate with climate change, for example. We have been able to allocate additional funds to progress the conservation work that we have been charged with delivering.

We have also been able to bring forward a number of improved visitor experiences at many of our sites as part of what we do year in, year out. However, we want to do something quite significant to improve the visitor experience at a number of sites. The benefit of additional visitors has a direct impact on our core business, which is looking after historic sites and improving the visitor experience, and enables us to put money into areas that we have not been able to put money into for many years, such as digitising our archives so that they are more available to anybody through online access.

We have deployed the resources in a range of ways, but we have been driven by four criteria: conservation of our sites, improving the visitor experience, preserving the cultural significance of our sites and collections, and how our investment leverages wider benefits, whether they are economic, social or community benefits. Those are the four lenses through which we look at our investment priorities. As I have said, the increase has been manifest in the funds in our core business.

**The Convener:** Which particular sites have benefited from the extra money? Where have you put the money?

**Alex Paterson:** Many sites across Scotland have benefited. Probably 60 or 70 different sites are benefiting in different ways. On some sites, we have been able to do conservation work that, because of budget restrictions, we have not been able to do in the past. On other sites, it has been about improving the visitor experience.

Let me give just a couple of examples. Doune castle is a good example. Visitor numbers there have increased quite considerably. We have done a number of things at that site. We have managed to do masonry repairs that had to be done and improved the toilets, the shop and the visitor experience there, and we are looking at the car parking facilities around such sites. I will come back to car parks and toilets, which are among our biggest challenges. That is a good example of our having looked at a site in the round and asked what more we can and need to do.

We are looking at the Caerlaverock site, which is fantastic. We think that it has more potential, so we are currently doing work around the paths and

improving the visitor experience. We are looking at augmented reality and car park options there, and, of course, during the summer we brought jousting back to Caerlaverock.

There are dozens of small projects across Scotland in which we are addressing visitor issues or conservation challenges, but there are a number of projects, including in Doune, Edinburgh, Caerlaverock and Orkney, in which we are looking at the sites in the round and asking what we can do collectively to improve the offer.

**The Convener:** As a South Scotland MSP, I am delighted to hear about your plans for Caerlaverock.

**Richard Lochhead (Moray) (SNP):** You must have a figure somewhere for the backlog of properties that you have to repair, upgrade or protect. I wonder what that figure is.

**Alex Paterson:** Back in January, we published a report on the conditions of the properties in care, which outlines the various factors that impact on the properties and how we measure the backlog. The report concluded that the backlog is probably in the region of £65 million. That sum would be required over a period of 10 years or so to take the physical condition of the properties from where they are today to the condition in which we would like to have them.

Over the course of this year, we have been saying that we should take strides towards addressing some of that backlog. Additional capital funding from the Scottish Government, allied with additional investment that we have been able to make because of visitor numbers, has allowed us to make progress towards addressing some of the backlog and to progress new developmental work.

**Richard Lochhead:** Clearly, £65 million is a significant figure. The increase in visitor numbers is great news. What has it generated in extra income?

**Alex Paterson:** Our commercial income last year was about £49 million gross—the year before that we had estimated that it would be £40 million to £42 million, I think. Anyway, the outcome last year was that our commercial income was £49 million gross. The costs incurred in delivery come off that. We expect our commercial income for the current financial year to be in the mid to high 50 millions of pounds. We are only part of the way through the year, but that is the order of the increase that the visitor numbers increase has delivered.

It is not within our gift to use all that money. There is clearly a discussion to be had with the Scottish Government about how income in excess of what we predicted is used. As I said, we have

been able to deploy a lot of it on core deficit and on development opportunities. For many years, we have not been able to do that.

**Richard Lochhead:** That sounds very encouraging. That significant increase is thanks to the number of people visiting Scotland as well as to local people.

On commercial income and working with the private sector, I have been working with you in my constituency on the Dallas Dhu distillery. Some exciting and prestigious companies want to get involved, but the situation is slightly frustrating. It is taking several years of raising the matter time and again for us to get anywhere. We can perhaps put that to one side. Are there obstacles that you feel the Government could help to knock down that prevent you having better relationships with the private sector or getting commercial income?

**Alex Paterson:** We operate within a governance framework—we have framework agreements and so on with Government—but to be honest, I could not identify major obstacles. We have a trading company through which we can bring in non-core activity and we have a good settlement through grant-in-aid. We have an arrangement that I guess is always negotiable on how we can use additional income that we bring in. We realise that we are in a very fortuitous position in having a commercial-income option. We have a very good working relationship with the Government; the dialogue is open. Opportunities to develop commercial income is just one of the angles that we will look at, going forward. I cannot identify any major issues.

**Richard Lochhead:** My final question is about HES's wider role in supporting the Scottish economy, in particular our town and city high streets. In Elgin in Moray, HES recently knocked back a development proposal for some empty derelict buildings on the High Street, which are clearly a blight. I am trying to get my head around how you see your role. I understand that you have to look out for the conservation criteria, but the result in that case—I am not being too parochial, as I am sure the situation is replicated elsewhere—is that we are left with a blight on the High Street, which is very unfortunate from the local economy's point of view. Is your attitude to just look at the application and knock it back, or is it that you will get stuck in and find a way to improve high streets in Elgin and other towns or cities in Scotland and maybe offer financial support and be proactive?

**Alex Paterson:** There were a number of points in that. To support high streets generally we have a grant scheme. The scheme provides support for refurbishment of properties and so on in many towns. We have also just announced a new round of conservation area regeneration scheme

funding. We support town centre regeneration and so on.

I cannot remember exactly off the top of my head, but in more than 90 per cent of cases that we are asked to look at we approve listing, designation or whatever. The number of applications that we push back on is actually very small. Without going into the specifics of the case in Elgin, our approach would normally be to engage with the developer early and to provide input and advice at that stage. If we object to a development, there is a very clear and transparent process and rationale to show why. There is always an opportunity to engage with a developer after a decision to consider how best to make progress. There are other cases around Scotland. They are not cases of saying no for its own sake; there are good reasons for why we have said no. It should be borne in mind that we say no very rarely. We want to engage with projects to see how we can make things happen, either early, when understanding the issues is important, or, in a case such as Richard Lochhead mentioned, in which our decision was to object, to work with the developer to see whether a more acceptable project could come forward.

**Richard Lochhead:** Okay. Maybe there is a way in which you could take a more proactive role in finding blights that developers are not attracted to because they feel that the building's being listed will make development very expensive or there will be too many obstacles to overcome. I am interested only in the outcome—we are left with a blight on a high street in one of our major communities. The buildings are listed, so is there a way in which HES could proactively intervene? I will leave that with you to think about.

**Alex Paterson:** My final comment is that it should not be the case that just because a building is listed nothing can happen. Our encouragement to any developer of a project is to come and speak to our team quickly and early to understand the possible outcomes. We can pick up the specifics separately.

**Stuart McMillan:** The committee understands that Historic Environment Scotland helps to develop skills and build capacity in the sector by working in partnership with the construction, repairs and maintenance sectors to deliver the traditional skills strategy, one aspect of which is stained glass. You mentioned quite a number of properties that you look after. Is stained glass a feature that you have to consider in terms of particular training that will be required?

**Alex Paterson:** I was at Glasgow Cathedral a couple of weeks ago, and stained glass is an issue in conservation there. Where stained glass is part of the fabric of a property and its conservation, we have to be able to address that challenge.

10:30

I may come back on the specifics of stained glass, but the general point about traditional skills is important. We have just opened the Engine Shed in Sterling. It focuses on traditional skills, materials, knowledge and so on, from blacksmithing through to everything else. I will need to check whether stained glass is an integral part of that. We have, in terms of modern apprenticeships, been discussing with Skills Development Scotland how to develop a broader framework around traditional skills. It is hugely important for HES and the sector that we invest in and seek opportunities to develop. The Engine Shed is a manifestation of our commitment to that.

**Stuart McMillan:** The convener and I have heard a couple of times discussion regarding stained glass; not too many people at the moment can deliver that service, and there will be even fewer in the future. That may be an opportunity for you to consider.

**Alex Paterson:** I am happy to take that on. The point that Stuart McMillan has made is valid. In some skills, the number of people who have them is very small and, in some cases, is diminishing. Part of our work with SDS is to refresh the traditional skills strategy, but it is also about considering how we can support skills that a small number of people have, but which are specialist and important.

**Stuart McMillan:** How much time does HES spend on planning and planning applications?

**Alex Paterson:** I could not quantify the time that we spend on that. I can say that we deal with between 200 and 300 cases a month.

**Stuart McMillan:** That is a major part of your work.

**Alex Paterson:** Yes. Our heritage directorate, where our listings and designations planning function sits, deals with all that. Off the top of my head, I think that we deal with more than 3,000 cases a year.

**Stuart McMillan:** I have raised in correspondence with you an issue about wider planning. It is not for discussion now, but I am keen to sit down and discuss it with you after the meeting, if that will be okay.

**Alex Paterson:** That is fine.

**The Convener:** I will follow up on that. I have an interest as convener of the cross-party group on culture. We once were world leaders in stained glass, in the Victorian period. We currently have nowhere where it is being taught at advanced level, since the University of Edinburgh shut down the department that teaches it. Perhaps both Mr McMillan and I could follow up on that. It obviously

has a big impact on your buildings, because we will have to import stained glass artists and conservators in the future, if we do not train any.

Mairi Gougeon has a supplementary on skills, I think.

**Mairi Gougeon:** My question is related to the traditional skills element. I represent Angus North and Mearns. Brechin, the town that I come from, had townscape heritage initiative funding and so could do a lot of work that would not have been done without that funding. A lot of Brechin High Street was category A listed properties for which people did not have the money for upkeep before the funding. It needed the likes of traditional stonemasonry and other industries. How big an issue is the skills shortage? You mentioned Skills Development Scotland. What is being done? As a result of the work that it is doing, are you starting to see more people coming into traditional skills?

**Alex Paterson:** We have just agreed with Skills Development Scotland to do what I think is a first—a skills investment plan for the heritage sector. In the “Our place in time” strategic environment forum that the cabinet secretary chairs, skills is probably one of the biggest issues. We have embarked on that project and we hope to have something come out of it by spring next year. That will quantify both the current and the future requirements, but anecdotally we know there is a skills gap.

There are a number of ways to address it. One is—we are working with the Construction Industry Training Board on it—to make heritage skills a more integral part of mainstream construction training. That would be useful. Secondly, we have expanded our apprenticeship programme. Can we bring more youngsters in through apprenticeship routes? We are also considering foundation apprenticeships to address gaps. We had 10 apprentices finish their training last year: we took them all on because we know how important they are to us. Even if we do not take them on, they find their way into the sector through contractors. However, there is a shortage.

We also have an intern programme, through which we place interns with small businesses. I was looking at a video last night of one of our interns—a blacksmith, who has been placed with a company. It is not about trying to train 100 blacksmiths; it is about small numbers developing such specialist skills. We are trying to address the shortage through a skills strategy and apprenticeship programmes. We are doing that through the Engine Shed, which is a facility for the sector and beyond—there is a lot of international interest in it—where people get high-quality training in the traditional skills. The shortage is a huge issue.

It is also important—this is what we are trying to do through our grant schemes—that when works are being specified, the need for traditional skills is built in by architects and others who influence the design of projects. We will be able to quantify the shortage. Intuitively, we all know that finding traditional skills is challenging, but we are taking a number of steps to increase the supply.

**Mairi Gurgeon:** I will ask another quick question on that back of that. You mentioned apprenticeships and internships, and new people coming into the sectors and industries, but are there opportunities for people who are already in a trade to reskill and pick up the more traditional skills?

**Alex Paterson:** Yes there are, where there are apprenticeship frameworks. One of the conversations that we have been having with Skills Development Scotland is about skills being sector specific, and required in small numbers, and about the need for tailored awards and qualifications in them. That is what we are trying to do.

We have also formed a partnership with Forth Valley College and the University of Stirling to make sure that we are joined up on skills. At one level we need traditional skills; at another level we need leading-edge digital, augmented reality and climate change science and research. Through that partnership we can and will very soon be able to offer full qualifications provision that goes through the entire Scottish credit and qualifications framework. We will work at all levels of the skills framework, but with a particular focus on the traditional skills and craft side.

**The Convener:** I take it, given that this is budget scrutiny, that you will put more of your budget into that in the coming years.

**Alex Paterson:** We will do that. The Engine Shed was a major multimillion pound project, as evidence of that. We have increased HES's own apprenticeship programme and are moving beyond traditional skills. We have a new people strategy—we are putting more money into developing our people.

**The Convener:** Excellent.

**Rachael Hamilton:** I want to ask you about cultural engagement for young people. Next year is the year of young people. Aside from your educational visit programme, what plans does Historic Environment Scotland have to use its budget to encourage young people to visit its sites?

**Alex Paterson:** Plans that we hope to be able to announce quite soon. We did a lot for 2017, which was the year of history, heritage and archaeology. That was an easy year; it was a year

that had our name on it. Next year is an opportunity.

We do a huge amount of work with young people already, and the themed year gives us an opportunity to do something a bit above and beyond that. We have a number of initiatives planned for next year. We are also working with Young Scot to help shape some of those initiatives because part of the requirement for the year of young people is to co-design the initiatives with young people. I cannot give you a list of the initiatives off the top of my head, but I can say that we have a fairly extensive programme for next year.

One of the things that we want to do is create a youth forum so that a legacy extends beyond 2018. Through that, we want to make sure that the voices of young people are heard and can feed into what our organisation does on an on-going basis thereafter. Donella Steel might have more detail on what we are doing on the year of young people, but I can say that we have a fairly extensive programme that is almost ready to go.

**Donella Steel (Historic Environment Scotland):** We have no further detail with us today, but we can make it available to the committee afterwards.

**Rachael Hamilton:** That would be great, because it is not long until the year of young people begins—it is only six weeks or so away.

**The Convener:** Could you write to the committee with those details?

**Alex Paterson:** Sure.

**Rachael Hamilton:** Are there any continuing issues arising from the integration of your predecessor bodies?

**Alex Paterson:** As I said earlier, the merger has been effected and the objectives that were set have been successfully delivered. However, that is only a start, and we now have an opportunity to realise the benefits of the merger. That is the stage that we are at now.

We are making good progress on the outstanding issues. We have probably come to the end of projects related to IT, with everyone now being on one IT system. We have integrated HR, so there is one HR function. At this point, we can focus on the opportunities that the merger brings, some of which are already before us. A major part of moving the organisation forward is simply having one clear operating plan for the organisation, so everyone is aligned behind the same five priorities, irrespective of where they are or where they came from.

The transition is complete and the benefits are being realised, but there is further to go.

**Rachael Hamilton:** Has the Scottish Government been supportive of the merger of the bodies? Has it given you support during that process?

**Alex Paterson:** It is a difficult question for me to answer, and probably an even more difficult one for Donella Steel to answer—Donella joined us in the summer and I have been in place for just over a year, so I guess that we came in at the end of the process. All that I would say is that the sense that I get is that the merger was not an easy couple of years for staff and it is good to be through it. There was a bit of a revolving door in relation to the position that I hold, which probably did not help. Having a bit of stability has been helpful this year.

I can speak only from my experience of the last year, but I can say that I have had nothing but support from the Scottish Government in terms of my thoughts on taking the organisation forward and the provision of additional capital funding to enable us to address some of the challenges that we alluded to earlier. If I compare that with the experiences that I have had elsewhere, I am comfortable with the support that we have had from the Scottish Government.

**Tavish Scott (Shetland Islands) (LD):** Apologies for being late—I was at another committee dealing with ferries.

I want to ask about development management, along the lines of Richard Lochhead's question. It is not just your budget that gets affected; it is another organisation's budget, and, ultimately, in the case that I am going to put to you, another Government department's budget.

You will be familiar with Scalloway and will know the scheduled monument that is Scalloway castle. From your previous job at Highlands and Islands Enterprise, you will know that there is a two-storey fish market there, as well as a Scottish Sea Farms facility and two ice plants. There is a heap of business all around that scheduled monument.

At the moment, a business wants to expand its business in Scalloway. The proposal has been given a grant by the Scottish Government—Mr Ewing's department has, rightly, supported it in that way. However, paperwork that I saw last night shows that Historic Environment Scotland is blocking the development on the ground of its visual impact on a scheduled monument, even though the neighbouring buildings are all higher than the proposed development—that is the bit I do not understand.

Your organisation could cost this business a huge amount of money by requiring it to go through an appeals process and so on. I do not understand why your development team did not go up and have a look and say, "Wait a minute, this

development is actually smaller than the neighbouring buildings. Therefore, while we may not like it, it is very difficult to argue on visual impact grounds that this proposed development is unsuitable—particularly as it has been given a grant by the Government and is supported by everyone, including Shetland Islands Council, which is the local planning authority."

Could you consider the issue again and come back to me so that we can find a way to allow this business to get on with what it is trying to do, which is to create jobs in a rural, island part of Scotland? It exports all over the world. This is a good business and I want it to succeed.

10:45

**Alex Paterson:** I know Scalloway well. I am glad you are not asking me to respond to the point just now. Let me have a look at it and get back to you.

**The Convener:** Is that all you wanted to ask, Mr Scott?

**Tavish Scott:** Absolutely. I am following your principle of addressing constituency issues, convener.

**The Convener:** Historic Environment Scotland was recently accredited as a living wage employer. Could you explain why that is important to your organisation and say whether there are any impacts on your budget?

**Alex Paterson:** We simply have to be a living wage employer; that is the bottom line. It has taken us a wee while to get to the point at which that is the case but, as you say, a few weeks ago, we were awarded the Scottish living wage employer accreditation. That living wage extends to all our apprentices as well, so everyone in the organisation is now covered by that. It will affect our budget marginally, but we build that in, as we do with the pay remit every year—it is just part of our on-going budgeting.

The most significant thing is for us to be able to say that we are a living wage employer. We are also a healthy working lives accredited employer. That is just what our kind of organisation has to be.

**The Convener:** A key element of your 2016 corporate plan is to ensure that

"Scotland's historic environment is cherished, understood, shared and enjoyed with pride with everyone."

We have talked about what you are doing in terms of young people and education but obviously reaching out to other hard-to-reach groups is an important aspect of that mission as well and is also important with regard to the Scottish Government's priorities in terms of

fairness, equality and inclusivity. What are you doing in that regard?

**Alex Paterson:** Quite a lot. On equality specifically, we have a new equalities report and four equalities outcomes that we are working towards.

We have an access policy, which contains a lot of the work that we are doing to try to reach out to a number of different groups. We are working with Euan's Guide in that regard, and we are also working with the sign language group—I cannot recall its name at the moment—to help us with issues around interpretation.

The issue is about broadening the appeal of Scotland's historic environment and enabling access to our sites whether physically or digitally—we are developing virtual reality initiatives for a number of our sites where either access is not easy or individuals cannot have the physical experience, and we are developing other ways in which the historic environment can be enjoyed. In a number of areas, through our equalities strategy and through our outreach to visitors and our efforts to make the historic environment accessible, we are engaged in a raft of things to make sure that we are appealing to all.

**The Convener:** Just now, and earlier, you talked about putting some of the additional revenue into digitisation. Can you give us a little bit more detail about the kind of material that you are spending money digitising and when that will be available for the public to look at?

**Alex Paterson:** One of the things we are developing just now is a digital strategy for the organisation. Again, like the living wage, that is simply one of these things that we need to have—the world is going digital, so we need to go there as well.

Some of the digitisation work that we do, particularly around digital documentation and visualisation, especially in terms of how we look at the condition of monuments, is probably world leading, and we are starting to use augmented reality and apps to provide access to some of our sites.

The digitisation that I referred to earlier concerned archives. We have a huge archive. There are 1.2 million items currently available through Canmore and Scran, the two websites. This year, we have allocated a bit of additional funding to accelerate the speed at which the archives are digitised. We are aiming to digitise at least another 50,000 items in the archive this current financial year, and that is the direction of travel that we want to take in the coming years.

**The Convener:** Will that be free to access?

**Alex Paterson:** Yes. You can go to Canmore and so on and access a lot of that material for free, although there is a slight charge if you want to download very high resolution images.

**The Convener:** Does that include things such as your aerial photography collection?

**Alex Paterson:** No, that is more of a commercial thing.

**The Convener:** How does that work?

**Alex Paterson:** There are different types of aerial photography. The national collection of aerial photography is part of our commercial activities—it is made available on a commercial basis. Free access applies to the other aerial photographs in Canmore, just as it would apply to other items in that database.

**The Convener:** As you plan to spend money on this area over the next few years, when you next come before the committee—this is your first visit, but it will not be your last; we are looking forward to hearing from you again—you will be able to give us more details on your digital strategy.

**Alex Paterson:** Correct. Part of our work will involve archives; part of it will involve the experience that you get when you go to our sites; part of it will involve Caerlaverock, where we are looking at the opportunities to use augmented reality to enhance the visitor experience; and part of it will involve how we use digital expertise to help us manage the conservation of our sites. There is a broad-ranging approach to the digital issue.

**The Convener:** If members have no other questions, I draw this session to a close. I thank our witnesses for giving evidence today.

We now move into private session.

10:51

*Meeting continued in private until 11:00.*





This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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