

FINANCE COMMITTEE

Tuesday 29 November 2005

Session 2

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CONTENTS

Tuesday 29 November 2005

Col.

SCOTTISH COMMISSIONER FOR HUMAN RIGHTS BILL: FINANCIAL MEMORANDUM	3191
CROSS-CUTTING INQUIRY INTO DEPRIVATION	3204

FINANCE COMMITTEE

28th Meeting 2005, Session 2

CONVENER

*Des McNulty (Clydebank and Milngavie) (Lab)

DEPUTY CONVENER

*Mr John Swinney (North Tayside) (SNP)

COMMITTEE MEMBERS

*Ms Wendy Alexander (Paisley North) (Lab)

*Mr Andrew Arbuckle (Mid Scotland and Fife) (LD)

*Mark Ballard (Lothians) (Green)

*Derek Brownlee (South of Scotland) (Con)

*Jim Mather (Highlands and Islands) (SNP)

*Mr Frank McAveety (Glasgow Shettleston) (Lab)

*Dr Elaine Murray (Dumfries) (Lab)

COMMITTEE SUBSTITUTES

Alex Neil (Central Scotland) (SNP)

Iain Smith (North East Fife) (LD)

Janis Hughes (Glasgow Rutherglen) (Lab)

*attended

THE FOLLOWING GAVE EVIDENCE:

Brian Peddie (Scottish Executive Justice Department)

Ed Thomson (Scottish Executive Justice Department)

CLERK TO THE COMMITTEE

Susan Duffy

ASSISTANT CLERKS

Kristin Mitchell

Merrin Thompson

LOCATION

Committee Room 6

Scottish Parliament

Finance Committee

Tuesday 29 November 2005

[THE CONVENER *opened the meeting at 10:01*]

Scottish Commissioner for Human Rights Bill: Financial Memorandum

The Deputy Convener (Mr John Swinney):

Good morning. I welcome members to the 28th meeting in 2005 of the Finance Committee. We have received apologies from our convener, Des McNulty, who has been delayed by difficulties on the rail system, which are being dealt with. He will be with us as soon as he can get here. I assume that that is also the case for Wendy Alexander and Frank McAveety, who are making the same journey. I welcome members of the press and the public to the committee and ask that everyone switch off their pagers and mobile phones for the duration of the meeting.

The first item on our agenda is consideration of the financial memorandum to the Scottish Commissioner for Human Rights Bill. We have received written submissions from the Scottish Parliamentary Corporate Body and the Scottish public services ombudsman, which were circulated to members in advance of the meeting. We have with us, to answer questions, officials from the Scottish Executive. Brian Peddie is the head of the human rights and law reform branch; Ed Thomson and Ross Truslove are also from the human rights and law reform branch; and John St Clair is from the office of the solicitor to the Scottish Executive.

I invite Mr Peddie to make an opening statement, after which we will move on to questions.

Brian Peddie (Scottish Executive Justice Department): I will say just a few words by way of introduction. The purpose of the bill is to create a human rights commissioner for Scotland. The commissioner's role would be to promote awareness of, and respect for, human rights. He or she would not have any enforcement powers.

The proposed arrangements for the human rights commissioner are broadly similar to those that are in place for other commissioners who are accountable to the Parliament, such as the information commissioner and the Scottish public services ombudsman. The commissioner would be independent and appointed by Her Majesty on the nomination of the Parliament. The commissioner would be funded by the Parliament, but the

Executive has announced that it would provide £1 million a year to meet the costs of the commissioner starting in 2006-07. The financial memorandum sets out our more detailed estimate of costs, although I emphasise that the figures are only estimates. The actual costs would depend on matters such as staffing and office location, which would be decided by the commissioner in consultation with the SPCB.

We are happy to answer any questions that members may have arising from the financial memorandum or any aspects of the bill. I apologise for the fact that there is a slight error in the table at the end of the financial memorandum. Under "Functional costs", the estimate for travel in 2006-07 is £9,000; however, in paragraph 125 we say that, for planning purposes, we estimate that expenditure on travel will be the same for that year as for subsequent years. The figure in the table should, therefore, be £18,000, not £9,000, which brings the total cost for 2006-07 to £902,000, not £893,000. I apologise to the committee for that error.

The Deputy Convener: I am not sure whether the eagle-eyed members of the committee had spotted that, but I thank you for drawing the matter to our attention.

I hope that you have seen the evidence that the committee has received from commissioners in relation to the formulation of their budgets, especially the dialogue that we had last week with the commissioner for children and young people and the previous week with representatives of the Scottish Parliamentary Corporate Body on the process of budget setting. Did the Executive consider providing the SPCB with the full power to set the commissioner's budget?

Brian Peddie: We did not consider the matter in those terms. We assumed that that would take place in any event, without the need for a specific statutory power, as part of the normal budget-setting process in relation to the other commissioners and therefore also in relation to the new commissioner. I do not think that such a power exists for any of the other commissioners. There was no feeling that it was not a role for the corporate body to play; we just had not identified that there might be a requirement for such a statutory power. We assumed that that would take place as part of the normal budget-setting process from year to year.

The Deputy Convener: That is an interesting answer. The Scottish Executive's working assumption is that the SPCB has the ability to determine the budgets of each and every one of the commissioners.

Brian Peddie: Essentially, yes. Although I am not an expert on the exact mechanisms, I

understand that the Scottish Executive and the corporate body agree the funding to be provided for the Parliament but that we regard the detail of the commissioner budgets as a matter for the corporate body to determine in consultation with the commissioners on the basis of bids that they put forward.

The Deputy Convener: The Executive's assumption is that it is entirely appropriate for the SPCB to determine either the components or the totality of the budgets of the individual commissioners. That would be the product of a dialogue, but ultimately if there was uncertainty or dispute it would be within the powers of the corporate body to determine those figures.

Brian Peddie: The short answer is yes. That is certainly the case for the totality and it would be difficult to decide whether the totality was reasonable without examining at least the main elements of the budget at some level below that. I would not want to express a view on the exact level of detail, but on the basis that the Parliament funds the commissioners through the corporate body, it is, in essence, the Parliament's money. Therefore, it would seem entirely appropriate that the decision, ultimately, is for the corporate body.

The Deputy Convener: You mentioned that the sum of £1 million would in effect be the grant from the Executive to the SPCB to pay for the costs of the commissioner. By giving a grant of £1 million, are you saying that the Executive's view is that the commissioner's budget should be £1 million and that that is a ceiling on the budget, or is the £1 million just a part contribution from the Executive?

Brian Peddie: The answer is probably between the two. The Executive believes that £1 million is an appropriate provision for the commissioner's budget, so in effect it is topping up the Parliament's budget by that amount. That does not necessarily mean that we expect the commissioner's budget to be exactly £1 million. It is for the Parliament and the corporate body, in consultation with the commissioner, to decide what the budget ought to be. If it is concluded that the budget ought to be more than £1 million, the corporate body could make such a decision, but the commissioner would not be funded to the extent that the figure exceeded £1 million—I presume that the Parliament would have to find that money from somewhere else.

The Deputy Convener: For the sake of clarity, if the budget is £800,000, how much money will the Executive give the Parliament?

Brian Peddie: One million pounds. We have said that we will provide £1 million—that is in the baseline.

The Deputy Convener: If the budget is set at £1.2 million, the Executive will still provide £1 million.

Brian Peddie: Correct.

Mark Ballard (Lothians) (Green): I will follow up on your answers to the questions about the budget-setting responsibilities. How do you reconcile the SPCB's power over the budget with paragraph 85 of the policy memorandum? That paragraph states:

"The independence of the SCHR will be important"

and that

"To be independent, the SCHR must be in control of his or her strategic direction and priorities",

which

"should apply across all of the SCHR's functions."

It continues:

"The SCHR should not be subject to external control or direction in his or her work programme."

How do you reconcile that aim of independence of action with the budget control by the corporate body? If the corporate body queries the SCHR's budget, would that not be, in effect, control or direction of his or her work?

Brian Peddie: I do not think that there is a contradiction, although I see the point that you are getting at. I can envisage a situation in which the commissioner comes to the corporate body with a budget bid, but it says, "Sorry, we will not give you that much, we will give you £X instead." The commissioner may say that, in that case, he or she will not be able to carry out certain activities. That might happen but, when we talk about independence, we are referring to how the commissioner goes about his or her business and the priorities that he or she identifies. That will not and cannot extend to total independence in setting the budget, because the funding comes from the Parliament. It will ultimately be for the Parliament to decide, after discussion with the commissioner, what the budget should be. If the commissioner feels that a proposed budget settlement would be unduly restrictive and would prevent him or her from carrying out activities that they would like to do, we would certainly expect the commissioner to say so. At the end of the day, the commissioner will have the freedom to run his or her work programme within whatever budget is set—that is what we mean by independence.

Mark Ballard: So the negotiation will be on a budget bid for a figure and not on the details of the budget. Therefore, the SPCB will not, for example, say that too much has been budgeted for promotion and consultation and that the commissioner ought to spend less on that. Is the model that you suggest that the bid will be simply for a figure and that the commissioner will decide how to spend the money?

Brian Peddie: It would not be appropriate or helpful for me to comment on the detail of how the corporate body should go about its discussions with the commissioner. It is not for us to tell the corporate body how to do its business in such matters. We leave the required level of detail in budget discussions up to the corporate body to decide, in dialogue with the various commissioners.

Mark Ballard: You talked about a budget bid. Will it be for the commissioner or for the corporate body to decide what the commissioner does with the budget? Surely that is key to understanding what paragraph 85 of the policy memorandum means when it talks about the commissioner's independence and freedom from "external control or direction". It is not fair on the corporate body or the commissioner to leave the matter as vague as you have done.

Brian Peddie: With respect, it is not really for us to comment on the detail of the process. However, I would expect a commissioner or anyone else who makes a budget bid to say something about how they propose to use the money, in line with normal practice. If the commissioner is not successful in securing the full bid, for whatever reason, he or she might say that they will not be able to engage in certain activities in which they had planned to engage. I cannot go any further than that.

The Deputy Convener: The issue is a genuine difficulty. We rehearsed it with the SPCB two weeks ago and with the commissioner for children and young people last week. Previous legislation has used a similar format to that which is proposed in the bill. The Executive—or, in the case of the children's commissioner, the Parliament—has said that it wants a post to be created and that the corporate body will be responsible for negotiating the budget. Understandably, the independence of the commissioner will be entrenched in the bill, but the grey area is whether that independence will be compromised if a regulatory body—the SPCB, or perhaps even the Finance Committee—asks why the commissioner is spending money on a particular issue.

That grey area creates a lot of uncertainty about how financial control can be exercised over the plans of individual commissioners. It leads to a sense, in this committee, that we are being invited to give blank cheques to commissioners to allow them to do whatever they want. The Government needs to think carefully about the balance of that provision. Mark Ballard commented, in relation to paragraph 85 of the policy memorandum, that it is uncertain how far the Government intends that financial power to be exercised by the SPCB. You said in an answer that that decision was up to the

SPCB, but when its representatives were before us they, too, were uncertain about that power.

10:15

Brian Peddie: We share a common interest—there is general agreement that there should be proper accountability for and scrutiny of expenditure, which includes discussion of budget bids. The Executive goes through similar processes with bodies that it sponsors, many of which are expressly independent. However, independence is not the same as having a blank cheque, nor can it be. There is no inherent contradiction between entrenched independence on the one hand and having to agree a budget on the other hand. The budget has to come from somewhere—in this case it comes from the Parliament—and it is entirely right that the Parliament, in agreeing a budget figure, can look to some extent at how the commissioner proposes to spend that money.

I have the feeling that the situation extends beyond the human rights commissioner to other commissioners, as was mentioned. We have followed with interest the discussions elsewhere, in particular with the children's commissioner. If it were felt that there was some uncertainty that might be resolved by having additional legislative provision, we could look at that. However, I do not think that there is an inherent contradiction between the commissioner's independence and agreeing a budget.

The Deputy Convener: I do not want to pre-judge what the committee will say in its report, but it is likely that we will want the Executive to look carefully at that provision. It appears to cause a great deal of uncertainty in the corporate body, and certainly in the Finance Committee, about how the financial framework within which the commissioners operate is constructed so that it neither compromises their independence nor creates a sense that it is unreasonable for the parliamentary authorities to say, "We do not want you to spend your money in that fashion." We might come back to that issue.

Does anyone else want to raise points on governance issues?

Dr Elaine Murray (Dumfries) (Lab): The SPCB has welcomed the fact that it would be able to approve the office location and give consent to staff numbers.

However, one of the concerns that emerged from our discussions with the children's commissioner was about participation. She felt strongly that she had to be proactive about participation and there is an obvious price tag attached to that. Part of the human rights commissioner's duty will be to promote

awareness, understanding of and respect for human rights. That is a wide definition that could be interpreted in a variety of ways with which costs would be associated. Would the SPCB have any control over that aspect or would it come under the complete control of the commissioner?

Brian Peddie: Again, that concerns the internal budget-setting process, so I am not sure to what extent it is a question for us. I am not trying to pass the buck; I am genuinely not sure about the extent to which it is appropriate for the Executive to comment on what will be a relationship between the corporate body and the commissioner.

In general, it would be reasonable to expect that, as part of a budget bid submission, a commissioner such as the proposed human rights commissioner would say how much they proposed to spend under significant budget headings such as promotion and awareness and that they would probably give some indication of what that activity would involve and what they would expect to gain from it. I am not sure that I can add much more on that subject.

Dr Murray: The Executive aims to set up the post, so the Executive has responsibility for it. If the commissioner overspent on their participation budget, for example, I presume that the SPCB would have to find that money from somewhere else. You would not give the SPCB any more money if the commissioner turned out to be more expensive than you expected, so that cost would fall to the SPCB, which would have to find the money from somewhere in its budget.

Brian Peddie: I am not sure about the extent to which underspend can happen; I do not claim to be an expert on internal accounting in the Parliament. It is true that we said that we would provide £1 million per year to cover the costs of the commissioner. We would expect a significant part of the commissioner's activity to be promotion and awareness raising. The bill proposes that such activity would be the commissioner's main focus, and it would create specific functions in that regard. I would expect the commissioner to say as part of a budget bid how much he or she proposed to spend on awareness raising and promotion. I assume that that would be accompanied by an expectation that they would stay within the limit, so that there would not be an overspend on the total budget.

Dr Murray: The commissioner could argue that such expenditure was necessary in order to fulfil their statutory duties. The children's commissioner has argued, "This has been required of me by legislation; therefore, I have to do it."

Mark Ballard: Elaine Murray talked about the budget for promotion and awareness raising, which is laid out in the financial memorandum as

£175,000. You say that those things will be central to the commissioner's role. How will the Executive quantify and ensure value for money? Questions on that exact area were asked when we dealt with the budget for the children's commissioner.

Brian Peddie: As part of budget discussions between the commissioner and the corporate body, it would be reasonable for the corporate body to look for some indication from the commissioner about what activity would come under the heading of promotion and awareness raising and what it would be expected to deliver.

I hesitate to answer because, first, I do not claim to be an expert in assessing the value-for-money aspect of awareness raising and publicity activity. I also hesitate because it will be for the corporate body, in discussion with the commissioner, to decide on the appropriate measures for assessing whether effectiveness is being achieved.

We would expect that the commissioner would say something about value for money in his or her annual reports. It could also be commented on in the course of auditing the commissioner's accounts. I am not sure that I can go much further than that.

Mark Ballard: Will value-for-money accountability be included in the annual report rather than in the budget-setting process?

Brian Peddie: It will probably be included in both. As part of the discussions on the budget, it would be reasonable to look for some indication of what the money would be spent on and what it would achieve. That would enable us to assess after the event whether the expenditure had been effective. I would expect that to feature to some extent at least in the annual report and possibly also in the annual accounts.

Mr Andrew Arbuckle (Mid Scotland and Fife (LD): The financial memorandum covers the rental costs of the commissioner's office. Is that figure based on costs in central Edinburgh or on the considerably lower cost of office space in rural or deprived areas?

Ed Thomson (Scottish Executive Justice Department): When we were estimating what the costs might broadly be for each item, we looked to comparable bodies around the United Kingdom. The rental cost estimate is drawn from seemingly comparable figures for the Northern Ireland Human Rights Commission, the children's commissioner for Wales—

Mr Arbuckle: Therefore, the estimate is not based on rental costs in Scotland.

Ed Thomson: It is not specific to any location.

Mr Arbuckle: You talked earlier about what would happen in the event of overspend or

underspend and about the commissioner's relationship with the corporate body. Has the corporate body been involved right from the start in establishing that relationship or has it been just told about it?

Brian Peddie: When the proposals were first developed, that was done from the starting point of what accountability mechanisms and structure the Executive felt would be appropriate for the commissioner in the light of responses to public consultations.

We have had some discussion at official level with corporate body officials. In particular, you will have noticed that there is a specific provision in the bill that requires corporate body approval for the location of the commissioner's offices. That is new, in the sense that such a provision was not included in the legislation for any of the previous commissioners. The provision was included at the express request of the corporate body, arising from our discussions at official level, in which we were advised that that was felt to be a useful provision for the corporate body to have. We were happy to agree to that, as we saw it as a logical extension of the provisions that were already proposed on corporate body approval for staff numbers and so on.

Mr Arbuckle: The corporate body indicated that it has concerns that conservative estimates have been made with regard to the salaries of commissioners and their staff. Have you any comment to make on that?

Ed Thomson: Certainly. Again, our estimates of salaries for commissioners and staff were drawn from examples of other comparable bodies around the United Kingdom.

Although we noticed that the SPCB said that some of the statutory commissioners in Scotland are paid more than the estimate that is set out in the financial memorandum, we see that figure as a median figure compared with some of the other bodies in Scotland and elsewhere in the UK. We think that that figure reflects the situation reasonably well. For example, the chief commissioner of the Northern Ireland Human Rights Commission receives about £60,000; the children's commissioner for Wales receives around £70,000; and most of the Scottish statutory commissioners and ombudsmen are in the £70,000 to £80,000 bracket.

We considered the broad staffing structure of comparable organisations in other jurisdictions and thought about how that sort of structure might need to be adapted for the specific roles that we had set out in the bill for the Scottish commissioner for human rights. Our estimate of the staffing that would be necessary in Scotland was based on the fact that the Scottish

commissioner will have a slightly different role from those of the Irish and Northern Irish commissioners. For example, the Scottish commissioner will not have the complaints-handling or case-supporting role that the others have. We have scaled back the staffing assumption based on the fact that we do not expect the commissioner to be involved in those particularly resource-intensive roles.

Mr Arbuckle: Under one of the expenditure headings, you identify up to £50,000 for research. What areas of research might the commissioner be interested in that would justify the spending of 5 per cent of his or her budget?

Ed Thomson: One of the reasons for establishing a Scottish human rights commissioner in the first place is that awareness of human rights issues is low in Scotland. At least, it is extremely difficult to get information about the level of awareness. There simply is not much information about the level of awareness among public authorities or other sectors. We imagine that a significant part of the commissioner's early work would be to investigate exactly what the situation is.

The Northern Ireland Human Rights Commission has undertaken research in relation to a number of topics, some of which are specific to a Northern Ireland context, such as the use of baton rounds by the police and the policing of parades. However, the commission has also considered human rights issues relating to the rights of older people, health care and medical negligence. We have seen, from other jurisdictions, that there are a large number of fields in which statutory human rights bodies have an interest in gaining information.

The Deputy Convener: In its response to the consultation exercise, the SPCB said:

"The SPCB did not respond to the public consultation and only had sight of the detail of the financial memorandum on introduction of the Bill."

Bearing in mind the fact that the corporate body will, in effect, have to manage the budget and pick up any shortfall if it exceeds the Executive's expectations, has consultation been adequate, given that the corporate body saw the financial memorandum only when the bill was published?

10:30

Brian Peddie: As I said, we had some discussion with the corporate body at official level, but one could always have more consultation. In retrospect, it might have been helpful had we provided the SPCB with a draft of the financial memorandum at an earlier stage, rather than simply on publication. I am not sure how

significant an impact that would have had but, in retrospect, it might have been useful to do it.

The Deputy Convener: It comes down to the point that we discussed earlier: the corporate body feels exposed because the legislation is not clear about the extent of its intervention in budgetary control. Further dialogue on that point would be helpful.

Brian Peddie: I would be happy to pursue that with corporate body officials, although I reiterate that I am not sure how appropriate it would be for the Executive to take part in discussions on the corporate body's internal budget mechanisms and how it goes about budget dialogue with commissioners. Moreover, I am not sure how much value we would bring to such discussions. However, we are happy to have such discussions if the corporate body would find them useful.

Mark Ballard: In commenting on paragraph 126 of the financial memorandum, the corporate body states:

"we would encourage the Human Rights Commissioner to collaborate with other Officeholders ... to undertake joint research projects which will result in savings.

We do, however, note that there is not provision for the Commissioner undertaking inquiries nor for external consultants/advice (e.g. auditor's fee, or legal advice)."

Given that the commissioner's responsibilities, as laid out in the policy memorandum, include empowering the public to assert their human rights more effectively and providing advice to public bodies on how to comply with human rights legislation, will there not be a need for legal advice in particular? If there is a need for independent external legal advice, where can it be found in the budget?

Brian Peddie: We recognise that there might be a need for such advice from time to time but, frankly, when compiling the financial memorandum we could not meaningfully estimate how much activity there might be. If we had put a figure against that, it might have created a misleading impression, which might have indicated that we had expectations of a certain amount of expenditure under that heading. We would have had nothing to base that on, and it might have proved to be totally unjustified.

I should mention that in estimating the likely level of travel costs for the purpose of the financial memorandum, we included activity in the context of inquiries.

Ed Thomson: To be frank, we had a bit of difficulty in drafting the financial memorandum, because the body will have independence over its work programme and the issues that it decides to take up. As Brian Peddie said, one of the difficulties that we faced was that if we had set out

in the financial memorandum a more detailed, line-by-line description of what we anticipated its expenditure to be on, say, inquiries or legal fees, that would have created an expectation of how we expected the commissioner to structure his or her work programme. Our expectation is that the lines that we have described—such as promotion and awareness raising, general running costs and travel expenditure—will include costs that are incurred by the commissioner in undertaking inquiries or providing advice, if that was part of his promotion and awareness-raising work.

We set things out rather generally and we deliberately did not go into the detail of how much we expect to be spent on each of the statutory powers, because we did not want to create an expectation that that expenditure would be met.

Mark Ballard: Paragraph 126 of the financial memorandum states:

"A budget of £50,000 has been assumed, on the basis that the Commissioner may be unlikely to want to conduct more than one large research project in the course of a single year."

Is not that exactly the kind of detailed setting of priorities and spending for the commissioner that you said you were unable to provide in relation to external legal advice? Why were you able to set out costs on the basis of one large research project being carried out but are unable to say anything about spending on external legal advice?

Ed Thomson: That is an excellent question. The fact that there is a contradiction reflects the difficulties that we face in setting out estimated costs in financial memoranda in striking a balance between a level of detail that would be helpful to Parliament and not being too prescriptive. Research costs are much easier to estimate than is a level of legal activity. The degree to which the commissioner might incur legal costs, whether in legally proofing legal advice to other bodies or in the course of interventions, is much harder to estimate. The amount of legal advice is entirely dependent on the commissioner's strategic direction. I take your point entirely about the line on research. As I said, research costs are easier to identify.

Brian Peddie: There is not necessarily a contradiction. Part of the thinking behind what we say in the financial memorandum about research is that a large research programme takes a certain amount of managing. Given the effort that is required in monitoring and carrying out projects, and the likely size of the commissioner's office, we thought that it would be unlikely to be practical for the commissioner to be able to run more than one large research project at a time. That does not necessarily mean that we expect the commissioner to be running one significant research project every year: the commissioner

might, in a given year, have more but smaller projects to run, or projects might run from one year into the next.

Dr Murray: What practical measures are being considered to ensure that the commissioner uses public funds responsibly and efficiently?

Brian Peddie: I do not want to risk going back to our previous discussion about accountability. I expect that in presenting a budget bid, the commissioner would say something about the main headings under which the money would be spent and what the spend would be expected to achieve. The commissioner will, of course, submit annual reports to Parliament to describe what activity they have been engaged in, and the commissioner's accounts would be audited by the Auditor General for Scotland, which I imagine would provide the main element of control in relation to the detail of financial propriety.

Dr Murray: Other Executive departments and Executive-funded bodies—such as local authorities and health boards—are going through an efficient government process whereby they are expected to find particular savings or spend as much as possible on front-line services. Will anything similar apply to the commissioner, or will the commissioner have a blank cheque?

Brian Peddie: The Executive is engaged in such an exercise, under the efficient government initiative, to examine the scope for bodies that are accountable to Parliament to share services, to co-locate offices and so on. We have had discussions with the Scottish public services ombudsman on that and with colleagues in the Executive who are involved in the efficient government initiative.

My understanding is that, in addition to anything that the Scottish Parliamentary Corporate Body might undertake, it is at least possible that the scope of Executive activity might extend to parliamentary bodies—that would not, of course, be compulsory, but bodies that are accountable to Parliament might have the opportunity to share services. However, that would be for separate discussion between colleagues on the efficient government side of the Executive and the Scottish Parliamentary Corporate Body.

The Deputy Convener: Thank you for your evidence this morning. The committee will reflect on the points that have been discussed.

Thankfully, the convener is now with us, so I hand over the chair.

Cross-cutting Inquiry into Deprivation

10:41

The Convener (Des McNulty): Before we deal with agenda item 2, I apologise to colleagues. The journey through from Glasgow was unfortunately disrupted by a fatality on the railway line.

The second item is a report back to the committee on the case study visit that a number of us carried out in Glasgow as part of our deprivation inquiry. This item has been deferred from last week's meeting. With me on the visit were Jim Mather, Frank McAveety, Derek Brownlee and Andrew Arbuckle. We visited projects in Drumchapel and Pollok. I record our thanks to the Glasgow Alliance for organising our visit. Jim Mather has agreed to give a verbal report.

Jim Mather (Highlands and Islands) (SNP): I will explain the structure of the day. As the convener said, we visited the Glasgow Alliance and met officials from Glasgow City Council and Greater Glasgow NHS Board. We then went on a trip around Glasgow. We talked to representatives of caring over people's emotions—COPE—in Drumchapel; the supportive training and rehabilitation partnership—the STAR partnership—also in Drumchapel; the Pollok civic realm initiative; and the Kool Kids children's health club in greater Pollok. It was an illuminating day. To be honest, I did not expect to get so much out of the day when it was first scheduled, but there was quite a lot in it.

I have done some follow-up work on the visit, which I hope will be useful. In essence, the strategy that has been employed involves leaning heavily on the regeneration outcome agreements as a mechanism to move things forward. There are some very solid people doing good work at grass-roots level, who genuinely respect their client base and are trying to work to people's strengths. I want to say more about people's strengths later, as they are significant.

We repeatedly saw implicit acceptance of the Heckman route—which Wendy Alexander brought to our attention through the Allander series of lectures—in which education serves as a mechanism through which we can achieve a long-term solution. The objective was not just to fix problems; it was economic deliverance. I am not sure that we saw too much evidence of that, but I will talk more about that in a minute.

What was particularly illuminating—*[Interruption.]* I am sorry: that might be my phone. One snippet that we got when we were talking to

one of the ladies who ran COPE was particularly illuminating. She said that tangible improvement for men involves activity training or a job, whereas tangible improvement for women is different—the Mars/Venus split—in that for them improving a family relationship is the key criterion. I suspect that there is an economic driver behind all that.

We saw that there is focus on addressing people's needs, rather than on tackling the core problem. There is, however, awareness of the importance of economic resurgence. There is little evidence that attempts are being made directly to foster economic resurgence, and there was pretty strong criticism of the enterprise agencies because of that.

In Pollok, I got the impression that much of the economic resurgence there seems to be a function of the M77 development and of some previous failures. The fact that housing had come down and schools had been closed had created an opportunity to develop, with the M77 now in place.

10:45

People told us eloquently that there are too many small projects and that funding is complex. They also said that personality clashes had damaged focus and cohesion and that there is a constant challenge in trying to close the gap while offering universal stigma-free provision. It is felt that the enterprise agencies are not doing enough, as I said a moment ago.

Another point that struck me was that although we have heard from Glasgow about the worklessness and addiction targets, there is a lack of specific targets and quantification for management and monitoring over time. I came away feeling that we need to map the organisations to examine more closely who is delivering services and which downstream service providers the money ends up with.

I did a bit of research after the visit. On the web, I picked up on an interesting case study from the United States called "Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets". The study says much about the current model that resonates strongly with me. It says in essence that if the solution is tackled by producing a map of need, the outcomes will be perverse in comparison with the outcomes from dealing with a community's potential by mapping its assets door by door and street by street; for example, by identifying a retired joiner who could take on apprentices and so on.

The US experience was of fragmentation of efforts, of funding being directed towards service providers and of the negative effect on communities because problems are highlighted,

which creates an atmosphere of negativity. Another negative effect was that people were no longer as resilient as they might have been; they looked to the expert—the social worker, the health provider or the funder—for their salvation. The cycle of dependence deepened and services became focused on individual clients rather than on a development plan that included the energies of the entire community. The conclusion was that a needs-based strategy guarantees only survival and maintenance survival. If that is the best we can provide, it is unlikely that we will achieve long-term investment and resurgence in an area.

My conclusion is that this could be a defining moment for the Finance Committee: we can consider the issue and say, "Everything's fine; we're spending money," or we can drill down, find a better way and aim for a different level of outcome from that which has prevailed.

The Convener: I invite Derek Brownlee and Andrew Arbuckle to speak first, before we come round to the old lags—Frank McAveety and me—from Glasgow.

Derek Brownlee (South of Scotland) (Con): Several issues from the visit struck me. I think that I am right in saying that every group that we visited said that the problem is not that there is a lack of funding per se, but that access to funding, the timescale, short-termism and the bidding process are problems. I think that everybody acknowledged that money was being provided to tackle deprivation; the questions were about effectiveness rather than the quantum, which was interesting.

The more fundamental point, which Jim Mather discussed in more detail, was that what we saw deals more with symptoms than with underlying causes. If that is the policy intent, it is perhaps not surprising when the policy outcome is not particularly effective. The visits were interesting and provided food for thought, but I am not convinced that what we saw shows that there is real hope of tackling deprivation, in the sense of effecting lasting change, rather than making things feel slightly less bad for people.

Mr Arbuckle: Like Jim Mather, because I come from a rural background I approached the visit with perhaps not trepidation, but with the feeling that it would be interesting to go into an urban situation and see deprivation. I was very encouraged by what is happening. I pay tribute to all the people who work at the grass roots. If I learned one thing it was that we should feed the grass roots rather than try to dictate policy from on high. The other lesson is that short-term support is almost as bad as no support at all because it creates expectations; if those cannot be fulfilled that does people a disservice.

I came away thinking that we must insist not necessarily on long-term funding but at least on continuation of funding so that people who work on the ground and those who try to help can see a way forward.

The Convener: Frank McAveety can put the issue in the broader context of Glasgow.

Mr Frank McAveety (Glasgow Shettleston) (Lab): What members have said is probably a fair reflection of the visit.

We met the senior representatives of the city council and the health board. There was an immediate disconnection between what we heard when we spoke to the health board and the reality when we visited a project that supports folk through the community care or mental health agendas. There is concern about provision for them among almost all the community groups that we met, whether they are voluntary charity bodies such as the ones in Drumchapel or—like most of the people whom we met during the time that I was able to stay on the Pollok estate—a hybrid of professionals, enterprise and development company people.

As has been said, a consistent theme was the bureaucracy of trying to secure funding. I think that it is out of civility that people said that they do not think that funding is the real problem but that it is more about process. Ultimately, because of the complexity of the process, many communities will not know how to break it down effectively to get the outcomes, achieve value for money and make a real difference. That is a persistent problem in any regeneration strategy, particularly in very disadvantaged communities.

I agree with Jim Mather's point about the leg up that Pollok received from the M77. The issue is contentious, but in my opinion there is no doubt about the benefits to Easterhouse and Pollok that have resulted from the connections with the M8 and the M77. I know that among the committee's members there are other views on that; I respect but disagree with those views. Ultimately, private sector investment, which had not happened for a generation, is kicking in in Pollok because finally two or three things are, so to speak, plugged into the electricity grid for the first time. That had not happened for 10, 15 or 20 years.

One of the lessons is that we should trust communities more in as broad a sense as possible. There is no simple solution because each community is diverse and different and has as many psychologically challenging individuals as any Parliament. The second issue is that the agencies should get out a bit more and on to doorsteps to confront the reality of the experience. Thirdly, we should create the space for new capital to come in, which includes private sector

regeneration. The idea that the taxpayer can constantly pump-prime such regeneration is in the long run not advantageous for any of us.

The Convener: I will build on those comments and add three or four points.

One of the interesting points about Pollok is that it is a disproof of the worst-first approach to tackling deprivation. Pollok did not get funding in the early 1990s because it did not meet the indicators, but was clearly in need of support. As Frank McAveety suggests, through a fortuitous set of circumstances—the M77 and a shopping centre development—there is a good prospect that there will be significant improvement in the area. Qualification for support plus private sector investment is delivering palpable change in Pollok. If we were to concentrate resources on the worst 5 per cent of areas, Pollok would not qualify, but if we concentrate on the worst 15 per cent, it will. However, Pollok needs targeted public and private sector investment to deliver meaningful change. That has worked there, but not everywhere.

My second point is about the human potential and organisational capital that exist in many deprived areas. People think of deprived areas as places where people are victims of social and economic dislocation, but such areas have a lot of social organisation and many able and capable people. In particular, there are many able and capable young people whose potential needs to be developed. We should see deprivation as something that can be tackled effectively by the kinds of intervention that we saw on the visit.

My third point relates to Andrew Arbuckle's comments on the timeframe for interventions, the weighting of the bidding process for organisations and how we capture and sustain resources and interventions. I add to Andrew's comments that we sometimes pursue innovation for its own sake. It is easier for new organisations to get funding than it is for existing organisations to achieve recognition for what they do, and to achieve acceptance that they need support to build and maintain their capacity. Organisations that have existed for a while often have almost unrealistic expectations placed on them. COPE told us that it has had to generate resources through becoming almost a private business to meet the new criteria that have been imposed on it.

My final point again relates to Pollok. In the late 1990s, many mediating organisations such as the Wise Group, Barnardo's and One Plus were involved in Pollok. However, when the area qualified for resources, there was an understandable reflex response of creating home-grown organisations that were controlled locally. A shift took place from a contracting relationship to a control relationship. I wonder whether the pressure for that was created by uncertainty about

continued funding and a perception that there was lack of control. We need to consider whether we want to promote a shift away from contracting organisations to indigenous organisations in such areas, or whether we want to shift the balance in the structure so that contracting organisations have more likelihood of continued involvement and are not driven out by the psychology of the funding structure. That structure may have perverse unintended consequences rather than the consequences that are planned for or thought desirable.

Mr McAveety: The purpose of the visit was not examination, but observation, to echo Jim Mather. Ultimately, under the Heckman theory or any other theory, a core issue is the quality of state education and the support for primary and secondary developments. On the visit, we did not find out about the interesting work that is being done in a high school in Pollok that is willing to challenge the assumptions of low achievement and to try something different. That has created a bit of a stooshie with the educational establishment—or elite, if we want to call it that. Education was missing from the visit, as we could not fit it in, but the role of schools is a core issue. Schools perform well in some estates, but not in others. The Education Committee is considering that matter, but it strikes me as an issue that we, too, must address.

Jim Mather: I was interested in the convener's comments. From what he said, the issues sounded complex and convoluted. We are coming back on ourselves and repeating—the eddies and currents are unspeakably complicated. It is like a business that begins to lose its way a bit and it just needs direction. We should look to getting that direction from outside. The key questions for us as the Finance Committee are: what money is going in, what outcome will there be and is that good enough? If it is not good enough, we should suggest alternative strategies and find them outside Scotland. I am keen to submit the case study paper from the US because it cuts through the issue, brings out the experience that the Americans had of doing exactly the same thing and the different way that they tackled it.

11:00

The Convener: We need more research, but we will take on board that paper and other evidence that we have received.

I have slightly contradictory feelings about the situation. We are getting better at tackling deprivation, although that might be because of links with broader economic growth in some of the examples that we have seen. Glasgow has been doing well and the other places that we have looked at are near connectors.

There is a sense that the efforts that we are making to tackle deprivation are better co-ordinated and more focused than they were. However, I am not convinced that we are not reinventing measures that did not in the past work as well as they might have done. I wonder whether the process that we have gone through involves enough pausing, taking stock and learning from what has and has not worked. If, as we heard from a couple of people from the first research group, Castlemilk was not a good model of urban regeneration, to what extent have we learned from that? Are we beginning to take such issues on board?

If we look at Glasgow in a broader sense, it is clear that the biggest investment in Glasgow happens through the Glasgow Housing Association, which is about physical regeneration, but how does that relate to the people?

Jim Mather: In the recent interview with Michael Lennon of the GHA, we learned that only 6 per cent of GHA residents are in full-time employment. The relativity of deprivation is the main point. Any author whom one reads on the subject, whether it is Friedman in "The Moral Consequences of Economic Growth", Steven Pinker in "The Blank Slate" or—I forget the author—"The Welfare State We're In", it is all about relativity. If the gap gets too big, people turn in on themselves and those forces are very destructive. We do not have to go far—to Pollok or Drumchapel, or, up in my neck of the woods, to the Ferry in Inverness or Soroba in Oban—to see that.

The Convener: We will return to the subject when we take stock of where we are going in the deprivation inquiry.

The remaining agenda items will be in private.

11:03

Meeting continued in private until 12:57.

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