

COMMUNITIES COMMITTEE

Wednesday 31 March 2004
(*Morning*)

Session 2

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COMMUNITIES COMMITTEE

14th Meeting 2004, Session 2

CONVENER

*Johann Lamont (Glasgow Pollok) (Lab)

DEPUTY CONVENER

*Donald Gorrie (Central Scotland) (LD)

COMMITTEE MEMBERS

*Scott Barrie (Dunfermline West) (Lab)

*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)

Patrick Harvie (Glasgow) (Green)

*Campbell Martin (West of Scotland) (SNP)

*Mary Scanlon (Highlands and Islands) (Con)

*Elaine Smith (Coatbridge and Chryston) (Lab)

*Stewart Stevenson (Banff and Buchan) (SNP)

COMMITTEE SUBSTITUTES

*Shiona Baird (North East Scotland) (Green)

Christine May (Central Fife) (Lab)

Shona Robison (Dundee East) (SNP)

Mike Rumbles (West Aberdeenshire and Kincardine) (LD)

John Scott (Ayr) (Con)

*attended

THE FOLLOWING ALSO ATTENDED:

Professor Arthur Midwinter (Adviser)

Mr Mark Ruskell (Mid Scotland and Fife) (Green)

CLERK TO THE COMMITTEE

Steve Farrell

SENIOR ASSISTANT CLERK

Gerry McNally

ASSISTANT CLERK

Jenny Goldsmith

LOCATION

Committee Room 2

Scottish Parliament

Communities Committee

Wednesday 31 March 2004

(Morning)

[THE CONVENER *opened the meeting at 10:35*]

Item in Private

The Convener (Johann Lamont): I welcome everyone to this meeting of the Communities Committee.

We have apologies from Patrick Harvie, who is unable to be here today; Shiona Baird is here as his substitute. Stewart Stevenson has been delayed, but should be along shortly. Mark Ruskell will be present to speak in support of petition PE650 at agenda item 3. Professor Arthur Midwinter will not be able to join us for agenda item 4 until 11 o'clock. The last wee bit of extra information is that Parliament's official photographer will join us today to add to the committee's pictorial database. If anybody knows what a pictorial database is, they can give me their answers on a bit of paper later.

Item 1 is consideration of whether to take item 5, on the committee's work programme, in private. Is it agreed that we will take that item in private?

Members indicated agreement.

Subordinate Legislation

**Housing (Scotland) Act 2001
(Alteration of Housing Finance
Arrangements) Order 2004 (SSI 2004/105)**

**Housing (Scotland) Act 2001
(Payments out of Grants for Housing
Support Services) Amendment Order 2004
(SSI 2004/108)**

10:36

The Convener: Item 2 is consideration of the Housing (Scotland) Act 2001 (Alteration of Housing Finance Arrangements) Order 2004 (SSI 2004/105) and the Housing (Scotland) Act 2001 (Payments out of Grants for Housing Support Services) Amendment Order 2004 (SSI 2004/108). Members have been provided with copies of the orders and the accompanying documentation. If members have no comments, is the committee content with the orders?

Members indicated agreement.

The Convener: The committee will not make any recommendation on the orders in its report to Parliament. Do members agree that we will report to Parliament on our decisions on the two orders that were considered today?

Members indicated agreement.

Petitions

10:37

The Convener: Item 3 is petitions. Before we go into the detail, I will explain my intention to take them slightly out of order. I propose to deal with petition PE447, by Gregor McIntyre, then petition PE650, on terrestrial trunked radio masts, then petitions PE541 and PE543, on landfill and waste management. I spoke to Karen Whitefield MSP—who has been promoting petition PE543—this morning. She is having difficulty getting here on time and has sent her apologies. I said that we would discuss petition PE543 last. If she is here, she will be able to contribute. If not, we will have done our best by her. Is it acceptable to the committee to reorder the petitions in that way?

Members *indicated agreement.*

Community Volunteers (PE447)

The Convener: We are invited to consider how we wish to deal with four petitions that have been referred to us for further consideration. The first is petition PE447, by Gregor McIntyre, on local community projects. Are there any comments on the petition?

Scott Barrie (Dunfermline West) (Lab): I do not know whether it was just me, but I found it incredibly confusing and difficult to understand exactly what is going on. There seems to have been a difficulty in the social inclusion partnership in West Dunbartonshire, but I am not clear what the difficulty was. Do we have to decide whether there are national implications or whether it was purely a local difficulty?

The Convener: I think that that is right. We might be looking at whether the way in which the SIP process is organised affects the ability of SIPs to address local issues, and whether there is a conflict with national priorities.

Elaine Smith (Coatbridge and Chryston) (Lab): I noted a few comments when I was reading the committee papers. I was concerned to read that

“Des McNulty MSP—who supports the petition—also indicated that he believes that there are inaccuracies in the Executive response.”

Given that there is to be a transition from SIPs to community planning, it might be worth the committee looking into the matter further to see whether there are lessons to be learned. Like Scott Barrie, I am not clear what the problem was.

Mary Scanlon (Highlands and Islands) (Con): Having read the approach paper, I think that we should be concerned because social inclusion is part of our remit. It is a question of whether the

Executive's plans, targets and objectives are being considered by Greater Glasgow NHS Board—it appears that the board did not consult the community and the petitioners say that what was done was out of synch with the priorities of the community. The worrying aspect of the matter is covered in the paragraph of the paper that Elaine Smith quoted—the paragraph on page 2 that refers to Des McNulty's involvement—which says:

“Des McNulty MSP ... feels that this resulted in the loss of a valued local project and, even looking at the broader work of the SIP, a worsening of service.”

We will be having deliberations on the budget today and we are examining how targets for closing the opportunity gap, social inclusion and so on can be achieved, so we should be concerned about the process if Greater Glasgow NHS Board is not consulting the community and if, instead of achieving targets, it is actually making things worse. There have been rumblings about SIPs and their projects for years. We should perhaps hear more from Des McNulty, whose statement is serious. We are responsible for good value and for effective management of the public purse.

Scott Barrie: I have some sympathy with the points that have been made by Mary Scanlon and Elaine Smith, but I am not sure that we can necessarily construe what they suggest from the information in front of us. I had some difficulty in ascertaining exactly what the problem is. It seems from some of the letters in support of the petition that some people in the SIPs are saying one thing about how community views were arrived at, while others—through organisations that include Greater Glasgow NHS Board—are saying that the priorities were established by people from the community, but in another forum. As I understand it, that is how the conflict appears to have arisen. I find it difficult to work out what we should do about it on the basis of the information that we have in front of us. That was the initial point that I wanted to raise, rather than get into the nitty-gritty of the matter. I am not sure that we have enough information to do so.

The Convener: There are various processes by which SIPs are monitored and their work evaluated; for example, local SIPs are themselves involved in dealing with evaluations. I would be concerned if we were simply to investigate specific experiences of SIPs following complaints, rather than to consider the general issues that are highlighted. There is no doubt that the community planning process will deal with some such issues as the transfer between organisations takes place.

The Executive is explicit in its correspondence. It takes an entirely different view from the petitioners. We could write to the Executive again to seek clarification on its suggestion, perhaps

reiterating the points that were made by Des McNulty about the difficulties that seem to have occurred. Two diametrically opposing things are being said. We could ask the Executive to respond to the specific points that Des McNulty and the petitioners have made, and thereafter reflect on the matter. Would that be acceptable?

Mary Scanlon: That suggestion would be acceptable. The central point is that the petitioners, who represent a community, say that their priorities for social inclusion are not reflected in the priorities of Greater Glasgow NHS Board. There is a point to be made about ensuring that that is corrected in the future, through the community planning process.

Elaine Smith: Given that we have widened the discussion out to community planning and other SIPs, it was a bit remiss of me not to say earlier that I have an interest to declare in that I am on the board of South Coatbridge social inclusion partnership.

The Convener: I am in the Greater Pollok social inclusion partnership. We could go into a huddle later and talk about our experiences.

Donald Gorrie (Central Scotland) (LD): Will we ask for more information from those on both sides of the argument and send each side the papers that have been provided by the other so that they can explain why they think that the other side's case is wrong? Is that what we are aiming for?

The Convener: I think that the two sides have gone down that road already, even if the matter has not previously appeared before us. It is perhaps a matter of our asking the Executive a specific question on its point of view. Let me find the exact wording. The paper says:

"in this case an unfortunate situation had arisen where some of the people in two of the nine SIP areas ... wanted to use the SIP funding".

Later it says:

"The Executive does not think that this was a case where local priorities were being ignored so that national priorities could be pursued."

That is the Executive's view but Des McNulty's view is different. Perhaps we should ask the Executive to respond to Des McNulty's view; Des and the petitioner have already commented on the Executive's view. It would therefore be useful to go back to the Executive for clarification on how it can be so categorical when different views are held. Is that agreed?

Members indicated agreement.

Terrestrial Trunked Radio Communication Masts (PE650)

10:45

The Convener: I welcome Mark Ruskell MSP. He is here to speak to petition PE650 on terrestrial trunked radio communication masts in Scotland. Petition PE650 is from Alison Mackay on behalf of a group called NO 2 TETRA Scotland.

Mr Mark Ruskell (Mid Scotland and Fife) (Green): Thank you convener. I will try to keep my comments brief; I know that you have a busy agenda.

I want to make two points. The first concerns timescales. There is increasing public alarm about the roll-out of the TETRA police communication system. I first became aware of the issue at this time last year, before I was elected, when I attended a public meeting in Cupar. Since then, seven community-based campaign groups have been established in the Mid Scotland and Fife region alone, and I gather that other groups in other parts of Scotland are as concerned as we are about the system.

The roll-out of the TETRA system has proceeded at a pace similar to that of the growing public concern. The background information in the committee's paper on the petition notes that 14 planning applications have been lodged in Fife but that Fife Council has held back on approving them until health studies have been completed. Since that information was presented to the Public Petitions Committee, 12 of the masts have been approved. Indeed, as we sit here this morning, another planning application for a mast is going before Fife Council for approval. This is all happening ahead of an NHS monitoring study into the only active TETRA mast in operation in Fife.

Timescales are an issue. Roll-out is happening apace and public concern is growing apace. Now is the right time for a parliamentary committee to consider the issue that the petitioners have raised.

My second point concerns the difference between conventional mobile phone technology and TETRA. The worry among communities and independent scientists is to do with the perception that TETRA masts pulse; they use different technology from the mobile phone technology that we are all used to. Scientists disagree over whether the masts pulse and there are concerns that the standards that are applied to mobile telecommunications technology predate TETRA and therefore do not deal with specific concerns about the technology. Government advice refers to the precautionary principle, which suggests that we should not be rolling out such low-frequency telecommunication systems until studies have been completed.

There has been some delay in correspondence with the Public Petitions Committee but I believe that the time is right for an inquiry to take place. That inquiry should focus on the specific concerns that are raised in respect of TETRA, rather than rerun the entire mobile phone inquiry that took place in the first session of the Parliament.

The Convener: Thank you—I appreciate your brevity. Do any members wish to comment?

Mary Scanlon: We will hear a ministerial statement tomorrow on planning and planning consultation; we have heard about GM crops, about pylons that are 70 feet higher and about wind farms. We now have TETRA masts as well. All these alleged health concerns are coming up, so this might be an opportune time to ask whether health concerns will be addressed in the forthcoming planning bill or will go out to consultation. I understand that the Scottish Executive is helping to fund research into TETRA masts—either research on their health impacts or a review of the available research—which will be published this year. At what point in 2004 is that likely to appear?

From reading the background papers, I gained an impression that England was the guinea pig for TETRA masts before Scotland. However, the information that I have received from Newport-on-Tay, Kirriemuir and from Sussex and elsewhere—where TETRA masts already exist—shows that local communities and about 200 police officers who use TETRA handsets have been complaining about various health effects, including headaches, nosebleeds, nausea, disorientation, confusion, lack of concentration, dizziness and interrupted sleep.

I have read the Stewart report, which recommends, for example, that mobile phones should not be used by young children of about eight or 10 who have developing brains. However, no such warning is given on the box or in the instructions for a mobile phone. I spent four years on the then Health and Community Care Committee dealing with various petitions, so I would be a little bit more cautious before giving the proposal the green light. I would like more information to be brought before us before we rubber-stamp the idea. There are serious concerns and we owe it to those who have expressed those concerns to do as much as we can to get hold of the available information before we comment.

Elaine Smith: I agree with much of what Mary Scanlon says. I think that the Stewart report also recommended that mobile phone masts should not be located near primary schools and other places where children gather and play. I was concerned to read in the committee papers that some TETRA masts will be located in such areas, so I urge

adoption of the precautionary principle. The recommendations in our papers are quite reasonable.

The Convener: My experience of telecommunication masts in my constituency is that a decision not to erect a mast in a school, based on the precautionary principle, can have the unintended consequence of a mast being erected on private land opposite the school. If you think about it, it is probably safer to have the mast cascading outwards from the school than it is to have it across the road, from where it cascades on the kids. Another problem was that, because the masts were not allowed in parks, they were erected in residential areas, where children play at night. We have to keep an eye on such issues.

Elaine Smith: The Stewart report said that the masts should not be located near schools or places where children play. One of the reasons why they were not erected in schools was that a number of councils put a moratorium on them to ensure that they did not have masts on council land and buildings.

The Convener: My point is that the good principles that were being operated by local authorities and employers who were concerned about the health effects of the masts resulted in their being erected in areas over which the community had no control. The most vulnerable group of people—owner-occupiers with a lot of children—were worst affected. That was my direct experience of use of the precautionary principle, but that is an argument for another day.

What Mary Scanlon says about the planning bill is important. Many of the issues around community involvement and so on should be addressed by the committee when we gather evidence during stage 1 of that bill. That process will enable us to explore generally many related issues. Mary Scanlon said that we should not give a green light to the proposal, but the reality is that the mast-erection programme is on-going. The green light has already been given.

Are people happy that we follow the recommendation to ask the Executive for the research? We should gather as much information as possible before we consider the matter further. The Public Petitions Committee suggested that we might want to consult the Environment and Rural Development Committee and the Health Committee. Are members content with those recommendations?

Members indicated agreement.

The Convener: Do members want to add anything further?

Shiona Baird (North East Scotland) (Green): My concern is that, as you rightly point out, the

masts are going up while we are taking evidence and considering the matter. We must proceed with as much speed as possible, otherwise any work that is done by the committee will be negated by the fact that the programme will have been rolled out. I urge the committee to take action as swiftly as possible, although that might not be easy. The matter is serious because the precautionary principle is not being observed.

Donald Gorrie: The matter is slightly like the previous one in that many—presumably well-informed—people are saying totally different things on the same subject.

If there is evidence from England that police personnel have complained about the system, it might be worth contacting the chief inspector of constabulary in Scotland to ask whether he is aware of complaints about the system by the police elsewhere in the UK.

The general situation is difficult. There is a Latin tag to the effect that everything unknown is considered dangerous. When a funny new mast is put up or a new system installed, people in a community are naturally apprehensive, which is quite understandable. The difficulty is in ascertaining whether the science backs up their fears. Scientists from different sides bombard us with different stories. It would help to try to get the official position from the Executive, but we should also contact the police.

Campbell Martin (West of Scotland) (SNP): I am happy to follow the recommendations. Mary Scanlon described the symptoms of people who live close to TETRA masts in England, but that situation does not exist only in England. The symptoms are similar to those that have been described by people who have lived around the Firth of Clyde for a number of years. One of the suggested reasons for the symptoms was transmissions between submerged submarines and their bases on land. That was never fully investigated and ruled out. It would be remiss of the committee and Parliament not to fully investigate the potential harm of TETRA, given the symptoms that have been experienced by people in the Firth of Clyde, particularly in Largs. There might be something in the similarity between their symptoms and those of the people in England who live near TETRA masts.

The Convener: Donald Gorrie's suggestion that we contact the police to ask how they monitor their personnel is worth while. We should ask what process they follow. At what point would the situation become critical and cause them to deal with it? The police must have internal processes and systems to deal with reported complaints. Are they in dialogue with their colleagues down south to establish to what extent the matter is a concern there, and to what extent they are dealing with it?

Are we content with those additions—that we contact the Executive in the first instance to ask about its research and for its comments? We should make a commitment to the planning legislation because the process is out of kilter with the concerns of communities. The situation is ongoing, but concerns are building up. Those concerns might be unfounded, but we must ask to what extent the Executive can reassure people as the process continues. Is that agreed?

Mr Ruskell: Do I take it that the committee will refer other aspects to the Health Committee for it to consider?

The Convener: The committee agrees to consult the Environment and Rural Development Committee and the Health Committee on the issues that have been raised, as suggested by the Public Petitions Committee.

Landfill Sites (PE541 and PE543)

11:00

The Convener: We move on to PE541 by Dr James S Buchanan on behalf of the Roslin Community Action Group on landfill and waste management, and PE543 by Karen Whitefield MSP on landfill and waste management.

I spoke this morning to Karen Whitefield, who apologised because it is likely that she will be unable to attend the meeting. Clearly, there are several issues that the committee will want to explore. The issue in her constituency has exercised Karen Whitefield greatly; she is keen to emphasise that the experience of her community, as highlighted in the papers, could usefully inform the committee in its consideration of the planning bill, particularly in relation to community involvement. She hopes that the committee can make a commitment that, in our scrutiny of the bill, we will acknowledge the importance of that experience and focus on community involvement. I hope that committee members can take that into account.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I agree with that. We all look forward with hope to the planning statement that will be made tomorrow and to the bill that will no doubt follow. That will open the planning system up a bit so that communities can feel that they have a role in providing for and planning for the future in their areas. They will also feel that they have the rights that many people feel are denied them when they are not able to make further appeals when decisions are made at local and ministerial level. It would be premature to do anything else on the petitions other than assure the petitioners that we will consider the issue very carefully when we scrutinise the Executive's proposals.

Donald Gorrie: As I understand it, one of the complaints is that some areas have problems with landfill, which does not help the area, but they are also denied good recycling opportunities that could help them. As well as public involvement in planning, it might be worth investigating whether it could be part of planning conditions for landfill that commensurate recycling activities must also take place. I do not know at what stage we would pursue that, but it is important.

Scott Barrie: We have to listen carefully to communities such as Greengairs, which have been particularly active because of what has happened to them recently. During our deliberations we should take on board what such communities say. Only by learning from that can we hope to avoid repetition of such situations in other communities throughout Scotland. What Karen Whitefield suggests seems to make perfect sense.

The Convener: We will seek further information on plans to address the planning issues that have been raised in relation to the issue and in forthcoming legislation. Tomorrow's statement might give us a bit of a steer on that. We might ask about community involvement and consultation. It might be useful for us to revisit, during our consideration of the bill, the points that Donald Gorrie made about the quid pro quo in respect of recycling.

We will ask the Executive for further information, check what it is doing on community involvement, listen carefully to tomorrow's statement on planning, and make a commitment to Greengairs and other similarly affected communities that we will ensure that their experience is reflected in our evidence taking for the bill. We will also write to the Health Committee to seek comments on the health concerns that have been raised in the petitions. Are those suggestions agreed to?

Members *indicated agreement.*

11:05

Meeting suspended.

11:12

On resuming—

Budget Process 2005-06

The Convener: I call the meeting to order. I welcome Stewart Stevenson, who has arrived after attending the Public Petitions Committee. It is always helpful to have a mathematician present when we are looking at the budget. I also welcome Professor Midwinter, who is the budget adviser to the Finance Committee. He has been invited to brief the committee on the 2005-06 budget for the communities portfolio. I thank Professor Midwinter for the papers that we received in advance and I invite him to kick off.

Professor Arthur Midwinter (Adviser): Okay. As one member has already pointed out a typo in one of the documents, I assume that the committee has read the papers

Mary Scanlon: It was probably Stewart Stevenson.

Professor Midwinter: No. In table 1 of the second paper, the increase in the poverty weighting in local government grant-aided expenditure should read 20 per cent, not 201 per cent.

The Convener: That is point 11 on page 6 of paper COM/S2/04/14/4.

Professor Midwinter: I shall briefly run through the background to the budget exercise this year. The new budget document will be published at midday today and Mr Kerr was due to give a written answer about it at about 11:00, so the process has now begun. I will talk you through what I expect to see in that document and will help you thereafter if you have problems with it. I do not have the detailed knowledge of all parts of the Communities budget that a special adviser appointed for that purpose would have; however, I am happy to take away questions and find out answers for you if I cannot give you answers today.

First, I will address the tightening context. I expect the Scottish budget to have a lower rate of growth for the next two years than we have seen over the past three years. The current rate of growth is about 4.5 per cent in real terms, which is the largest consistent rate of increase in all the years that I have studied Scottish public finances. The figures that were released by the Treasury last week suggest a growth of 2.7 per cent in the UK budget for the next spending review period. The Treasury also announced fairly major increases—although the actual sums were not revealed—for health, education, housing and transport in England. All of those are devolved

subjects for us, so the Barnett consequentials should be quite favourable; however, I understand that the non-priority services in England will receive an average increase of 1.4 per cent in real terms. Therefore, we will receive less than before, but probably more than I anticipated a month ago, when I thought that the overall figure might be about 2 per cent.

11:15

I said to one of the officials whom I know that it looked to be a much tighter context, and he told me that Gordon Brown says that every year. It is not as tight as we thought that it might be; nevertheless, there is still likely to be a redistribution of funding between and within portfolios as a result. One difference is that there will be no revision to the baseline this year. The 2005-06 budget that you are about to look at will be revisited in a spending review year and, in the past three spending reviews, the budget was increased substantially in each exercise. Last time, about £500 million was added, but the message that we have received from the Treasury is that there might be a few million pounds, not major sums of money as in previous years.

Extra funding totalling £43 million has been announced for local government, which has come through as local government consequentials because of the late increase in the English budget; however, that is for the current year, not for the year that we are about to look at, and the Executive has not yet allocated it. It is not ring fenced for local government up here, and the Executive can propose to spend it where it wishes.

Although the document that will be published today will be called the annual expenditure report, it is changing its name to the annual evaluation report. The reason for that is the Executive's intention to make the document more suitable to the original financial issues advisory group's notion of stage 1 as a strategic stage in the process. In 2003, the Finance Committee carried out a review and recommended that the Executive should consider ways of streamlining the process. We felt that there was too much overlap between the AER and the draft budget and that the AER was, in effect, a draft draft budget. There was no real consideration of strategy in those documents. As a result, there will be a much slimmer AER. In the past, the report included sections such as "What we will do with the money", but that information will not now appear until the draft budget is published. Those of you who do not like figures will be pleased to know that there will be fewer figures in the document this time—the emphasis should be on the strategy and changing priorities.

The Finance Committee also concluded that, although it welcomed the first systematic

statement of priorities—"Building a Better Scotland: Spending Proposals 2003-06: What the money buys", or BABS—it felt that there were too many priorities and that greater emphasis should be given to the cross-cutting priorities. For those members who are new to this, I should explain that the five current functional priorities are health, education, transport, jobs and crime—the justice budget, or whatever. The cross-cutting priorities are closing the opportunity gap and sustainable development, which together account for more than 80 per cent of the budget, leaving not much that is not a priority. We suggested that there should be fewer functional priorities and that greater emphasis should be given to the cross-cutting themes. I expect that to be reflected in the document that is published today.

There will be three sections in the new document. The first will be a review of principles and priorities, in which the Executive will build on its commitment in the partnership agreement to set out its strategy for the next spending review period. The narrative will refer to its overall strategic objectives, which I think are likely to be different from those that were in the last document.

Secondly, for the first time, a report of progress against the portfolio targets that the BABS document of two years ago contained—of which there were about 160—will be included. Some people say that the Executive does not tell us how it calculates such things, but a technical support document is provided, which lists how every indicator is constructed. That might be useful for the committee's clerks.

It is important to realise that the AER will be an interim report. The BABS document covers the period from 2003 onwards and we finish the 2003-04 budget on 5 April, so we have not even finished the first year of the last cycle. We are asking the Executive to look back. There will be no performance reporting against expenditure, but there will be a number of statements about performance against targets, which will say whether the Executive is on course to meet the target, whether the target has been met or whether it has slipped; in some cases, it will say that the measure is still not available. It should be remembered that the AER is the first stage of the budget cycle.

It is important that we consider ways of streamlining the targets because, in my view, 160 targets is too many. We will see what appears in the AER. The fact that this year is the spending review year means that there is an opportunity to make representations about the targets; I will return to that later when I talk about our guidance to the committee.

The AER will also outline the spending plans for the new financial year, 2005-06. Although I said that no extra money would be available through the Barnett formula, there will be extra money through the system that is known as annually managed expenditure—AME. Most of that money is ring fenced, but there will be a note for each portfolio about the changes since October. Almost every portfolio will have additional sums of money from the AME element.

There will be less information than before. When I get the final draft of the document today, I will be drafting guidance for the convener of the Finance Committee on what to ask this committee about. Although this year is a spending review year, we are not expecting the committee to be able to make many recommendations about the 2005-06 budget because it is fairly fixed. However, we will be looking for an indication from the committee about what it thinks the priorities within its portfolio ought to be for the additional moneys that will become available for the following two years.

The AER will go down to level 3 but, in the past, other committees have gone below level 3 by identifying particular projects that they wanted to support and the finance people have responded to that. Although the documentation goes down to level 3, the committee is free to make recommendations below that level. It would also be helpful for the committee to tell us what a low priority would be—if it has such a thing—in case there is less money available than I am hoping for.

We will certainly ask the committee for its view on the relevance of the targets that are used for its area. We want to know whether there are other, more meaningful targets that could be used and whether members are content with the progress that is reported in the documents. The new AER will be a very different document to the previous AER, which—because of last year's election—was two years ago.

As regards the communities budget, I was given guidance to raise some issues that might help the committee in its deliberations. I have come up with three such issues, the first of which is the funding level. One of the difficulties that I have had in commenting on the budget documents is to know what it means for something to be a priority. Does that mean that it will get more money than other areas, or that it will get what it needs first? The United Kingdom Treasury gives a clear steer about what a priority is and how it will be reflected in the funds, but that has not been at all clear up here. We are told that closing the opportunity gap is a priority, but the communities budget, which grew in the first three years, will grow at a much slower than average rate during the current period. That gives cause for concern, because the communities budget is probably the budget that is

most targeted on low-income households. There might be accounting explanations for the situation; perhaps the sums are falling because programmes are coming to an end. However, the committee should certainly ask the minister whether she is content with the position.

Secondly, on the cross-cutting aspect of the minister's brief, I produced table 1 in my paper by adding other areas of spend to a table that I drew up for the cross-cutting expenditure review into children and poverty. Again, the communities budget dominates, but the picture is similar: the increase in cross-cutting expenditure on poverty-related programmes is less than the Scottish average. I simply note that fact—I do not know the reason for it. It would be worth the committee's while to pursue the matter with the minister.

Thirdly, I want to say something about the progress indicators that have been used. I was asked to speak to you mainly about the cross-cutting indicators that are attached to target 3 or 4—I cannot remember which—in the social justice section of BABS. About eight indicators are used to measure the targets for closing the opportunity gap—appendix 1 of my paper lists the indicators. The Executive's approach to those is to compare the position in the worst 10 or 20 per cent of deprived areas with the Scottish average. There are two or three problems with that approach. First, it deals only with a minority of poor households—the poorest 20 per cent, or 10 per cent in some cases. I think that the most recent figures indicate that one third of Scottish households are still recorded as being in poverty. Secondly, the approach understates rural poverty, because it is a measure of concentration—indicating where the worst concentrations of poor households are—rather than an absolute measure of poverty. Thirdly, I am not sure that the approach uses the best indicators. For example, why was coronary heart disease chosen as an indicator, when the health portfolio lists five or six major diseases? The minister might explain why the Executive has taken a different approach, but I would have preferred it to have used the standardised mortality ratio, which is a more comprehensive measure. Similarly, why were levels of housebreaking chosen, as opposed to all the other crime indicators? To be fair to the Executive, some of the indicators that it used are those that were available, rather than those that it might have chosen if it had been a question of using the best indicators, but it would be helpful if the minister explained why those indicators were chosen and indicated whether she is content with an approach that deals only with a minority of poor households.

That brings me neatly to my final point, on the anti-poverty strategy in general. I know from my work on the review of children and poverty that the

issue is live and important. The basic strategy is broadly similar to the welfare to work programme in the United States of America, where the emphasis is on helping people who are unemployed or on low incomes back into the marketplace by providing child care or encouraging them to stay at school or university or to move into training. The broad strategy is fairly sound. The evidence from the US is that it works to a certain extent. However, I have two concerns about it that I will bring to your attention. How poverty is measured is not a problem for absolute poverty. I was chastised by one of the Finance Committee members for talking about absolute and relative poverty, but those are the Executive's terms, and academic terms that go back to Professor Townsend's work, I think, so I shall persist in using them.

11:30

Absolute poverty means the level of poverty in the country. By all the indicators that we use, the Government has made progress on it since 1997: there has been a significant and clear reduction in the level of poverty using the measures that are in force. The interesting point from the Executive's own documents is the lack of progress on relative poverty, or what I would call inequality. Although there has been a drop in the general level of poverty, the differences between groups are not narrowing, with the exception of pensioners. The reason for that is fairly straightforward: the measure that is used concerns median incomes and is related to and heavily influenced by people who are in work. If the level of increase in earnings is growing more than the level of benefits, the inequalities will not narrow, even if we decrease the general amount of poverty.

That is supported by the figures on the three categories that the Executive uses: households with children, working-age families and pensioner households. Progress is shown on the pensioner households. I presume that fewer pensioners are in work compared to the other two categories, and the narrowing that is shown has taken place because large numbers of pensioners are on benefit, whereas, in the other two groups, the rise in work incomes is much bigger than the rise in benefits over the period.

That has two implications for the Executive. I am not familiar with the joint committees of the three devolved Administrations and the United Kingdom, but I know that Gordon Brown chairs the committee that is concerned with poverty. That committee ought to press the UK Government to reconsider its stance on benefits, because about 20 per cent of the poor are described in the Government's own documents as being "in persistent poverty". The strategy that the

Government has devised is fine for those of working age and it helps them back into work, but it does not deal with those who, through disablement, age or other cause, are dependent on benefits.

Within the Executive, if the budget is tighter, I would like greater priority to be given to those programmes that directly tackle poverty, such as the educational maintenance allowances or subsidies to pensioners for the use of buses. Money from those programmes goes directly to the poor, unlike money from wider programmes, which provide support for poor households in addition to all other sorts of households.

That is probably more than enough information, and there were not many numbers, convener.

The Convener: I am impressed. We will ask a few questions and take it from there. I was interested in what you said about missing rural poverty. You went on to talk about the broader issues of poverty—exclusion and inequality. Do you accept that a concentration of poverty begins to impact on other things? In Glasgow, we have disproportionate numbers of people with disabilities, who are also on low incomes, and disproportionate numbers of pensioners on low incomes. We also have schools, a significant number of the pupils in which live in a poor environment; even if their families' only difficulty is low incomes, other things that happen round about them impact on their environment. If you accept that, do you agree that an absolute measure that would acknowledge that there are poor people in rural communities—I do not deny that there are—would ignore the impact of the concentrations of poverty, which we must find some way of measuring and dealing with?

Professor Midwinter: I am not in any way arguing against that, nor am I suggesting that there should be no programmes to deal with the concentrations of poverty. I am suggesting that there ought also to be programmes that deal with the scattered nature of rural poverty and that, for a measure of what is supposed to be a national policy, it is difficult to defend choosing one area rather than using a general measure. It is perfectly sensible to have that kind of area-based approach for programmes—such as social inclusion projects, and the urban programme—which concentrate resources in those particular areas. All that I am saying is that that understates the general level of poverty in Scotland.

The Convener: If you focus entirely on income, you do not take account of different experiences in different places. Even if people are on the same incomes, living in a community that lives with some of the consequences of poverty is different. Those consequences are not inevitabilities; there are many families that will not have or experience

the associated problems, such as drug abuse, that we might identify with some poor communities. Living amongst those problems, however, cannot be disregarded.

Professor Midwinter: I am not trying to disregard that. I am asking whether this is the right measure for this purpose, which is to look at the national programmes. If the Executive looked at the deprivation index it would get better measures of poverty than those it currently has—the measures would start to address the points that you mention. The deprivation index has been updated, so it is no longer dependent on the census. The Executive now has an index that provides a much better measure. A similar measure that suits the rural context is probably required for rural areas.

Cathie Craigie: I will continue on the subject of absolute poverty or relative poverty, which is an issue that the committee and members of the Parliament have spoken about over the past year.

Most of us are neither economists nor statisticians.

Professor Midwinter: Thank goodness.

Cathie Craigie: That means that we find the issue difficult to understand. The minister makes an announcement about something and the opposition says, "Ah, but the other measure that we use does not show that." Committee members are looking for information that is reliable and for figures that we can compare.

I cannot remember the exact words that you used, but it seems that we have been measuring absolute and relative poverty in that way for years. I would be happy if you could assist the committee in drawing up a measure that we can use year on year to give us a set of figures about which we can say, "This is the indicator; this is the one that we always go on." That would be better than having to refer to another measure.

The information seems to be confusing. I sometimes feel that the people who gather the statistics are happy to leave others confused about the measures.

Did you understand that?

Professor Midwinter: Yes, I understand that. I am trying to think about the motivations of researchers who gather the information. Most of the stats are the Executive's own stats; they are not developed from the outside. The reality of the situation is that only the Government has the power and resources to develop indicators that are objective, reliable and so on.

What I am suggesting in respect of the discussion between absolute and relative is that we are making clear progress on one set of

measures, but more dubious progress in narrowing the gap. That is problematic, given that the title of the budget document for 2003-06 is "Closing the Opportunity Gap". I accept that the way in which party politics functions does not necessarily help the committee to have a rational discussion about the issues.

I am happy to come back after the AER comes out to give the committee advice on the response and explanations that are given for performance against targets and to suggest alternative measures that are available. It is important to persuade the Executive, because the Parliament's job is to scrutinise the Executive. Therefore, the better informed the committee is, the better the scrutiny will be.

I am not sure that the researchers operate in such a way as to leave you confused. They are usually frustrated that not enough use is made of their work. Part of the problem is that the way in which the UK Government has always worked is that it will only produce a statistic that it needs for its purposes. It will not go out and say, "Let's have a social survey," which would reveal the kind of information that we want, simply in order to have that in the public domain so that other people could suggest alternatives. All statistics are gathered for a purpose, which limits what you can suggest. You would need to persuade the Government that it needs to produce another statistic. Most people end up discussing the merits of those that are already in the public domain, just for speed and to have an effect. I do not know whether that helps you. It is a complex area. I had the benefit of not being a statistician or economist and coming to the issue as someone who was interested in the budget and had to get to grips with the process to be able to understand it. I have a less technocratic view of it than do most people.

Cathie Craigie: You are a recognised expert in public finance UK-wide and even you criticise how we gather information. Have you been able to examine how other countries gather information, and to which ones we could look to try to improve the quality of the material that we have?

Professor Midwinter: No country springs to mind immediately as having a better source of information. Britain is probably as advanced as Sweden and Australia, which undertake similar exercises. I am not sure that there is a model waiting to be plucked that will allow you to say, "We'll do it this way." A lot of resources are poured into research in this area in Britain. Numerous specialists spend their whole life working on indicators. There is nothing readily available for you to use. The conceptual problems exist wherever we go. Five or six years ago I had the great experience of trying to help South Africa develop its system when it was working on a much

more ambitious anti-poverty strategy, given the divide there. It was always struggling, because of the lack of data. It costs so much to build up a system.

Donald Gorrie: Any advice that you could give us on good measurements for the sort of things that Johann Lamont mentioned would be helpful, so that we could appreciate and try to deal with both urban and rural poverty. Any advice that you could give us on specific points on benefits and how we could best attack poverty, which we should push through the system to Gordon Brown, would also be helpful. There seems to be a small increase in spend on social housing, which has been pointed out to us as a major issue. Why is there so little on that? I know that you are not responsible for that, but is there a technical reason for it?

Professor Midwinter: At the moment we have a confused position, because of the sets of data that we are using. The report, "Government Expenditure and Revenue in Scotland 2001-02", suggests that the housing increase was the largest in Scotland from the period 1997-2001, while the new budget documents show a low increase. The Finance Committee started to say, "This is confusing us" and I said, "GERS is in the past; it is outturn data and shows you what is actually spent." We could not break down the figures, because we did not know the reasons for the increase. The Executive is looking to provide the Finance Committee with an answer, which we will pass to you. It was by far the biggest increase in the period 1997-2001 and there was hardly any movement in the first two years, because of the Brown freeze, so there were big increases immediately after devolution. Only now are the plans tapering off, which is something to pursue with the Minister for Communities. Recently I saw her on television saying that she was not going to give public money to one of the housing lobbies unless there was a clearly demonstrated need for it, which is a sensible position to adopt. When we get the answer from the Executive on what the GERS figures mean and which areas have grown and which have receded, we will pass it to you. Once I have produced a draft report on the AER I can help you with questions that you might want to ask the minister.

Donald Gorrie: I have another request. One of the problems that we have is that communities is a diffuse concept; all sorts of funny things that come into the budget are left out of your list. One of the Executive's priorities is to help young people to contribute to their communities and to become good citizens, and it seeks to sort out those who do not do that. Would it be possible to bring together the various budgets that deal with that priority, so that we can see that the money follows the rhetoric?

11:45

Professor Midwinter: Are you distinguishing between youngsters who engage in antisocial behaviour and spending on those programmes?

Donald Gorrie: That is part of the package, but the priority is also about creating communities in which people do not get into trouble. That covers everything from helping people who come out of jail to helping young kids whose families have problems that might lead them into trouble. Would it be possible to bring all that together, so that we could see—

Professor Midwinter: I am happy to go away and talk to your clerks and the Scottish Parliament information centre about that, but it is not something that could be done quickly. You might need to fund a researcher from the research budget. The work could be done in the next week; time would have to be spent to talk to the officials, and I would bet that the way in which they allocate the money is not as clear cut as you describe.

Cathie Craigie: In our report on the budget last year, we highlighted the fact that it was difficult to identify what was spent on projects if some of the funding came from the health budget or the justice budget. For example, we found it difficult to find out which budgets the money comes from for projects for young people in deprived areas. We wanted to find out whether the Executive could present its figures differently so that we could look at a budget heading and see that money also comes from the health budget or the justice budget.

Professor Midwinter: The Executive could provide that information, but it would not do so in the budget documents because there is an agreement between the Parliament and the Executive that the money will be provided by portfolio for accountability reasons; the minister is accountable to the Parliament for the money. Most budgetary systems operate on a similar basis, if they are based on notions of parliamentary accountability. I suspect that you want the information to be shown in the budget documents, but we are trying to reduce the amount of information that you have to read.

Cathie Craigie: We wanted to be able to measure simply whether the budget for a particular item was going up or down. We have asked for changes each year since we started considering the budget process.

Professor Midwinter: When we have an issue such as that in the Finance Committee, we ask the minister to come in and they give us a reply. You could consider doing it that way this year.

Elaine Smith: Thank you for your two papers, which are interesting. I believe that tackling

poverty and reducing associated health and other inequalities should be the Parliament's top priority. When we consider a policy, we should ask what it does to reduce poverty and inequality in this wealthy country of ours—we should look at things through those eyes.

I have a couple of questions, the first of which is on the Executive's stated top priority of economic growth.

Professor Midwinter: That depends on which week it is.

Elaine Smith: On economic growth, it seems to me that we can create a bigger cake but who gets the biggest slice of it is not defined. We might just help the rich to get richer while the poor remain in the same position or get poorer. You seem to refer to that when you talk about benefits. If economic growth is a priority, should we be tackling issues such as getting people back to work and finding out whether we can do anything about benefits in order to share out any benefit from that growth? What exactly should we be doing as far as spending priorities are concerned?

Professor Midwinter: Yesterday, I produced a paper for the Finance Committee, which pointed out that spending priorities have changed each year since 1999. I think that the sentence "Economic growth is our top priority" is used in the partnership agreement, but it is mentioned in connection with the enterprise and lifelong learning portfolio. As a result, I am not sure whether economic growth is the Executive's top priority.

With regard to this budget, I am still working on the old priorities—at least, I will be working on them until they are revised in 10 minutes' time. If we waited 10 minutes, perhaps I could answer the question. I think that we will find that economic growth remains a priority. However, I should point out that that is not necessarily the same thing as distribution or redistribution, which was the focus of your question. In that respect, closing the opportunity gap represents the distribution element of the strategy.

Peter Wood, who is a consultant for the Finance Committee, has produced a very good paper that clearly defines economic growth and spending programmes. I advise members to get hold of that paper, because Mr Wood is much more on top of this issue than I am. Indeed, his approach might help you with the problems that you have experienced with cross-cutting; for example, he highlights the programmes that directly promote economic growth and then the programmes that support such growth, which include higher education and transport. He found that, on both counts, something might have been a stated priority but it has not been a budgetary priority.

A similar approach could be taken with closing the opportunity gap. You could highlight the programmes that promote equality directly and then set out those that are arguably of greater benefit to poor households as citizens; in other words, they do not come in the form of directly targeted benefits.

Since 1999, the Executive has made considerable progress. However, we are getting more sophisticated at dealing with the process and the committees should improve the Executive's performance by questioning and pushing it. If you are content, I would be happy to do something similar for you when the AER comes out.

That was a question about the Executive. Do you have a question about me now?

Elaine Smith: Yes, I do. What you have said leads me nicely into my next question. In paragraph 9 of your first paper, you refer to

"priority in spending given to programmes directly targeted on poor households, including promoting benefits in kind such as bus travel, free access to public leisure facilities etc."

Do you mean that benefits such as free bus travel are targeted and means tested, or are you saying that they benefit poor households more?

Professor Midwinter: No. I would describe some current programmes that you would call means tested as being directly targeted to benefit the poorest households.

Elaine Smith: And those are the programmes that you are promoting.

Professor Midwinter: Although other programmes such as health have a poverty weighting, there is no guarantee that the money is being used to tackle the problems directly. We all know from the statistics that poor households under-use the health service relative to need; indeed, I would make similar comments about the local government budget. Although some elements address poverty, we have no idea whether the moneys are targeted directly on the poor, because we do not have the data. If there is going to be less money and the Executive wants to tackle relative poverty, it should review the programmes and give greater priority to those that are targeted directly at poor households instead of providing more general funding.

Elaine Smith: Is the thrust of what you are saying in paragraph 9 that we should move away from universality and more towards means testing?

Professor Midwinter: Not quite. I am perfectly happy about the principle of universality in certain matters. The question is how relevant it is to an anti-poverty programme, which is how the

Executive described the strategy to close the opportunity gap.

What are the best mechanisms to help to close the opportunity gap? There is evidence, for example, that if the Executive pours extra money into education, the general level of educational performance will rise; however, there has been no sign of the gap narrowing between the performance of households from poor backgrounds and that of households from more affluent backgrounds. If the Executive is serious about narrowing the gap, we need to review what it is doing on the basis of the evidence of the past two or three years.

Stewart Stevenson (Banff and Buchan) (SNP): I start with an observation. There are three areas in which the committee might reasonably take an interest. Those are the inputs—the money; the outputs—what that money delivers; and the processes that link the two together. I am sure that, at different times, we will take an interest in all three, but I am fairly clear in my mind that the outputs are what the committee ought to be about. We need to ask whether the Executive is delivering the benefits that we want to see. My questions probably cover all those areas.

In paragraph 4 of your briefing note COM/S2/04/14/4, you state that

“spending on identifiable poverty-related programmes”

is growing at a slower rate than the budget as a whole. Do you have any objective or subjective view that part of the reason for that could be that we are seeing the funding diverted to cross-cutting programmes that may, nonetheless, deliver a commensurate increase in outputs? In other words, is that result simply a trick of the way in which the inputs are categorised? Is it a statistical aberration or is it real? Although the Minister for Communities is responsible for the cross-cutting programmes, I am not sure where the money ends up.

Professor Midwinter: What do you mean by a cross-cutting programme?

Stewart Stevenson: I am not looking backwards; I am looking generally. The Executive has produced a series of programmes that are not limited to one minister's area of responsibility but traverse a number of those areas. Many of those programmes are said to aim to address poverty. Is it because of the way in which they are accounted for, in measuring the inputs—

Professor Midwinter: I would have thought that the list of programmes in table 1 of COM/S2/04/14/4 would be the cross-cutting programmes on poverty, although they are all from different portfolios. I have no idea what your other kind of cross-cutting programme would mean.

Stewart Stevenson: All that I am asking is who is paying for the cross-cutting programmes. Are they all paid for out of the communities budget?

The Convener: The Minister for Health and Community Care announced an extra £40 million to address unmet need in the health service.

Professor Midwinter: That was additional to this money.

The Convener: That money has been spent entirely in the west of Scotland—particularly in Glasgow—and was clearly an anti-poverty measure, but it did not come out of the communities budget.

Stewart Stevenson: The convener has put her finger on the issue. I just wonder whether the numbers could mislead us.

Professor Midwinter: No. That has just happened. If I were to redraft table 1, that £40 million would appear in the table as expenditure in the health programme that had a cross-cutting benefit.

The Convener: But which had not come out of the communities budget.

Professor Midwinter: Yes. The money for education maintenance allowances does not come out of the communities budget. Figures for the changing children's services fund, ring-fenced GAE funding and other spending on education, health and so on, are all included in the table.

The Convener: So, the extent to which the Minister for Communities has persuaded her colleagues that they have a responsibility to carry forward some of her programme might mean that her budget might look different, although the influence of her budget commitments might still—

Professor Midwinter: As I understand it, the minister does not have a role in the budget; she has a role in the policy delivery group.

The Convener: My point is that, if the communities budget seems to be stagnating, that might be partly because, through whatever policy commitments have been made, other departments have committed themselves to taking up anti-poverty strategies.

Professor Midwinter: Except that not many of the other budgets are growing faster than the average either.

Stewart Stevenson: Right. Can I move—

Professor Midwinter: The way that the process is angled needs to be looked at. I accept that Ross Finnie and Margaret Curran have cross-cutting responsibilities. My understanding, however, is that, in that role, instead of having a direct input into the budget process as such, they have some

kind of delivery group. The convener could clear up that point with the Minister for Communities when she comes before the committee.

12:00

Stewart Stevenson: Right. I have covered my question about the inputs, but my main interest is in the outputs and how we measure them. I want to move us forward in our understanding of the measurement of absolute and relative poverty—or, for that matter, the measurement of absolute and relative anything else.

Let me suggest two strategies by which we could eliminate relative pensioner poverty. I want you to agree or disagree that my characterisation in the matter is correct. If, somehow, we were to magically legislate that every pensioner were to receive £1,000 net a week—no more, no less—would that eliminate relative poverty? Would it take it to zero? By the same token, if we were to legislate that every pensioner were to receive only £10 a week—no more, no less—would that eliminate relative poverty?

It is clear that if every pensioner were to receive £10 a week, they would be in absolute poverty but, if they were to receive £1,000 a week, they would be in absolute bliss. Although that is not a real-life characterisation, it might serve to illustrate—

Professor Midwinter: It is not even a devolved responsibility.

Stewart Stevenson: Indeed, but we are trying to reach an understanding across the committee of what is meant by the terms.

Professor Midwinter: Relative poverty relates to the median income. It would depend, therefore—

Stewart Stevenson: Sure, but if everybody got £1,000, the median would be the same as the range. That would mean that poverty had been eliminated in a comparison between pensioners and pensioners. Is that correct?

Professor Midwinter: Yes. The Government measures the income of pensioner households relative to the median. If all pensioners were on £1,000 a week, Mrs Midwinter would be very happy.

The Convener: Does the Government relate the measure to the income of other pensioners—

Professor Midwinter: Yes.

The Convener: Or to the general population?

Professor Midwinter: No, the measure relates to pensioner households.

Stewart Stevenson: I was just coming to that.

Professor Midwinter: A comparison is made

between the position of poor households with children and the position of average households with children, or between poor people of working age and the average and so on.

Stewart Stevenson: That was exactly the point that I was about to develop. Your criticism of the segmentation—

Professor Midwinter: No, no. It would depend on how many people had nest eggs or private pensions and so forth. The sums of money are not—

Stewart Stevenson: I want to ensure that we understand the meaning of relative poverty as distinct from absolute poverty. Relative poverty is about closing the gap, whereas absolute poverty is about how people are positioned.

Professor Midwinter: Yes, relative poverty is about closing the gap. We are talking about people who are below the general level and beyond the defined cut-off line, which is 60 per cent of median income.

The Convener: So it would be possible to spend exactly the same amount of money and yet, depending on where the money was spent, to have very different effects.

Professor Midwinter: Yes. The result would depend on where the money was spent.

Stewart Stevenson: Correct.

The Convener: Surely it is not actually about how much is spent. It is not as if the gap can be closed if Governments are incredibly generous or that the gap will be kept open if they are not. If everybody was given the same amount, everyone's income would have improved but the problems would end up looking the same. If Governments were really stingy and gave money only to the poorest, they would be on track—

Professor Midwinter: To go back to Stewart Stevenson's figures, if every pensioner was given £1,000, there would still be pensioner households—those with occupational and private pensions—that had additional incomes.

Stewart Stevenson: In other words, there would be little effect on relative poverty—

Professor Midwinter: Although your model would reduce relative poverty, it would not eliminate it.

Stewart Stevenson: Correct.

The Convener: The Government could say, "Pensioners will get nothing if they have an occupational pension." I am not advocating that it does that, by the way, just in case any of the pensioners in Pollok think that that is what I was suggesting.

Professor Midwinter: I am glad to hear that.

The Convener: I am not sure whether this is the point that Stewart Stevenson is making, but I feel that it is possible to play around with words. Sometimes it can sound as if something dreadful is happening when that is not necessarily the case. The universal spend without targeting can have little impact on the statistics—

Professor Midwinter: Poor pensioners are now better off than they were five years ago, but their better offness has not risen as fast as—actually, that is not the case with pensioners, because the gap is narrowing. Poor families with children are better off in absolute terms than they were in 1997, but the gap between them and families with incomes, particularly double incomes, is no smaller than it was in 1997.

Stewart Stevenson: Finally, we are going to see a change in the way that targets are dealt with, and in how we interact with the Executive's targets. You mentioned accountability. Some ministers continue to feel that those who work for them have varying degrees of personal accountability. In other words, some civil servants take seriously the idea that they have a personal role in delivering ministers' objectives, and others take a different view. Would it be useful if, in the information that is available to committees and the Parliament, associated with each target was not only the minister's name but the civil service department, and perhaps the name of the senior civil servant who is responsible for delivery? Are we likely to see that?

Professor Midwinter: I would be astonished if civil servants' names were attached, given the tradition of anonymity and the minister taking the final decision.

Stewart Stevenson: Tradition can be a firm friend when it is good, and a poor ally when it runs against good public policy.

Professor Midwinter: I would expect the targets to be reviewed, but I would not expect to see what you suggest happening. In my view, the politicians should be accountable and it is their job to work their civil servants accordingly.

Stewart Stevenson: Then how do we measure how civil servants are doing? How do we ensure that those who deliver on targets—

Professor Midwinter: I would pass that question to a human resource management expert, rather than a budget expert.

Mary Scanlon: Thank you, Professor Midwinter. I hope that you have enjoyed the blissful experience of being with Stewart Stevenson, which the rest of us enjoy weekly.

Stewart has covered some of the points that I was going to raise about the poverty-related

programmes. Donald Gorrie made some points about measurement. I spent four years on the Health and Community Care Committee, and we had some success in measuring waiting lists and waiting times and outputs rather than inputs. For this committee, measurements are difficult, because we have to measure equality, social inclusion and closing the opportunity gap.

I want to mention something that came out of Stewart Stevenson's contribution. Social firms, which are about bringing disabled people and others into the market and reducing their reliance on benefits, come under the enterprise budget. A couple of weeks ago, Johann Lamont had a members' business debate on the co-operative development agency. The agency did come under Margaret Curran's communities budget, but has moved to enterprise. There are difficulties, because there are programmes that address poverty and inclusion that do not come under our remit.

On the understatement of rural poverty, when Johann Lamont was speaking, I was reminded of the Arbuthnott formula in health, under which Glasgow came out poorly compared with the Highlands and Islands. The Highlands and Islands were the biggest beneficiaries of the Arbuthnott formula. It is unfortunate that we are discussing the issues today, when we have not had guidelines and advice from the Audit Committee and before the announcement at 11 o'clock.

You said that the targets in appendix 1 for closing the opportunity gap are not the best. Who drew up the targets? Do you or others have the opportunity to produce something like the Arbuthnott formula—which addressed poverty, deprivation and access to health services—to deal with poverty, deprivation and access to public services generally? Could you produce better targets that would allow us to evaluate, monitor and measure better?

Professor Midwinter: I see committees' job as being not to second-guess the Executive by doing its work for it, but to prompt the Executive. The Highlands and Islands did well out of the Arbuthnott formula not because of the poverty weightings, but because of the allowances that were built in for higher care costs. Previously, no allowance was made for the higher unit cost of care in hospitals, for example.

Glasgow benefited from the poverty weighting, but not to the extent that island health boards or the then Highland Health Board did from the introduction of unit cost weightings. An operation is much more expensive in the Western Isles, which has only about 30,000 people and a brand new hospital, and that is reflected in the allocation. That cost, rather than the poverty weightings, made the difference. The formula before the

Arbuthnott formula had little weighting for poverty. Glasgow gained on poverty weighting, but it probably lost on other factors.

Mary Scanlon: I know that the Arbuthnott formula will be revisited.

You said that the targets in appendix 1 are not the best. Could we have something better that would allow us to evaluate targets more accurately?

Professor Midwinter: That is possible, but I see the committee's job being to prompt the Executive to undertake reviews rather than to undertake such reviews itself through questioning. I understand that a standing Arbuthnott committee exists.

Mary Scanlon: That is right.

Professor Midwinter: It revisits the formula all the time. The Executive undertakes similar work on the deprivation index all the time. The question that the committee could ask the minister is whether the indicators are the best for the purpose. It is the job of the Executive, not anybody else, to do reviews.

Mary Scanlon: Who drew up the targets in appendix 1?

Professor Midwinter: The targets were produced somewhere in the Executive. They are in all the budget documents. Each department is asked to set targets and it is down to those departments to draw them up. The group of people in analytical services works across the board. A combination of Executive officials provides draft papers to ministers, who yea or nay them.

The Convener: To use the Arbuthnott shorthand, is there a case for an Arbuthnott approach to local government spending?

Professor Midwinter: I realise that some people think that such an approach might help them. The Arbuthnott formula is complicated. The technical model that it uses would not necessarily fit with local government. The way in which the statistics are produced would not necessarily be easy to implement. Some people in local government argue for an Arbuthnott approach, particularly to poverty, because they look only at the sums, rather than the way in which they were produced.

The Arbuthnott formula poverty weightings gave additional money mainly to Glasgow. That is not because they replaced different poverty weightings, but because previously, such weightings did not exist, apart from the standardised mortality ratio, which is a proxy for poverty, which was used in only one aspect of health care. The Arbuthnott formula introduced

poverty weightings for the first time. People are being a bit risky by suggesting that if the local government formula was Arbuthnottised, additional money would go to areas with high poverty levels, because the local government formula already has poverty weightings.

The Convener: I am told that quite a lot of the distribution to local government is on a per capita basis, which affects communities that are poor and are losing population.

Professor Midwinter: It is the same with Arbuthnott. I have the figures here. Arbuthnott allocates roughly £200 million using the Arbuthnott index, which is the poverty index.

The Convener: Our understanding was that Arbuthnott would track deprivation factors closely; it would not distribute on a per capita basis but would be much more sensitive to deprivation, poverty and need. So, instead of saying that for every disabled person there would be X amount of money, there would be an acknowledgement that, in a city such as Glasgow, most people living with a disability are also more likely to be poor. That may not be what Arbuthnott actually does, but it is what people understand by the phrase Arbuthnott. Would it be legitimate to consider that kind of more systematic approach in local government finance?

12:15

Professor Midwinter: There would be no problem at all in considering that kind of approach. However, the sums of money distributed are roughly the same under both formulas.

The Convener: So we need to find not Arbuthnott but something else. Perhaps you could help us to find out what that something else is.

Professor Midwinter: Arbuthnott plus. The health and local government programmes are the two biggest spending programmes in the country. The health budget is £6 billion or £7 billion, or something like that, but only £200 million is allocated on the basis of poverty. In local government, £240 million is allocated from a similar pot. The addition for poverty is very small for both programmes. There might be a case for having a bigger weighting on both of them, but I do not think that you should think that Arbuthnott would solve local government problems.

The Convener: If it did what I thought it did, it might solve them, but it would have to be a different kind of Arbuthnott—Arbuthnott revisited.

Shiona Baird: I want to go back to the question of benefits, although I realise that benefits are a reserved matter. Several times recently I have heard that the benefits system actually prevents people from taking the step into work, because of the poverty trap. It has been suggested that it

might help if the benefits system were more flexible. People are either getting benefits or are in work; the transition between the two holds people back. If there were more flexibility on issues such as housing benefit—perhaps housing benefit could be carried over—that would do a lot to help people out of poverty. Have you any thoughts on that?

Professor Midwinter: I am afraid that you have moved out of my area of expertise. My views, as expressed in my paper, relate to the level of benefits and the impact that that has on relative inequality. I thought that the purpose of the welfare to work programme, or whatever it is called, was to try to overcome those kinds of obstacles. In absolute terms, progress has certainly been made, but a major report out today, by End Child Poverty, expresses concern that targets will not be reached in the longer term because of the benefits system. Members may want to get hold of that report, or at least a summary of it.

The Convener: I thank Professor Midwinter very much for his briefing today, which I think we have found helpful. We would want to take up your offer of support for the clerks as they prepare an approach paper and questions before the minister comes to the committee. That help would be welcome. I thank you very much for your attendance.

Professor Midwinter: Thank you.

12:18

Meeting suspended until 12:21 and thereafter continued in private until 12:39.

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