

# **AUDIT COMMITTEE**

Tuesday 7 November 2006

Session 2

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## AUDIT COMMITTEE

### 15<sup>th</sup> Meeting 2006, Session 2

#### CONVENER

\*Mr Brian Monteith (Mid Scotland and Fife) (Ind)

#### DEPUTY CONVENER

\*Mr Andrew Welsh (Angus) (SNP)

#### COMMITTEE MEMBERS

Susan Deacon (Edinburgh East and Musselburgh) (Lab)

\*Robin Harper (Lothians) (Green)

\*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)

\*Mrs Mary Mulligan (Linlithgow) (Lab)

\*Margaret Smith (Edinburgh West) (LD)

#### COMMITTEE SUBSTITUTES

Mr David Davidson (North East Scotland) (Con)

Marlyn Glen (North East Scotland) (Lab)

Eleanor Scott (Highlands and Islands) (Green)

Mr John Swinney (North Tayside) (SNP)

\*attended

#### THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)

Russell Frith (Audit Scotland)

Barbara Hurst (Audit Scotland)

#### THE FOLLOWING GAVE EVIDENCE:

Mary Benson (Ladywell Community Council)

Chief Inspector Adrian Berkeley (Grampian Police)

George Black (Glasgow City Council)

Ron Culley (Strathclyde Partnership for Transport)

Linda Cunningham (West Lothian Council)

Sue Laughlin (Greater Glasgow and Clyde NHS Board)

Elizabeth Morton (East Ayrshire Council)

Brian Murray (Highlands and Islands Fire and Rescue Service)

Stuart Ogg (Scottish Enterprise Forth Valley)

Bryan Poole (CVS Fife)

#### CLERK TO THE COMMITTEE

Shelagh McKinlay

#### SENIOR ASSISTANT CLERK

Joanna Hardy

#### ASSISTANT CLERK

Clare O'Neill

**LOCATION**

Committee Room 1



# Scottish Parliament

## Audit Committee

Tuesday 7 November 2006

[THE CONVENER opened the meeting at 09:32]

### Items in Private

**The Convener (Mr Brian Monteith):** I welcome the Auditor General for Scotland and his team from Audit Scotland, committee members, the press and the public to the Audit Committee's 15<sup>th</sup> meeting of 2006. I remind everyone to turn off their pagers and mobile phones so that they do not interfere with the public address system. We have apologies from Susan Deacon, who cannot make the meeting, unfortunately. Otherwise, no apologies have been received, although Margaret Smith is usually delayed, as she has a meeting to attend before this one.

Item 1 is to seek the committee's approval to take items 2, 3, 4 and 8 in private. Item 2 is consideration of a draft report on our inquiry into the Auditor General's report "Implementing the NHS consultant contract in Scotland". Item 3 is consideration of a draft report on the inquiry into the Auditor General's report on the implementation of the teachers agreement. Item 4 is consideration of arrangements for our inquiry into the Auditor General's report on relocation. Item 8 is consideration of our approach to the Auditor General's section 22 reports that we will hear about later—the 2005-06 audits of Argyll and Clyde NHS Board, Lanarkshire NHS Board, Western Isles NHS Board and Highland NHS Board. Do we agree to take those items in private?

**Members indicated agreement.**

09:34

*Meeting continued in private.*

10:18

*Meeting continued in public.*

### "Scottish Executive: supporting new initiatives" and "Leadership development"

**The Convener:** Item 5 is for members to consider the Scottish Executive's follow-up response to the committee's first report of 2006, "Supporting New Initiatives and Leadership Development". Members will have before them the letter from Sir John Elvidge, on which I invite comments. I suggest that we need only note the Executive's response. We have a comment from Susan Deacon saying that the department is going to hold a further forum meeting and that it would be good if the committee could be updated after that meeting. That makes sense to me because it would show the committee's continued interest.

**Mr Andrew Welsh (Angus) (SNP):** We should welcome the acknowledgement of the problems posed by discursive responses and of the requirement for civil service comments that leave

"no doubt as to the Executive's position".

Plain English and the clear expression of facts are essential for good government and that should be the common goal of all committees and the Government departments involved. I certainly welcome the clarification of the gobbledegook that we got before.

**The Convener:** That is to the point. As there are no other comments, does the committee agree to note the report?

**Members indicated agreement.**

**The Convener:** We will let the department know that we would like to have an update after the forum meeting. We will include the *Official Report* of today's meeting so that the department is aware of Andrew Welsh's comments about the absence of gobbledegook, with which we all concur.

## Section 22 Reports

10:20

**The Convener:** We are pleased to have a briefing from the Auditor General on the section 22 reports that he has made on the 2005-06 accounts of Argyll and Clyde NHS Board, Lanarkshire NHS Board, Western Isles NHS Board and Highland NHS Board.

**Mr Robert Black (Auditor General for Scotland):** There are section 22 reports on four national health service board accounts for 2005-06. The reasons for the reports vary.

As the committee is well aware, Argyll and Clyde NHS Board was dissolved on 31 March 2006 and responsibility for its services was transferred to Greater Glasgow and Clyde NHS Board and Highland NHS Board. The auditor's report highlights that Argyll and Clyde's cumulative deficit of £81.7 million was cleared by an enhanced provision within the board's final revenue resource limit from the Scottish Executive Health Department. The RRL is the amount of money allocated to a board to spend on its day-to-day operations in any one financial year. There were several legacy issues for the two successor boards, including the £28.4 million of underlying recurrent deficit that was inherited from Argyll and Clyde.

The Health Department has set three financial targets for NHS bodies, one of which is that they must not exceed their revenue resource limit. For 2005-06, auditors reported that two health boards failed to meet that target, one of which was Lanarkshire NHS Board. In the case of both NHS Lanarkshire and NHS Western Isles, the auditor's opinion highlights those failures, although the opinion is not qualified.

In 2005-06, NHS Lanarkshire recorded a net response outturn of £731.691 million against an RRL of £723.298 million. That is an overspend against the RRL of £8.393 million, which is 1.16 per cent of its total RRL. The board made an in-year surplus of £11.6 million in 2005-06, but the overspending against its RRL was due to a deficit of £20.042 million brought forward from previous years. The board has a financial recovery plan in place and it aims to eliminate its underlying recurrent deficit and achieve recurrent financial break-even by the end of 2007-08. I have reported on this issue in previous years and this is the third year in which there has been a section 22 report on NHS Lanarkshire's accounts.

As I mentioned, the second board that failed to meet its RRL target is Western Isles NHS Board, which had an in-year deficit of £1.746 million in 2005-06, and a brought-forward deficit of £0.738

million for 2004-05. That board therefore has a cumulative deficit of £2.484 million in 2005-06. In absolute terms, that sum of money might not be seen as significant by members of the committee, but it represents more than 4 per cent of its total RRL of £57.331 million. The board has a financial recovery plan in place and it aims to break even by 2008-09. However, the auditor has identified risks that could affect the successful delivery of this plan, such as the fact that the board needs to make significant reductions in its locum costs.

I prepared a section 22 report on the NHS Western Isles accounts last year. As well as highlighting the board's failure to meet its RRL target, last year's section 22 report drew attention to the auditor's concerns about the board's governance arrangements. In its final report on the 2005-06 accounts, the auditor reports that the board has taken action to address weaknesses in its internal control but that more work is needed to improve its risk management arrangements. This year's section 22 report on NHS Western Isles also draws attention to the interim management team that the Health Department has brought in to support the new interim chair.

Finally, I will deal with NHS Highland. The auditor has qualified its true and fair opinion over the accounting treatment of two private finance initiative contracts. The auditor and the board have a difference of opinion over the accounting treatment of the PFI contracts for the mental health facility at New Craigs and the primary care resource centre in Easter Ross. I will outline the issues, but I emphasise that they are essentially technical accounting matters. If the committee would like to ask questions about them, I am pleased that Russell Frith is here to assist me in providing any answers.

The first difference of view relates to a technical issue about the accounting treatment of the total finance charges that relate to the lease of the mental health facility PFI at New Craigs. The board has accounted for that contract as a finance lease since the facility opened in July 2000 but, in the auditor's view, the board has incorrectly apportioned the interest charges. Recent changes in auditing standards and the increasing cumulative effect of the error mean that in the past year the matter has become a material issue, which has led the auditor to qualify NHS Highland's accounts. That results in an undercharge to the operating cost statement of approximately £426,000 for the current year and an accumulated undercharge for the period up to 31 March 2006 of £2.6 million.

The second issue at NHS Highland relates to the accounting treatment of the primary care resource centre in Easter Ross—members will recall that I prepared a section 22 report on that

last year. The board's view is that the transaction should be accounted for as an operating lease on the basis that substantially all the risks and rewards of ownership reside with the PFI contractor, which takes it off the balance sheet. However, the auditor's view is that, given the lack of evidence from the board to support its view, and in the interest of transparency of public finances, the transaction should be accounted for as a finance lease and should be on the balance sheet.

NHS Highland has discussed the matter with the Health Department but has been unable to provide further evidence to the auditor to support its view, so the auditor's qualified opinion continues in 2005-06. The auditor reports that, had the board treated the centre in Easter Ross as a finance lease, it would have increased its fixed assets by £8.7 million and long-term liabilities by £1.067 million. Depreciation would have increased and finance charges would have increased by £944,000. That would have resulted in a net additional charge of £150,000 in NHS Highland's operating cost statement.

That is a brief outline of the four reports. As ever, I am happy to answer questions with my colleagues' assistance.

**Robin Harper (Lothians) (Green):** Other health boards have PFI contracts. Do they do what you suggest rather than what NHS Highland does?

**Mr Black:** The situation has occurred only in NHS Highland.

**Mrs Mary Mulligan (Linlithgow) (Lab):** I will follow that up, although I have a question about another health board. Will you explain what the changes to the figures mean? Could they cause problems with the organisation's ability to fund other developments?

**Mr Black:** The sums of money are comparatively small, but they are increasing, so we have reached the point at which it is appropriate for the auditor to comment. Russell Frith will help with a fuller explanation.

**Russell Frith (Audit Scotland):** The question in relation to the mental health facility at New Craigs was about accounting for interest differently. A possible parallel is with a domestic repayment mortgage. In the absence of interest rate changes, the borrower makes a fixed cash payment each month for the duration of the mortgage. However, the mortgage lender accounts for that differently at different stages of the mortgage. Whereas in the early months of the mortgage most of the payment is recognised as interest and very little of it as capital, in the latter stages most of it is recognised as capital and very little of it as interest.

Highland NHS Board has been taking the fixed monthly payment and dividing it between interest

and capital in the same proportion every month throughout the length of the lease. It should have recognised more interest and only a small capital element in the early part of the lease. If it had done that, interest payments later in the lease would have been much lower. The total amount of interest paid over the term of the lease remains the same. The issue is simply about the timing of recognition of that interest. Under the accounting standard, the board should have recognised more interest in the first five years of the lease—in fact, until about halfway through the lease. That way, it would have got lower interest charges in its accounts during the later part of the lease.

10:30

**Mr Black:** The consequence of that is that the undercharge to the operating cost statement amounts to about £426,000 this year and the accumulated undercharge up until the end of March 2006 is £2.6 million. The auditor felt obliged to comment because that is a significant sum.

**Mrs Mulligan:** That was helpful.

**Margaret Jamieson (Kilmarnock and Loudoun) (Lab):** I want to pick up on the response that the Auditor General gave to Robin Harper. He said that Highland NHS Board is the only board that uses the accounting practice in question. Did other boards account in that way until they changed their methods to take account of the updated view of how such payments should be recorded?

**Mr Black:** I am unaware of the detailed negotiations that may have taken place between individual health boards and the auditors about that, but I cannot recall any equivalent issues arising.

**Russell Frith:** There were some fairly robust discussions between auditors and health boards when projects first came through, but as far as I can remember none of them resulted in a final disagreement between the auditor and the health board.

**Margaret Jamieson:** If guidance was provided by the Health Department, is Highland NHS Board out of sync with that guidance?

**Mr Black:** All boards are obliged to apply current accounting standards. We have a situation in which the auditor is supported by the experts in Audit Scotland in the firm view that accounting standards are not being properly applied by NHS Highland. To that extent, guidance would not help a great deal. The position is clear.

**Russell Frith:** The extent to which PFI projects should be treated as being off balance sheet is a grey area. The Treasury provides the United Kingdom guidance on the issue and it is consulting



all the national audit agencies to reconsider that grey area, which in the past has tended to result in what appear to have been different treatments in different parts of the UK for broadly similar projects. A lot of work is being done on that at UK level.

**The Convener:** That aside, and taking into consideration the answers that you have given to members' questions, can we anticipate that the way in which Highland NHS Board treats PFI projects will change or should we anticipate a further section 22 report next year because its treatment of such projects has not changed?

**Mr Black:** As you know, I am always unwilling to speculate. Given the present situation, if there is no change in the Treasury guidance on accounting standards or in the board's view of the matter, there is a good prospect that a further section 22 report will be produced next year.

**Russell Frith:** On the first issue that the convener mentioned, our understanding is that Highland NHS Board now accepts that the timing of the recognition of interest on finance leases is an issue and it is considering whether to change its position. My estimate is that the position will change for the next set of accounts.

On the issue of PFI balance sheet treatment, as there will be a change of auditor this year, one of the incoming auditor's first priorities will be to review that project in some detail.

**The Convener:** Of course, members will discuss our reaction to the section 22 reports in private at the end of today's meeting. Therefore, we do not need to decide at this stage how to treat all this information.

If there are no more questions on the report on Highland NHS Board, we will move on to the other reports.

**Margaret Smith (Edinburgh West) (LD):** I am not sure whether the Auditor General will be able to provide any more information on this issue. The report on the former Argyll and Clyde NHS Board mentions that, given the board's considerable underlying deficit of £28.4 million, the successor boards will need to develop cost-saving programmes to address that. Is there any indication as to whether there have been positive moves forward on that issue?

**Mr Black:** Both Greater Glasgow and Clyde NHS Board and Highland NHS Board are doing a lot of work to manage the situation. As might be imagined, the auditors are keeping the matter under fairly close scrutiny and are keeping closely in touch with the situation. Further information on the situation will be available in our financial overview of the NHS in Scotland, which we intend to publish in December. I anticipate that the audit

for the current financial year—2006-07—for both health boards will include quite a full account of how the successor boards have managed that deficit.

**Mrs Mulligan:** I had intended to ask a question only on the section 22 report on Lanarkshire NHS Board, but the Auditor General's answer has prompted me to ask another one about the report on NHS Argyll and Clyde. Do we have details on how that figure was broken down between the two successor boards?

**Barbara Hurst (Audit Scotland):** A significant amount of work was done by both boards to come to some agreement about where the underlying deficit should sit. I think that the agreement was that the bulk, if not all, of the deficit will sit with Greater Glasgow and Clyde NHS Board. That is the position as know it at the moment but, as the Auditor General said, the auditors are keeping a close eye on the issue and we are keeping in touch with the auditors about what that means for both boards.

**Mrs Mulligan:** Clearly, that is a significant issue, but we will come back to it.

**The Convener:** Do members have any more questions on the report on NHS Argyll and Clyde?

**Margaret Jamieson:** When we considered a previous section 22 report on NHS Argyll and Clyde, a lot of work was being undertaken by the auditor, the board officers and the department. Did the situation then stabilise or did it get worse than the accounts show?

**Barbara Hurst:** When the committee took evidence on Argyll and Clyde NHS Board, a lot of information was given about the clinical plan which, it was suggested, would make many savings when it was introduced. With the dissolution of the board and the absorption of the services into the two successor boards, that plan has been put on hold. Therefore, the two successor boards will need to consider not only the financial issues but the clinical configuration of services within the former NHS Argyll and Clyde area.

**The Convener:** Would it be true to say, then, that the underlying deficits are being carried until that process is completed?

**Barbara Hurst:** I cannot remember the date that the Health Department has given by which the boards need to break even, but they are looking at how they can recover that position.

**The Convener:** As there are no more questions on Argyll and Clyde NHS Board, are there any questions on the report on Lanarkshire NHS Board?

**Mrs Mulligan:** The section 22 report identifies that Lanarkshire NHS Board has a cumulative deficit of £8.393 million. In the board's plan for dealing with the deficit, was that position expected at this stage or did it think that the deficit might have been worked out by now? I note in the submission that the sale of Law hospital will contribute to removing the deficit and it is clear that Lanarkshire NHS Board thinks that the sale will clear the deficit by 2007-08. Will that remove any risk of deficit in the following year or will the board be in the same position because that one-off payment from the sale of the hospital will remove the deficit for only one year?

**Barbara Hurst:** The board is in a slightly better position than expected in 2005-06 because it made an in-year surplus and thereby reduced its deficit. The board expects to sell Law hospital in 2006-07, but the sale is still subject to planning permission, which introduces a slight element of uncertainty. That sale will clear the deficit, but the board has given itself another year to break even.

**The Convener:** As there are no further questions about Lanarkshire NHS Board, we move to questions about Western Isles NHS Board.

**Margaret Jamieson:** Further to the Auditor General's point about locum costs contributing to the deficit, is there any correlation between the deficit and the consultant contract, which the committee considered previously?

**Mr Black:** I doubt whether we have an exact figure for that. The auditor highlighted cost pressures in relation to locums, which are a significant issue; the final costs of agenda for change; and the impact of national tariffs. We are aware that there were significant costs for the board in relation to the consultant contract and that it had great difficulty in filling vacancies, but I am not sure that we have that level of detail about the overall impact of the consultant contract.

**Barbara Hurst:** We do not have information on the up-to-date position, but you are right that the consultant contract report that we produced earlier this year highlighted problems for the Western Isles in filling its vacancies and meeting the cost of implementing the contract. We have not gone back to match those findings against what the auditor said about the cost of locums, but the position is completely consistent with what we found earlier.

**Margaret Jamieson:** We have all seen press reports about locums, particularly about general practitioners in the Western Isles, and the alleged amount of money that they cost the service. Is the cost of locums the only problem that has led to the board's current financial position or are there other issues?

**Barbara Hurst:** The cost of locums is a contributory issue, but it is not the only issue.

**The Convener:** As there are no further questions on the section 22 reports, I thank the Auditor General and his team for that briefing. Members will discuss our reaction and what action we might take under item 8.

Before we move to item 7 on the review of community planning partnerships, I suspend the meeting for five minutes to let our clerks organise us and our guests at the table.

10:43

*Meeting suspended.*

10:50

*On resuming—*

## Community Planning Partnerships

**The Convener:** I will start with some housekeeping and ask people to check that mobile phones and pagers are turned off rather than on silent, otherwise we will hear occasional interference with the broadcasting system if somebody calls or sends us messages.

I extend a warm welcome to our guests and thank them for coming to help us with the committee's inquiry, to which I will offer a little background. We seek to review community planning partnerships, focusing on the Scottish Executive's involvement and trying to identify any obstacles and difficulties so that we can recommend changes and improvements. The Audit Committee is different from other committees in that we do not discuss policy decisions or the merits or otherwise of what the Executive does. We consider the effective delivery of policies that have already been decided and what is and is not working. In this instance, based on your experience, we will try to establish what barriers there are to effective community planning. We want to ensure that the policy delivers and that its full potential is realised.

We will spend about 20 minutes discussing topics A and B in the committee's briefing paper, followed by topics C, D and E, finishing up with 10 minutes on topic F. The committee has not held this type of round-table meeting before although other committees have. We seek to have a free-flowing discussion, but I advise people not to feel obliged to contribute to every topic. Indeed, if everyone does, we will still be here this afternoon. If you feel that you have something to contribute, you should catch my eye and I will try to bring you into the discussion. The clerks have asked a number of you to help to lead off various discussions during which we will be looking for your experience and views.

We had a useful meeting in East Ayrshire just the other week when we visited the north-west Kilmarnock neighbourhood services centre. Elizabeth Morton kindly arranged the visit for us. It was a useful experience for the members who attended, which helped to sharpen our focus and allowed us to see what happens on the ground.

We will be looking at strategic issues and we are interested in matters such as the difficulties caused by different accountabilities, geographical boundaries and financial regulations. We want to hear about the lack of integration and prioritisation

of national policy initiatives and the difficulties that you might face because of fragmented funding streams. Those are some of the matters that we have heard about or had drawn to our attention in the Auditor General's reports.

I propose that everyone makes a quick introduction to say who they are and what their role is, so that we all know who everyone is and to allow the sound engineer to check the sound levels, because the meeting is being recorded for posterity. It is also being webcast. We will go clockwise round the table. I am Brian Monteith, the convener of the Audit Committee.

**Brian Murray (Highlands and Islands Fire and Rescue Service):** I am the chief fire officer with Highlands and Islands fire and rescue service.

**Margaret Jamieson:** I am the MSP for Kilmarnock and Loudon.

**Stuart Ogg (Scottish Enterprise Forth Valley):** I am operations director at Scottish Enterprise Forth Valley.

**Margaret Smith:** I am the MSP for Edinburgh West.

**Ron Culley (Strathclyde Partnership for Transport):** I am the chief executive of Strathclyde partnership for transport.

**Robin Harper:** I am a list MSP for the Lothians.

**Bryan Poole (CVS Fife):** I am manager of CVS Fife.

**Mr Robert Black:** I am the Auditor General.

**Linda Cunningham (West Lothian Council):** I am community planning manager at West Lothian Council.

**Mary Benson (Ladywell Community Council):** I chair Ladywell community council, which is in West Lothian.

**Elizabeth Morton (East Ayrshire Council):** I am deputy chief executive of East Ayrshire Council.

**Chief Inspector Adrian Berkeley (Grampian Police):** I am a chief inspector in Grampian police.

**Mrs Mulligan:** I am MSP for the Linlithgow constituency.

**Sue Laughlin (Greater Glasgow and Clyde NHS Board):** I am head of inequalities and health improvement at Greater Glasgow and Clyde NHS Board.

**Mr Welsh:** I am the MSP for Angus.

**George Black (Glasgow City Council):** I am chief executive of Glasgow City Council.

**The Convener:** Thank you. Having disposed of those formalities, we would first like to talk about

the different accountabilities of partnership organisations. To what extent is there a tension between nationally accountable partners and those that are locally accountable? Do different geographical boundaries impact on the effectiveness with which larger partner organisations, which cut across boundaries, can contribute to community planning? You may or may not have experience of such difficulties; if you do not, you might want to come in later on topics C and D in the briefing paper.

**George Black:** I will put my cards on the table and say that I am an enthusiast for community planning. I believe that it is a significant step forward for public organisations in Glasgow. I say that at the outset so that you know where I am coming from.

I will start with perhaps the easier of the two issues, which is the geographical boundaries. I say that it is easier because, in Glasgow, health, police and fire intend to align their boundaries to fit the boundaries of the city council. If I go down a level, community planning has also been built around the new multimember wards that will come into play next May. From the narrow viewpoint of Glasgow City Council, because the boundaries are aligned to multimember wards, there is strong buy-in to the process from the council. Police, health and fire are aligning their boundaries so that they have a distinct Glasgow subdivision, as it were.

All the partners have agreed on five planning areas within the boundary of Glasgow which, again, are aligned to the multimember wards. Twenty one multimember wards are grouped into 10 community planning partnerships and five strategic planning areas within the boundary of Glasgow City Council. All the partners have signed up to that and it is a significant achievement. I presume that some areas of the country will have easier geographical issues to deal with, but in other areas it will be more difficult if there is not the same buy-in to the process from other organisations.

In Glasgow, although we recognise that there are different accountabilities, rather than putting those to the forefront as barriers to progress, we have tried to work around them. For example, the boards of community health and care partnerships, which are aligned to community planning in Glasgow, are chaired by elected members of the council. Their boundaries are aligned with the boundaries of the five planning areas that I mentioned.

We have set up joint partnerships to deal with accountability, although they are not legal entities. The boards have their own financial regulations and so on that have been approved both by the health service and the council. Moreover, instead of relying on any one organisation or on the

various organisations coming together, we have established a charitable company to support community planning in Glasgow.

We have taken a positive approach in Glasgow. I admit that we have had a fairer wind than other areas of the country, but we have used it to our advantage. The Scottish Executive is working with us to identify by the end of January next year any barriers that should be removed.

11:00

**The Convener:** That was a useful summary of the Glasgow experience.

Local authorities, fire and rescue authorities and regional transport partnerships are accountable to locally elected members while, on the other hand, national health service boards and organisations such as Scottish Enterprise and Highlands and Islands Enterprise are accountable through Scottish ministers to the Parliament. The picture is further complicated by the fact that responsibility for police services is shared by local authorities, the Scottish Executive and chief constables. We want to find out whether those different lines of accountability cause problems. After all, setting national targets with one group might make it difficult to respond to the requirements of local organisations or agencies.

Similarly, we understand that as many as a third of community planning partnerships view boundary issues as the main barrier to progress. Some groups are clearly experiencing difficulties, and I am encouraged to hear that Glasgow has been able to take a positive approach to the matter.

**Ron Culley:** Because of the nature of routes, community planning partnership boundaries, almost by definition, must be permeable to transport. However, the Glasgow and Clyde valley community planning partnerships are able to intervene on many issues that Strathclyde partnership for transport deals with. A very important innovation is the establishment of a group convened by the local authorities, under the chairmanship of the leader of Glasgow City Council, to address issues in the west of Scotland.

SPT, of which I am now the chief executive, is developing protocols with all the local community planning partnerships, and I am happy to say more about that later. For example, we are trying to engage with the other side of Scotland, because we realise that our relationship with Edinburgh is, in many ways, as important as our relationship with Ayr.

We are also keen to develop a relationship with 12 west of Scotland local authorities. Our previous attempts in that area were not particularly strong

and, when I joined SPT in April, we undertook a stakeholder survey in which respondents from local authorities, health boards and other organisations made it clear that the partnership was strong on technical issues but had weak relationships with other bodies. That is why, like George Black, I am enthusiastic about community planning. We want to ensure that our organisation's engagement in that area is comprehensive.

**Brian Murray:** The issue of boundaries is particularly important. For example, my fire and rescue service deals with the community planning partnerships in Highland, Western Isles, Shetland and Orkney, all of which have different agendas. We work closely with them, but, if we take Highland as an example, the community planning partners—health, fire, police and the enterprise company—all cover larger areas than the Highland Council area. That does not create absolute barriers to community planning, but it takes time and effort to overcome those differences. We are working hard to achieve that, and there are many good examples of community planning working well.

It is easier to overcome the difficulties that geography can create at officer and management level, but it is harder to get the governance arrangements to work across barriers. That is the main issue to do with geography, and that is the challenge that must be met. That feeds into the question of accountability, particularly governance, and once funding streams are added in, the situation becomes more difficult. Fire services are encouraged to work together as a fire service, and on occasion that can clash with work with the community planning partners, usually around the edges. As community planning progresses, we are definitely getting better at it, but it has taken time and effort.

**Elizabeth Morton:** We heard from George Black about coterminosity in Glasgow. In East Ayrshire, we are less fortunate. NHS Ayrshire and Arran and Strathclyde police operate within the Ayrshire boundary, and the fire and rescue services operate over two different sets of boundaries. Those are our principal community planning partners at the moment.

That lack of coterminosity might be perceived as a difficulty, but I do not think that it is. We now have a considerable amount of work on our partnership arrangements under our belt, and we have been successful in overcoming what might be described as difficulties. Local arrangements are in place for each of our community planning partners to work within the boundaries of North, South and East Ayrshire. That has resulted in what could be described as local management teams. In our own community planning

partnership, we are clear about the other community planning partners with whom we work. The relationship takes time to build up, but with willingness to do so and persistence, the issues that other witnesses have described have not been insurmountable by any stretch of the imagination.

I take Brian Murray's point about accountability. Perhaps we can elaborate on that issue a little more when we come to the discussion on governance.

**Chief Inspector Berkeley:** I, too, agree with Brian Murray that it can be difficult for organisations that work across a number of different community planning partnerships. For example, Grampian police work across three different partnerships, which can make it quite difficult when it comes to setting organisational priorities, as some of our force priorities might come into conflict with local community plans. It also makes collecting data for analysis a little difficult, and we need to do a lot of work on setting up data-sharing protocols and recognising common data zones.

One area in which we can make a substantial difference is accountability down at quite local levels. In places such as Moray, which is quite a small local authority area, those local accountabilities are always there and they make community planning work particularly well. In Aberdeen, the situation was quite different, but when Aberdeen City Council went through a restructuring process, Grampian police picked up on that, and we agreed to have 37 common areas. The fact that we have particular inspectors with geographic responsibilities, tied in with the director of neighbourhood services for the council, gives us the accountability that is extremely important in progressing things locally.

**Stuart Ogg:** I will comment first on accountability. Since 2000, all local enterprise companies in the Scottish Enterprise network have had local authority representation on their boards, covering all local authorities. That relationship has given us a sense of local legitimacy and the composition of the boards increases that—our boards must maintain a balance between two thirds private sector representation and one third public sector representation. Therefore, local authorities and other key public sector partners are already part of the formal accountability structure.

My second point relates to geographic boundaries. Forth valley has three local community planning partnerships. In the area, we have created the G9—not the G8—which consists of the chief executives of the local authorities, the principals of Forth Valley College and the university, representatives of the fire service and

health board, the chief constable and me. We meet on a quarterly basis to address regional issues that have emerged in community planning. We want to try to avoid addressing issues in the three local areas that could be more effectively addressed at a regional level. The device has been helpful and is possibly unique to Forth valley. In addressing accountability and boundary issues, a suck-it-and-see approach must be taken. Different models and methodologies of community planning must be tried.

**Bryan Poole:** Fife is one of the few areas with coterminous boundaries, and its arrangements have been effective, particularly at the strategic level. However, I want to say more about the accountability of partnership organisations. It appears to me that several community planning partners in Fife—NHS Fife and Scottish Enterprise Fife in particular, and to a lesser extent, the police and Fife's further and higher education sector—are pulled between a nationally led agenda and acting as a community planning partner. That has emerged strongly in discussions about incorporation. Some partners have real doubts about which road they can go down.

The convener mentioned democratic tensions and, in Fife, there is real and growing democratic tension. The council and the voluntary sector are probably the most enthusiastic partners—indeed, it is in the voluntary sector's interests to be an active partner in community planning. The council allocates the majority of resources to make the partnership work, but local councillors influence directly roughly only half of community planning activity. I detect local councillors increasingly questioning whom and what they are accountable for and to whom they are accountable. That issue requires to be addressed.

**Sue Laughlin:** We, too, recognise the significance of community planning, especially for our agenda of improving health. By working with community planning partners, we can try to address some determinants of poor health that we cannot address by ourselves.

A theme is emerging for those of us in organisations that straddle a number of different community planning partnerships, of which we have 10. As a result of the way in which we have constructed community health and care partnerships and community health partnerships—in the way that George Black spoke about—we have an architecture that can link to community planning partnerships, but it is still quite difficult to ensure the required standardisation for our whole population. Obviously, we are responsible for improving the health of all of our population, and trying to work in a co-ordinated way with 10 different community planning partnerships is certainly an issue.

11:15

**Margaret Jamieson:** Bryan Poole spoke about accountability. Local authorities automatically have members on the boards of the police, fire and health services, local enterprise companies and transport agencies, but one thing that has never been explored is how accountable those individuals are and to whom they are accountable. We all have issues in our localities. In mine, antisocial behaviour is seen as a police issue, not as an issue for the community planning partnership. Local members and the public do not understand the process of all the community planning partners getting around the table to solve the problem and relieve the community.

It is wrong to say that there are accountability barriers because not enough work has been undertaken to get the message out about the level of accountability that exists. I do not know when I last met the members of my local authority who are on the police board or fire board. In fact, I do not even think I would know who they are, and I am an elected member.

**Mr Welsh:** I am interested in George Black's description of a clearly identified boundary with a multitiered system underneath it. That leads me to wonder about co-ordination, contacts and how to get all the tiers working together. He contrasted that description with some of the looser organisations that exist elsewhere and I find that contrast interesting. The overall problem is the same, but the examples are different. How can the structure assist communication, co-ordination, pooling of expertise and accountability without having interminable meetings? That is the heart of the problem. How do we gather folk together without multiplying the meetings that everybody must attend?

**Mrs Mulligan:** I was interested to hear Sue Laughlin say that Greater Glasgow and Clyde NHS Board is involved in 10 partnerships and I recognise the challenge that that must pose. The board's agenda is to improve health throughout the area that it covers. Do you find that the partners have hugely diverse aims or do the partners other than the 10 local authorities for which you work provide community planning benefits that mean that you still think that community planning is a good thing?

**Sue Laughlin:** Both. The ability to link more closely to the individual local authorities—which we do through our community health partnerships and our community health and care partnerships—will aid joint working. For us, a tension arises because we also have a responsibility to have an overview of the area, which is now considerable with a considerable population. Although we are able to work on some priorities that relate to more than one local authority, it is an organisational

challenge to ensure that we link to the right priorities in each local authority area to get the best for the population as a whole. We must consider the whole area and work out what is best for its population. We have not quite resolved that challenge yet.

**George Black:** I will respond briefly to Andrew Welsh's point. I focused on management issues in my comments but I do not want to give the wrong impression by implying that community planning in Glasgow is all about management and meetings. On the ground, we have joint teams that are comprised of people from the health service, the police and the council under joint management. To deal with community safety, which has been highlighted, we have established a separate organisation to which staff from the different organisations are seconded under one manager. That enables them to address the problems that people encounter at a local level in a more co-ordinated way, although I am not saying that that response should be rolled out to the rest of Scotland.

We talk not only about community planning. The end-product we want is for the issues to be addressed at a community level.

**Mr Welsh:** Within a tightly defined boundary.

**The Convener:** Although I said that everyone did not have to comment, I wonder whether Mary Benson or Linda Cunningham wants to say anything before we move on to the next area for discussion. As we have heard, much of the problem is caused by boundaries and having so many plans that look down. What about looking up? Are there any difficulties with that?

**Mary Benson:** I have found it interesting to listen to everyone. Given that there is so much negativity, I want to share our experience of developing the Ladywell community action plan, which was born out of frustration with what was being said by the police, the fire service, the council and the chief executive and in the community plan and the locality plan. The film "Field of Dreams" contains the line, "If we build it, they will come." One night, out of pure frustration, I suggested writing to everyone to ask them to come along. I thought that if two people came along, we would have done well, but everyone whom we invited came, including the chief executive, the head of housing and the head of social policy, and there was representation from our neighbourhood response team.

I take on board Margaret Jamieson's point. Antisocial behaviour is blighting our communities. We all sat round the table and the community action plan was born; I should say that we had great help from our elected member. We had to ask what it would be realistic to achieve in the

short term, the medium term and the long term. We would not have been able to produce our plan if we had not recognised the need to work together. We cannot fragment services.

George Black talked about the involvement of the fire service, the police and the health service. We have such involvement, but we cannot lose sight of the fact that people from communities need to be involved, too. There is no point in everyone saying, "This is wonderful," because one size does not fit all. What may be wonderful for a community in the Borders may not be wonderful for a community in Highland. Instead of trying to respond with knee-jerk reactions—we constantly hear people say, "Let's try it"—we should sit round the table and ask how we can work together with the Executive and central Government.

In West Lothian, we are very lucky. I am not saying that community planning is perfect in West Lothian because if it was, I would not be here and I am sure that Linda Cunningham would not be here, either. Things are not perfect, but we are working hard to address the issues. We cannot do that on our own—we must work in partnership with people.

I hope that I am not taking up too much of the committee's time. Before I came to the meeting, I looked at "Community planning: an initial review", which states:

"Community planning is the process through which public sector organisations work together and with local communities, the business and voluntary sectors, to identify and solve local problems, improve services and share resources."

We must examine how we share out the pot of money. We need to get away from the mentality that says, "It's my ball and you're not getting a game." We must all work together. We are succeeding in doing that in West Lothian. The situation is not perfect, but we are trying hard to improve it.

I turn to what Sue Laughlin said. We talk about health, but the council is trying to sell off some playing fields. As a community, we do not agree with that, so we can invite the chief executive to come along to our meeting so that we can express our disapproval to him. I am not saying that we will win the argument, but at least people can express their views. That is the key—it is about everyone getting round the table. When decisions are taken, it should be remembered that the community has a voice and that sometimes it might be nice to invite a community representative to come along.

**The Convener:** Thank you for that home run.

I invite Linda Cunningham to reply, after which we will end this part of our discussion with the Auditor General, Robert Black.

**Linda Cunningham:** I will add to what Mary Benson has said. We have had some success with community planning in West Lothian because community planning is embedded in the way in which we do things. Structural change is important and it can create the necessary conditions and climate for working together, but cultural change is the key to transformation.

We need greater emphasis on accountability to communities and partners instead of the Executive, boards or whatever. If we are to develop services together, we will need to go down the route whereby we are much more accountable to one another and the communities in which we work.

**Mr Black:** If I may, I will put a question to the committee; it might be helpful for me to do so. I think that we all recognise that it is the people who matter. As George Black said at the outset, the critical ingredient for success is getting buy-in from everyone at all levels.

I hope that the committee will forgive me for returning to a rather dry issue, but we mention in the report that

"The legislation provides for CPPs to become incorporated into independent legal entities".

We did not find much enthusiasm for that. We did not find it happening in Scotland, although clearly it was in the mind of the Parliament during the passage of the Local Government in Scotland Act 2003 that the measure might help to get the resources into the right shape with the right form of accountability to communities. Perhaps colleagues would offer their thoughts on why that has not happened.

George Black described how Glasgow City Council has gone down a different route in setting up Glasgow Community Planning Ltd as a charitable company. It has not been incorporated under the 2003 act, however. It might be helpful to the committee to understand why the legislation is not being exploited more fully.

**George Black:** We have tried to make progress on what I guess could be called the practical issues that require to be addressed in the city. At an early stage, we took the view that the time was not right to go down the route of seeking change by trying to get buy-in for incorporation. Once progress has been made in an area, it is easier to look at what has been done and say, "Everybody has bought into the process. Have we gone as far as we need to go, or is there anything more that we can do to ensure that buy-in?" As I said earlier, that is the type of discussion that we are having in the city at the moment. We are looking to see what the barriers are and what we have to do next to move forward.

**Elizabeth Morton:** Our approach is similar to that taken by George Black, with one slight deviation. The East Ayrshire community planning partnership has not found it necessary to go as far as Glasgow Community Planning has gone. We have a sound partnership already; we are all equal partners at the table. Thus far, we have not found it necessary to take any further steps. The legislative framework is in place and we are operating within it—successfully, we believe.

**Stuart Ogg:** In Forth valley, none of the councils has gone down that route in any detail. One of the reasons for that is not dissimilar to the situation that Elizabeth Morton described, namely the development of relationships and trust-based partnerships. The process is one of relationship building, of which trust is the foundation. Irrespective of the level at which people are working, and whatever organisations are involved, people are working together to deliver the community plan. That is the route that we are going down at the moment. We are moving forward without the need for legal structures.

The fear—certainly within Scottish Enterprise—is that, if one goes down the incorporation route, yet another bureaucracy will be created alongside the existing silos that people see at the moment. There is reluctance to go down that route.

**The Convener:** We will move on to our consideration of the next section in which the committee is interested. I ask Stuart Ogg, as the operations director of Forth Valley Enterprise, to talk about the national policy initiatives. The committee is interested in hearing about participants' experience of the range of national policy initiatives and also their views on the possibility that bodies have to deal with a number of such initiatives. For instance, we have heard reports that Highland Council has to deal with 29 separate plans and strategies. In all of that, it has to decide where the priorities lie.

11:30

**Stuart Ogg:** Like George Black and others, I am committed to community planning. I had been a firm believer in partnership working for a long time, and community planning came on top of that to formalise the process.

As committee members will know, Scottish Enterprise is a national network of local enterprise companies that has its headquarters in Glasgow. We are directed by one strategy—a smart, successful Scotland, which is the Executive's economic development strategy for Scotland. It is our guide and the basis on which annual negotiations take place between Scottish Enterprise nationally and the Executive as part of the operating plan process.



How does that translate into operations? As members will know, over the past year or so there has been a greater focus by Scottish Enterprise and the Executive, within the smart, successful Scotland strategy, on key industries that have been identified as having significant potential for growth and significant strengths. That work is being delivered through what is termed the metropolitan approach to planning and management. There is, therefore, clear policy guidance to Scottish Enterprise and to the local enterprise companies.

There is also an expectation that Scottish Enterprise will deliver on around 19 or 20 of the 44 recommendations in "A Forward Strategy for Scottish Agriculture". As a group of local enterprise companies, we sit down on a two-monthly basis with the Environment and Rural Affairs Department and the Enterprise, Transport and Lifelong Learning Department. That does not engage community planning partners, but it engages the network. We discuss how the network is delivering against the forward strategy for agriculture, the rural development programme and so on. Internally, we are managing the various directives and policy initiatives from the Executive.

I return to community planning. In relation to a smart, successful Scotland, there was clear direction from the minister to the local economic forums—there was clear priority and the approach worked quite well. The local economic forums were established four or five years ago as the vehicle for economic development input in community planning, albeit that they are based on a regional level rather than a local authority level. They were given clear direction by the minister for two purposes. The first purpose was to review and resolve the overlaps and duplications between ourselves, local authorities and other organisations in the delivery of business support services. In my view, that was a well-managed and consistent approach. It was supported by the minister and, at the end, eight out of the 12 local economic forums came up with a joint business gateway to co-ordinate all services to businesses, including those provided by local authorities, VisitScotland and others; the gateway was then taken on board by Scottish Enterprise. That was community planning influencing from the bottom up the way in which we deliver services, and it has been very effective.

The second purpose was for the local economic forums to engage in reviewing regional economic development strategies in the context of a smart, successful Scotland. Again, it was the first time that local authorities and others had really got behind a smart, successful Scotland. Originally, it was seen just as a strategy for the enterprise networks—that is what the strapline on the strategy document said. As part of the community

planning structure, the local economic forums allowed us to get a wider buy-in from other partners in a more co-ordinated way. The forums are very much part of community planning.

Therefore, our view at this stage is that when there is clear direction from ministers to the local economic forums, they have worked very well. Scottish Enterprise meets the Executive regularly to discuss how things are going, how ministers' advice is being interpreted and so on. We also have internal processes to deal with cross-cutting issues such as the forward strategy for agriculture. That might be more optimistic than what you wanted to hear, but it is how things are working out currently.

**The Convener:** Your experience in Forth valley has been of a direct line of accountability through to the Enterprise, Transport and Lifelong Learning Department, to ministers and to Parliament. Might the experience be different for those who are dealing with priorities for which there is not the same line of accountability?

**Stuart Ogg:** It could well be. At the rural group, all the LECs that have a rural area sit down with the Environment and Rural Affairs Department and the Enterprise, Transport and Lifelong Learning Department, and there is a sense of progress being made through that dialogue.

It is not just about reporting back; we create the next initiative within the framework of the Enterprise, Transport and Lifelong Learning Department and Environment and Rural Affairs Department. The direct link with the Executive provides an effective mechanism and each local enterprise company must decide how far the initiative is translated into local priorities and the delivery of local services in accordance with local needs though community planning processes and the economic forum. It is about negotiation. Although there are always tensions—political ones, in particular—I have never come across significant tensions in trying to marry what we are asked to do with supporting and developing the local economy.

I offer a final example. We have done a lot of work on the my future's in Falkirk programme, an initiative that came out of the reduction in employment at BP. It is a joint initiative between BP, Falkirk Council and us and has allowed us to do a lot of local projects. The partnership is already discussing how it can play into the new metropolitan and key industries agendas. The bottom-up, top-down approach seems to work.

**Mr Welsh:** A distinct yet diverse industry is being dealt with in one specific department. How do you link in with industries ancillary to agriculture in your rural areas? Is it easy to link in with small businesses and the communities beyond the farming interest?

**Stuart Ogg:** I used the forward strategy for agriculture as an example because we work on it with the Enterprise, Transport and Lifelong Learning Department, which brings in the wider smart, successful Scotland agenda that is about support for small businesses and community initiatives as and when appropriate. We are dealing not just with agriculture, but with the rural economy in its entirety.

**Mr Welsh:** How does that link in with community halls for example, which, if they were to be lost, would cause communities various problems?

**Stuart Ogg:** We have not discussed community halls in that context. However, Scottish Enterprise supported early work on a council-supported process in Stirling called community futures, which led to the establishment of a number of local community trusts that have been very successful in drawing down funding, not from Scottish Enterprise or normal sources, but from charitable funds and so on. A number of the trusts have created new community halls and, as we heard from Mary Benson, the communities got together with support from agencies to facilitate that work. The trusts have helped themselves by focusing on their priorities. Scottish Enterprise does not do that sort of work, but we facilitated the early part of the process, which is mainly supported by the council.

**Chief Inspector Berkeley:** Community planning sometimes struggles when attempts are made to balance up the local and national elements. We have just heard from Stuart Ogg about the line of accountability and the economic priorities that are set; there are similar arrangements in the areas of health and safety. It is quite difficult to make community plans that are relevant to all partners.

The community planning forum of the Association of Chief Police Officers in Scotland, at which representatives of the eight Scottish forces get together now and again, is relevant to the whole of Scotland. It is quite difficult to find common ground among all areas about what the national priorities should be. Even when we try to spread throughout Scotland a national policing theme, some areas find it difficult to see it as relevant. For example, we are currently running the safer Scotland campaign on knife crime and although that is relevant in some parts of Scotland, we struggle to make it relevant in others. It is difficult to find priorities that will turn on all the partners. If we could somehow sort responsible drinking, that would affect crime and health as well as the economy, because we would lose fewer working hours and so on. Perhaps having a more specific theme such as that would provide more impetus.

**The Convener:** Paragraph 44 of the report that inspired the committee's interest says that community planning partnerships

"feel they are constantly responding to new national policy initiatives, reducing the time and resources available to meet local needs."

Have the witnesses experienced that difficulty? When they are working on a priority, is another priority set that might relegate the current one?

**Linda Cunningham:** Mary Benson talked about a local plan, and in West Lothian, we have adopted a locality planning approach. Under that approach, we develop activities locally rather than across services. Such plans need to reflect different neighbourhood priorities. Locally, flexibility and freedom to allocate resources are needed.

On top of that is a pile of initiatives. Sometimes, they help to promote activities in an area, but often, a range of them run in parallel and we do not know what they are doing collectively—we cannot say that, collectively, they have an impact on a community. If the freedom were available to allocate resources more appropriately, perhaps we could join up and integrate services better.

**The Convener:** I invite Brian Murray to respond. One interesting aspect not just of community planning but of other issues that we are examining is how the Executive might improve what it tells you and how that affects problems. For example, should the Executive consider how to ensure that its priorities are co-ordinated for community planning?

**Brian Murray:** At fire service level, Scottish Executive policy is working in some cases. For example, I am comfortable with the fact that the fire service and all the planning agencies were involved in developing strategies to deal with antisocial behaviour. Everybody came together to do that, so that was positive.

The fire service is keen to play a wider role than just fighting fires and dealing with rescues. We acknowledge that we have a role to play in communities' well-being. As well as that, community planning gives us a vehicle for improving our efficiency.

On many occasions, community planning partnerships provide a useful vehicle for the Scottish Executive to implement and develop its policies, so the Executive often provides targeted funding. However, there is a danger with that approach, as it occasionally misses out or can be seen to bypass local elected members. Although local elected members have different routes into involvement, that is a perception.

Community planning partnerships are a good vehicle for implementing some Scottish Executive policies, but the question for me is whether they have the same influence up the way. When people get together in a community planning partnership and share the pressures that they face, local

needs are often identified. Is the relationship equal? Often, policy comes from the top down. That is effective, which is good, but community planning partnerships sometimes raise concerns, and I am not sure whether they have equal influence.

The convener asked about ways in which the Executive could help. As the review said, clear objectives and priorities help. Another important issue, which I have mentioned, is funding. The number of initiatives has been talked about. To secure funding for initiatives, business cases and performance measures are often required. That is all right and proper, but it takes much work. A bid usually has to be put together for each initiative and, to justify expenditure in an area, further reports have to be submitted, so it can be a burden.

The general philosophy is right, but all the difficulties need to be overcome. Some clarity from the Executive on priorities and objectives would help, but that would have to be matched at the community planning level with clarity on the community planning partnerships' own objectives and priorities.

11:45

**Elizabeth Morton:** I suggest that the example that has been cited round the table is familiar to all community planning partnerships. Fitting national priorities into our local needs can cause difficulties. On a number of occasions, the East Ayrshire partnership has successfully resisted the requirement to follow a national initiative by producing a separate strategy. Two examples that come to mind are the joint health improvement plan and our community safety strategy. The health service and the police respectively, as our partners, have avoided undertaking the additional and burdensome work that Brian Murray described. That is perhaps easier in situations in which there is no focused funding for an initiative. The other side of that coin is that focused funding tends to meet local needs.

Perhaps we are inciting riot, but I suggest that that is a way forward for community planning partnerships. The Executive needs to be persuaded to be less focused about its initiatives, to take a broader approach to its priorities and—to move into the next topic of discussion—to be less focused about its funding and to mainstream some of it. If that were to be wrapped up together, community planning partnerships would be able to address the broader, national priorities within existing themes—which are inevitably broad in any case—and accommodate them within our various action plans.

**Mary Benson:** I will pick up on a point that Adrian Berkeley made. I have listened to people

round the table. What common ground do we have? No matter who we are, we recognise the fact that we need police services, fire services and education. As Adrian Berkeley said, perhaps knife crime does not blight all Scottish communities but, if we are guided by the Executive and national Government, they are blighted by underage drinking, police resources that are stretched to the limit and the fact that our firefighters have to face yobs. There is a lot of common ground, so perhaps we need to say what it is.

To pick up on what Elizabeth Morton said, the public perception is that people sit round a table, say, "That is a wonderful initiative," and get it into the national press. Joe Bloggs sees it and thinks that it is great but he does not understand about the mechanisms or the weeks and months of work that are necessary to get such initiatives up and running. People want initiatives to happen now, not six months down the line.

We should think about that and about the effects of the common ground on communities. We should sit round the table and think about how best to address that. Perhaps one way forward would be to give people a wee bit more responsibility for their budgets and to make them a wee bit more accountable.

**The Convener:** The discussion is moving into financial areas, so it is appropriate to move on to funding streams. The committee is concerned about fragmented funding streams and how big a challenge it is for partnerships to ensure that they bring funding together. We have already heard that concern. I invite Bryan Poole of CVS Fife to lead us in that discussion.

**Bryan Poole:** This is not my area of expertise, because the council acts as the bank for most of the funding that comes into Fife. You will get some observations from me, as opposed to an expert view.

Funding is a challenge. There seems to be a perception that a lot of the money that comes into Fife and other areas is ring fenced and can therefore be used only in certain areas of activity. That perception creates frustration among partners. Rather than seeing the funding challenge as insurmountable, we should consider how to respond to it.

Three key issues arise in trying to meet that challenge. First, things depend on a partnership's strength, the partners' commitment to working in partnership and how far down within the organisations partnership is seen as the norm. Funding becomes a less tense issue if there is trust.

The second key issue is how the original community plan was developed and how it evolved. If partners and communities have been

involved, clear guidelines should be set on where external funding should be allocated. In Fife, nearly all external funding is now allocated against the community plan. The same applies to voluntary organisations. The money that such organisations can attract from the Big Lottery Fund, for example, will be connected to the community plan.

Thirdly, the difficulty of pulling together different sources of funding for local projects is a key issue. Local projects and local needs emerge from issues that are important to local communities and groups. To pick up on what Mary Benson said, the time that it takes to gather and allocate resources often means that there are delays and frustrations for local communities. I am not sure how such delays can be short-circuited, but that is an issue.

The final point that I will make about local projects and local needs is that there have been real difficulties in developing local communities' engagement in community planning. Things have worked quite well at the strategic level, but I am not sure how involved and empowered local communities feel in developing community planning and in the resource-allocation process.

**The Convener:** Auditors are always interested in accountability and the administrative burden of different funding streams. This is your chance to unload your concerns to the auditors who are with us.

The committee has a concern. If people need to apply to several funding streams to obtain the totality of what they need, it is possible that there will be different ways of reporting back, which may mean that there will be large administrative burdens. We are interested in whether that is an issue. The committee can take up such matters on your behalf.

**George Black:** I will reflect on the experience of partnership working and its practical implications for Glasgow.

In the past, it was a condition of obtaining national policy initiative funding that partners had to be consulted. With the best will in the world, people got round the table and formed partnerships on specific themes, but we have found that there are too many ad hoc partnerships in community planning. As a result, we are trying to introduce some coherence, but a difficult balance must be struck in convincing people that one is serious about addressing health inequality while also saying that their partnership that is trying to address health inequality is no longer required, as it should be part of a bigger initiative.

It is not just partner organisations that are affected by the ring fencing of funding: the issue is just as important for voluntary sector organisations. In many cases, an organisation will

have to make a return to the council, the health service and the police. In some cases, it will have to make a return to different parts of the council because different interests are involved. The burden falls more widely than just on the community planning partners.

I had hoped that we were moving towards pooled funding. Indeed, there is some evidence that if community planning partners can put together a coherent plan and can agree their priorities and the outcomes that they are trying to achieve, the Executive will listen to proposals to pool funding, provided that it can be convinced that the outcomes will be delivered. I am reasonably optimistic that some progress can be made along those lines.

**Chief Inspector Berkeley:** I agree with everything that has been said. The existence of different funding streams is a significant issue. Antisocial behaviour funding, community regeneration funding, the community safety award programme and local action funds are but a few of them. Each funding stream has its own monitoring and evaluation processes and sometimes the money goes to different areas: some of it might go directly to community safety partnerships and some of it might go to the local authority, which holds it on behalf of community planning partnerships. That all makes for a highly confusing picture.

The voluntary sector was mentioned. It must have significant problems, because the amount of reporting that is needed requires a fair amount of staff time. Community planning partnerships also find it difficult to deal with. I was involved in a north-east Scotland data-sharing network, which spent a great deal of time being diverted from what it should have been doing—talking about sharing information—into putting together a bid for modernising government funding. The network spent a significant amount of time on that, bearing in mind that we met only once a month for a few hours. That went on for some time and was an unwelcome distraction.

Some of the conditions that are applied to funding can be a bit restrictive. The funding for community wardens was welcome. For those who do not know, community wardens were provided to the bottom 15 per cent of areas according to the Scottish index of multiple deprivation. Grampian police has taken a slightly different approach in that we manage the community wardens in our area, whereas in most other areas they are managed by bodies such as housing associations and councils. We find that the fact that community wardens are tied to specific areas means that although they can deal effectively with problems in those areas, they are restricted in that they cannot spread out when problems are displaced into

surrounding areas. That is another issue on which improvements could be made.

**The Convener:** Are there any other comments?

**Brian Murray:** I reiterate much of what has been said about funding. There are separate performance reporting arrangements, separate audit arrangements, different timescales and different methods of payment—sometimes payment is by cheque, sometimes money is paid into the bank and sometimes there is a redistribution of grant. The reporting arrangements are not always proportionate to the amount of funding that is available. I know that that is a general statement, but it is the perception.

There are inherent difficulties with some of the funding. For example, some of the funding for community safety initiatives and regeneration is given to the council. Although many decisions on initiatives that propose to do good work are made by the various partners, it falls to the council's resources committee to allocate the funding, so the potential always exists for a different view to be taken of where the money should be spent, despite the work that has already been done. That said, the majority of the funding systems work, but they have to be worked around on many occasions.

My final observation on funding is that it is often when the partners start to talk about giving up money to host a joint project that the discussion gets really serious.

**The Convener:** There is a surprise.

12:00

**Ron Culley:** It is always the exception that proves the rule, and it would appear that transport fulfils that role at the moment. I counted about 47 different funding schemes in the Audit Scotland report, all of which were identified as encouraging partnership working. However, unless they were heavily disguised, not one of them related to transport. Nonetheless, one of the best examples of funding coalescing around an issue is the money that is available for partnership working in transport partnerships throughout Scotland. That is an excellent example of people gathering together to act strategically.

The challenge for SPT is to engage in ways that help us to act locally under the community planning framework. We have to make sense of the national transport strategy, and we have a direct relationship with the minister in that regard. We also have to engage with local transport plans. That tends to be done through local authorities rather than through community planning, from which we tend to sit aside. There is not just one route for dealing with these matters.

**The Convener:** I want to move on from finance and funding streams. The committee would like to hear about your experience of ensuring that there are proper governance arrangements for funding, particularly funding that is spent through partnership working, for example funding from the community regeneration fund. The Audit Scotland report identified that scrutiny, governance and risk management arrangements were poorly developed in most community planning partnerships. I invite Elizabeth Morton to lead the discussion.

**Elizabeth Morton:** The importance of sound governance cannot be overstated. You would expect me to say that, being a lawyer at heart and going back to my roots. It is fair to say that community planning partnerships have found it quite challenging to ensure that sound governance arrangements are in place.

You will forgive me for reverting to my own experiences in East Ayrshire, where we have been seeking to overcome that challenge. The current structure could be described as a little bit ornate. We are reviewing the structure as part of our four-yearly review of our 12-year plan. Having said that, it is worth emphasising that we do not intend to remove community representation from the distribution or allocation of community regeneration funding, nor do we intend to diminish the role of elected members. That is worth emphasising. It is also worth emphasising the role that elected members play within partner organisations, as was touched on in considerable detail earlier. There is cross-fertilisation of representation across health boards, local authorities, the Scottish Enterprise network, and police and fire boards, and there is further cross-fertilisation with the voluntary and community sectors.

Our structure ensures that decisions about the community regeneration fund and spending under it do not simply lie with the local authority or any individual partners: decisions are firmly placed within the remit of the community planning partnership board. Our community and our partners have an equal number of representatives on the board. Before any decisions are made at that level, the partner organisations carefully consider the availability of community regeneration funding so that, when it comes to a decision by the board, those who are mandated to be on the board are clear about the views of the partner organisations and are able to commit to and report back on community regeneration funding activities.

Sitting above that structure, at the pinnacle of our partnership, is a core partners group, which could be described as the chief executives and senior elected members of our partner organisations. They do not have final decision-

making authority on CRF; they monitor activity and report back to their respective bodies.

The engine house sitting alongside the partnership board is what we call our joint officer group. To put that into terminology that everyone will understand, it is the depute chief executive group. We are the people who take the board's decisions and make them work in relation to projects. We are responsible for ensuring that the action plans and the spend on projects are carefully monitored. That information is vetted.

There are a number of roles for a number of groups within the East Ayrshire partnership, all of which fit well together and ensure that there is reporting up and down the line and back to the partner agencies.

There are occasions when it is necessary to make a separate arrangement. The committee's papers include an outline of the north-west Kilmarnock neighbourhood services centre, which is representative of a number of co-location projects that we have put into place since 2001. We have a co-location board, or project management board, for each of the co-location projects. Those boards have adopted the Prince2 principles of project management, and they have representatives from each partner agency. They make the necessary decisions in relation to the projects. Reporting back to member agencies is a necessity and forms part of that process.

I will round off on the accountability and governance issues in relation to CRF and the action plans. The partnership is currently working to achieve a joint outcome agreement. I hope that that will mean that we can eradicate the necessity for a number of outcome agreements and instead have one outcome agreement for the partnership, on which we can report to Communities Scotland and the Executive. The correlation and success of that will relate to the previous discussion on funding streams.

The last point in the Auditor General's report on governance that I wish to raise relates to risk management. The partnership board has just taken a decision to develop a joint risk management register, which will be developed through our joint officer group—our depute chief executive group—for consideration by our core partners group. We are at around the same stage as most community planning partners, and we recognise the need to address that point in the Auditor General's report.

**The Convener:** Thank you. That was helpful. The committee is aware that funding can require to be spent according to decisions made by partnerships, but that community planning partnerships are not legal entities, which can cause difficulties. We are interested to hear about

your experience in that regard. Do you have any contributions to make on governance issues?

**Brian Murray:** I will make a general point. The community planning set-up has huge potential to bring about improvements in quality and efficiencies. The governance arrangements for the individual partners are well established. There is a clear focus, and there is a good depth of knowledge and experience around the individual agencies. I know that this is a very general point, but the challenge lies with the joint ventures. I repeat, however, that the potential of community planning is huge where improvements can be brought about.

**The Convener:** Quite fortuitously, we have 10 minutes left before the committee is due to go on to the next agenda item, and we wanted to have this time for general discussion and to give people the chance to make any further comments. The committee's aim is to learn about the most significant barriers to effective community planning that you face. What needs to change to enable community planning partnerships to achieve their full potential?

**Stuart Ogg:** We constantly face the issue of defining the core messages on the roles and responsibilities of Scottish Enterprise, as opposed to other organisations. We must ensure that the expectations that people have of us at local or regional level are informed. We should not say, "We can cover village halls as well as everything else." That may have been the case some time ago, but an organisation such as Scottish Enterprise must focus on economic growth, as it has been tasked to do. Locally and nationally, we as an organisation must get better at addressing the soft issues of communication and expectation.

**Mrs Mulligan:** I am pleased and encouraged to hear of the witnesses' commitment to community planning. However, as George Black said, it is all very well for senior managers to say that they are committed to it, but how do we ensure that it is delivered in communities? George started to talk about joint working between staff in different organisations. How important is that? Do those workers need to be co-located or is there a way of ensuring that people work together across different organisations without co-location?

**George Black:** We have been surprised by the straightforward improvement that can be made by co-locating staff. Simply by bringing together the addiction services of health and social work, we increased the number of clients who were dealt with by 40 per cent in a year. A central part of our strategy for community planning is to have five hubs around the city that can be accessed by the public and in which all the necessary organisations are co-located. Co-location is an easy win.

**The Convener:** The committee's visit to the north-west Kilmarnock neighbourhood services centre in East Ayrshire gave us an impression of the obvious benefits of co-location. It would be interesting to know whether people in other areas have had a similar experience and achieved similar results.

**Brian Murray:** In Highland, we have looked at all properties that are owned by public agencies that are committed to community planning. The result of that work is quite startling—it shows just how many properties are owned by such agencies. We are now looking seriously at co-location. There are good examples of co-location in the fire service. In Great Bernera in the Western Isles the fire service, the community hall and the health service are on the same premises. In other areas where we have tried to have joint ventures with the police and coastguard, for example, there have been problems with funding arrangements. Sometimes we have to compete for funding or we have the money for only a year. If the money and timescales do not tie up, we can end up with a fire station, a police station and a coastguard station. However, co-location is an important issue and we are getting better at it.

You also asked about community engagement, which is vital and can be improved if the community planning partners work together. At the moment, we all have statements of intent about community engagement, but we need to pull together all that work. After all, each of us can carry out only so much meaningful engagement.

On the general points that were raised, the fire service has a community planning champion to deal with service issues. Indeed, since the publication of "Community planning: an initial review" a lot of good work has been carried out throughout Scotland in that respect. One way forward might be the establishment of a Scotland-wide community planning champion who would have some credibility with elected members and individual agencies and would try to engender some ownership of this matter.

12:15

**Linda Cunningham:** West Lothian has had a lot of success with co-located projects. Indeed, we are now beginning to integrate services and to push back the boundaries of who does what, which is a really positive development. However, sometimes, you can go only so far and certain strategic frameworks need to be relaxed so that we can share information and develop single shared assessments. In West Lothian, we already take that approach with our elderly, but the Executive has a role in co-ordinating strategic frameworks to allow us to develop the potential of co-located and integrated projects.

**Chief Inspector Berkeley:** I agree that co-location can make an enormous difference, for example in building trust with regard to information sharing. It is quite easy to refuse to give someone information by e-mail or by telephone, but if you sit next to them and work with them on a daily basis you build up a level of trust. Of course, that does not mean to say that you indulge in inappropriate information sharing.

We can do a good deal to bring together the different agencies' processes, priorities and working practices. Most agencies will be starting to draw up plans for 2007-08, and we need to give each other early sight of our draft plans so that we can work out where overlaps might occur and where we can take a much more joined-up approach to funding.

There are business models that operate at these different levels. For example, it would be remiss of me as a police representative not to mention the national intelligence model that operates across all UK police forces. Although the term intelligence sounds a bit James Bond, the model simply creates capacity from national to local level to enable people to get together and collect information that is relevant to those levels; to analyse, make sense of and prioritise that information; and then to direct tasks to everyone around the table so that they contribute to the greater good. It would certainly be a positive step if the Executive provided guidance on establishing a model based on something akin to that process.

**Sue Laughlin:** I think that I am going to echo the comments of the previous two speakers.

I said earlier that we cannot improve health unless we have community planning, because one organisation—even one responsible for health—cannot do that alone. All the issues that have been discussed this morning contribute to people's good health. Perhaps we need to develop a common set of outcomes, which might include health and well-being, to enable us to clarify how the various streams that people have mentioned feed into the process. I wonder whether we can do a bit more long-term planning through community planning and differentiate some of those outcomes that we can all work towards, although through different means. The different roles of co-located people who work together would then become clearer.

**Margaret Smith:** It would not be a meeting of the Audit Committee if I did not mention monitoring. We always come back to monitoring who is doing what, whether they are doing it successfully and what works and gives the best value. Sue Laughlin spoke about outcomes. What have you all been doing to monitor outcomes? Has it been too soon to do that in some cases?

In addition, it might be useful to expand more on George Black's point about the charitable

company route that Glasgow has taken. In my experience, many such approaches come to grief over funding. It would be useful if people investigated whether a mechanism can be found to assist people to pull together funding streams without the difficulties that we have heard about.

There is probably a need for Executive guidance on information sharing. I have sat in on various community meetings that involved lots of different agencies, and I know that there remains a lack of clarity on information sharing. We need to tackle that barrier to joint working and co-location, because we can see that those approaches bring about a better result. We need to ask what kind of guidance the Executive should give people on information sharing. The lack of information sharing at a local level has always seemed to be a barrier, because even when people genuinely want to work together they are afraid that they will do and say the wrong thing or share the wrong information and get themselves, their organisations, their clients or their patients into difficulties.

**The Convener:** If anybody wants to respond to Margaret Smith's points please let me know, but in the meantime Robin Harper wishes to speak.

**Robin Harper:** I am impressed by what is about to happen next week in East Ayrshire when everybody moves into the north-west Kilmarnock neighbourhood services centre. It is exciting. One possibility could be to monitor perceptions of community well-being.

I return to George Black's contribution at the beginning of the discussion. It is tremendously exciting that the co-location of social work and health services for drug problems has led to a 40 per cent improvement in throughput. To take up Margaret Smith's point, is it too early to assess whether such co-location improves outcomes as well as increasing the number of people who are being helped?

**George Black:** I say upfront that I am the wrong person to answer that question. We are looking more at efficiency and throughput, as you put it, but I am not qualified to speak about the outcomes.

**Robin Harper:** It would be even more exciting if we could show that outcomes were improved by co-locating those services.

**George Black:** Absolutely. At the end of the day it is important that such projects work efficiently, but it is the outcomes that we are all really interested in. We need to strike a balance.

**The Convener:** As we have faith in the treatments, it is to be hoped that improved efficiency will lead to improved outcomes, but that is not always the case. That was a fair answer

from George Black. If he has any further information on that matter, he should feel free to let us know. If any of our visitors wish to add to the discussion afterwards, we are open to receiving written evidence.

That is all we have time for today. I cannot think of any other way in which we could have held the meeting. Our normal process is to have two or three witnesses in front of us, and not grill them but ask them pressing questions. What we needed to hear about today was your shared experience and the way in which you have given us your opinions and experience has been helpful. It might be that questions come out of our consideration of your evidence. If so, our clerks will be in touch with you directly. The official report team produces a substantially verbatim report that you may have a copy of or read on the Parliament website. Once committee members have read the *Official Report*, we might think of one or two things that we want to follow up.

On behalf of the committee, I thank you all for coming today. It has been most helpful and will help the committee to produce a better report.

12:26

*Meeting suspended until 12:33 and thereafter continued in private until 12:37.*





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