

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

Wednesday 27 June 2007

Session 3

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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

2nd Meeting 2007, Session 3

CONVENER

*Duncan McNeil (Greenock and Inverclyde) (Lab)

DEPUTY CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

COMMITTEE MEMBERS

*Alasdair Allan (Western Isles) (SNP)

*Bob Doris (Glasgow) (SNP)

*Johann Lamont (Glasgow Pollok) (Lab)

*David McLetchie (Edinburgh Pentlands) (Con)

*Michael McMahon (Hamilton North and Bellshill) (Lab)

*Jim Tolson (Dunfermline West) (LD)

COMMITTEE SUBSTITUTES

Robert Brown (Glasgow) (LD)

Tricia Marwick (Central Fife) (SNP)

*attended

THE FOLLOWING GAVE EVIDENCE:

Jim Mackinnon (Scottish Executive)

Nicola Sturgeon (Deputy First Minister and Cabinet Secretary for Health and Wellbeing)

John Swinney (Cabinet Secretary for Finance and Sustainable Growth)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

Jane McEwan

ASSISTANT CLERK

Ian Cowan

LOCATION

Committee Room 3

Scottish Parliament

Local Government and Communities Committee

Wednesday 27 June 2007

[THE CONVENER *opened the meeting at 09:00*]

Work Programme

The Convener (Duncan McNeil): I open the second meeting of the Local Government and Communities Committee by welcoming the Cabinet Secretary for Health and Wellbeing, Nicola Sturgeon, and Mike Foulis of the Scottish Executive's housing and regeneration group. We are aware of the efforts that they have made to attend the meeting, and we appreciate their coming to speak to us for a short time—we understand that they must be away at 10 o'clock. We also thank them for the helpful note they have provided.

I invite the cabinet secretary to speak for three or four minutes. We can then ask questions.

The Deputy First Minister and Cabinet Secretary for Health and Wellbeing (Nicola Sturgeon): Thank you, convener. I apologise in advance if my voice starts to go—it is beginning to feel the strain.

Mike Foulis, who is with me, is the Scottish Executive's director of housing and regeneration.

I thank the committee for giving me an early opportunity to discuss with it my responsibilities that fall within its remit and to share my early thinking about the new Government's emerging programmes and plans.

The convener referred to the note that my office sent to the committee clerk on Monday. I hope members have found it helpful. I want to expand on some points in that note; I will then be happy to answer members' questions. As the convener suggested, I have a second appearance to make in front of a committee this morning—I have to appear before the Health and Sport Committee—hence my early appearance in front of this committee. I am keen to engage with the committee on an on-going basis, and I hope that this is the first of many appearances before it.

My health and well-being portfolio encompasses all aspects of the former communities portfolio, with three main exceptions. Planning and building standards and the voluntary sector now fall within the finance and sustainable growth portfolio, and charities legislation now falls within the justice and communities portfolio. As members are aware,

some aspects of my portfolio—health, equalities and sport—are covered primarily by other committees. The Local Government and Communities Committee's main focus of interest will be on housing, regeneration and social inclusion issues. Housing, regeneration and social inclusion have a significant role to play in advancing the healthier Scotland agenda, which I am keen to promote. We shall, of course, debate that agenda in the chamber tomorrow.

The link between housing and health in particular has a long and recognised history in Scotland. My attention will focus on the contribution that that part of my portfolio can make to tackling growing health inequalities. The territory is not easy—indeed, it is complex and difficult—but our chances of making progress increase if we bring those responsibilities together so that there is a concerted and joined-up programme of action.

At a more detailed level, there are important links between the outcomes that we want to achieve in community care, those that we want to achieve through our housing and regeneration programme and our overarching approach to social inclusion. In many cases, we are dealing with the same people, who are often the most vulnerable in our society. There is a real opportunity to work together to produce better outcomes for them.

I turn to the communities elements of my portfolio. Stewart Maxwell, who is, of course, the Minister for Communities and Sport, remarked in last week's housing debate that the new Scottish Government is acutely aware of the difficulties that many people in Scotland face in achieving their basic housing aspirations. That is largely because not enough new houses are being built. All of us are aware of the consequences of the lack of supply throughout the country, which is why we announced in last week's debate that we will establish a housing supply task force with a wide membership that will be drawn from local authorities, house builders, the housing association movement and housing interest groups. I stress that that task force will not be a talking shop; rather, it will focus on taking action to remove the key bottlenecks that are holding up progress, particularly in the most pressured parts of the country.

Stewart Maxwell also indicated that we have begun to explore options with private sector funders who we know are keen to invest more in housing and regeneration in Scotland. We believe that there is considerable scope for joint working on the Scottish housing support fund for home ownership and more generally in the funding of regeneration.

Another key issue that we will address is the future of social housing. Dramatic changes have taken place in the Scottish housing scene over the past 25 years. Current trends, if left to continue, would lead to a smaller and increasingly marginalised social sector, largely cut off from the rest of society. The new Government wants to see a social sector that continues to play an important role in the Scotland of the future, providing decent housing and promoting healthy, mixed communities. As Stewart Maxwell said last week, to achieve that we need to address the significant increase in costs in the housing investment programme in recent years. The average subsidy paid for each home built for social renting has increased by 35 per cent above inflation in the past five years. That is clearly unsustainable, and we need to ensure that every pound we spend has the maximum possible effect.

We have signalled several times—and I am happy to do so again today—our support for the objectives of homelessness policy towards achieving the 2012 legislative target. As we stated in our manifesto, the focus must now be on delivery and supporting local authorities to develop local services to tackle and prevent homelessness.

A number of decisions on regeneration will be required in the near future. For instance, we need to decide what geographic priority areas we want to focus on, and, in terms of the role of government, what being a priority area means in practice. We need to consider our stance on urban regeneration companies and other vehicles for regeneration initiatives. My officials are currently examining the business plans submitted by the new URCs, and there are decisions to take on the three existing pathfinders whose work is under way. We are also considering our general approach to regeneration funding and, in particular, the scope for a new national funding vehicle that could tap into private sector capital and expertise.

There are a number of questions about the effectiveness of current arrangements for tackling the barriers to land and property development, particularly on the use of compulsory purchase orders and the capacity of government to acquire and assemble land to tackle housing supply problems or facilitate housing-led regeneration.

As committee members will be aware, the existing regeneration outcome agreements for community regeneration activity, which are targeted at the most disadvantaged neighbourhoods across the country, come to an end in March next year. We therefore need to take early decisions about how to move forward and to give local authorities, their community planning

partners and the communities themselves clarity on the direction of travel.

Similarly, in social inclusion—the last area on which I want to touch—there are a number of issues to address to achieve sustainable routes out of poverty for vulnerable people. Like the previous Administration, we are determined to eradicate child poverty by 2020, but that is a major challenge for the whole of the Scottish Government. We need to harness to maximum effect the efforts of all portfolios in pursuit of that goal. Last but not least, we will consider the future direction of the supporting people programme, which provides a range of valuable support services that allow a large number of vulnerable people around Scotland to live independent lives in their own home in their community.

There are clearly a number of opportunities and challenges in those areas and in some of the others that were mentioned in the debate last week, and I am keen to work constructively with the committee in facing up to them. At various points we might legitimately differ about the means we choose to achieve the outcomes, but I think that there is the potential for a significant degree of consensus. I look forward to answering your questions and working with you in the months to come.

The Convener: Thank you for that statement. I welcome your comments about working with the committee—we look forward to that. There is much in your statement, and we will only scratch the surface in the short time that we have. We will move quickly to Bob Doris for our first question.

Bob Doris (Glasgow) (SNP): There is an awful lot in your pre-statement, which I thank you for and which I read with interest, and in your statement today. Given the wide range of policies that fall within your portfolio, which actions are a priority for you and your department?

Nicola Sturgeon: Comments have been made about the breadth of my portfolio. It is a big portfolio with many responsibilities, but I see that as one of its key strengths, because it means that my ministerial team and I have the rare opportunity to be able to influence some of the traditional elements and determinants of health.

There are priorities in the health side of my portfolio, which I will expand on in the Health and Sport Committee later today and in the chamber tomorrow.

On the communities side, there is no doubt in my mind that the big challenge and priority is housing supply. We must do more to free up the supply of housing to ensure that we have an adequate supply and the right mix of tenure. There are big challenges in that across the spectrum. As I have said, there are particular challenges around

social housing and whether we are getting value for money. The fact that we brought the housing debate to Parliament so early in the session is an indication of how big a priority it is for the Government.

Bob Doris: I am glad that you mentioned social housing: you will be aware that I have been trying to champion it in my first few weeks as a new member of the Scottish Parliament. Every time I speak to housing associations or councils, I hear that construction costs are spiralling significantly, so I am keen for any new build social housing to be actioned as soon as possible, given that the London Olympics will raise construction costs as a skilled workforce moves down there. It is important that the Government moves to release funds to enable new affordable social housing to be built as soon as possible.

Nicola Sturgeon: Programmes for new build social housing, including ambitious programmes in Glasgow, are moving forward. You have a particular interest in Glasgow, and I pay tribute to the vigour with which you have taken up this agenda. You make an important point: the spiralling level of subsidy going into social housing and construction costs is one of the challenges. Social housing is an important part of the equation, but it is not the only part, because we have to grapple with a range of issues to ensure that we have an adequate supply, and the right mix, of housing.

Alasdair Allan (Western Isles) (SNP): Thanks again for your paper and the statement you have just made. You said that you have a broad, far-reaching programme. Much of the committee's agenda is determined by the Government's legislative programme. I appreciate that Parliament determines how that programme emerges, but can you tell us anything about the specific legislative burden on the committee or your ideas for legislation?

Nicola Sturgeon: You will forgive me for not being in a position to say too much about the legislative programme.

Alasdair Allan: I appreciate that.

Nicola Sturgeon: The Government's programme, which will include legislation and other actions, will be published after the recess, so I am slightly limited in what I can say.

I am not ruling out primary legislation, but there will be a fairly substantial flow of secondary legislation for the committee to deal with. Johann Lamont, as a former minister, will know that a lot of housing legislation requires to be implemented over the next couple of years, which requires secondary legislation.

I am keen to give this committee and the other committees that have an interest in my work an indication of the legislative programme as soon as I am in a position to do so, because it is important that committees know what the burden will be so that they can plan their other work around it effectively.

One bill that I can talk about, which is not really relevant to your committee, is the Commonwealth games bill. I am answering a question this morning indicating that the consultation on it will start tomorrow, because we want to be in a position to introduce it immediately if and when—we hope—Glasgow wins the bid in November.

Alasdair Allan: The Government has talked about the need to reduce clutter and duplication in the government process in Scotland. Do you have a view on that with regard to the number of agencies involved in delivering government processes in areas for which this committee has responsibility? Again, I do not expect you to give away your legislative programme.

09:15

Nicola Sturgeon: We had a manifesto commitment on the future of Communities Scotland. Stewart Maxwell commented on that in last week's debate in the Parliament on housing. We were clear in our manifesto that we wanted Communities Scotland's functions to be delivered locally, as far as possible. We want to ensure that any changes that we make are made after proper consideration. We will continue that consideration over the summer and we will make an announcement about changes to Communities Scotland in due course after that.

The Convener: Would such changes require legislation?

Nicola Sturgeon: That depends on the functions. I think that legislation would probably not be required, but I would not rule it out. I think it depends on the functions that we will transfer to local authorities, but my instinct is that that would not require primary legislation.

The Convener: Can you give us any timescales for legislation? It is important for the committee's discussions on our work programme in September that we have an idea of the timeframes for legislation coming on stream.

Nicola Sturgeon: I do not want to be difficult with the committee—I know, having been a member of various committees, how important it is to plan a committee's work programme—but you will forgive me for saying that I am not in a position to lay out a detailed timescale for legislation, although I hope that I will be able to do that sooner rather than later.

Johann Lamont (Glasgow Pollok) (Lab): You have a manifesto commitment to do something about Communities Scotland. Do you accept that Communities Scotland's work is delivered locally and that it plays a critical role in local communities? In fact, giving such work to local authorities may water it down. You must surely have an answer to the question whether making such a change would require legislation, given that Communities Scotland was created by legislation and has particular statutory responsibilities for regulation. Can you tell me which bits of the organisation would be involved in any changes?

I suppose that what I seek from you is an assurance that the decision on Communities Scotland will be taken on the basis of the needs of communities and the organisation's statutory responsibilities rather than because another minister decides he wants to declutter the landscape. If what Communities Scotland does and delivers has to be changed, will it be done on the grounds that I have described rather than on the basis of a broader policy to reduce the number of agencies? Of course, Communities Scotland is not a non-departmental public body but an executive agency that was created by legislation.

Nicola Sturgeon: It is an executive agency and its chief executive is accountable to me. I hope I can strike a consensual note here. I am firm in my own mind that we should not make changes in any field purely for the sake of change. It is important to ensure that we make changes that enhance what Communities Scotland does. I agree that its functions are important and I value the staff's work. We have made it clear that we intend that the staff should continue to work towards their targets, pending our final decisions on the organisation. It is important that we make such decisions through a proper process, to get them right. That is why we decided to take time to consider the issue properly and ensure that the final decisions are correct. I am more than happy to ensure that the committee has an input into the process before the final decisions are taken.

The Convener: I will allow you to follow that up, Johann.

Johann Lamont: Can we clarify that it is possible that you will not get rid of Communities Scotland if, in examining the organisation's role and how it delivers, you discover that it is effective and the best vehicle for doing what it does? Can we also clarify, given that the organisation was created by legislation, whether legislation would be required to get rid of it? I would like clarification that you will not prejudge the organisation and say that it must go, or that you will just rebrand it.

Nicola Sturgeon: We made a manifesto commitment because we believe that the functions of Communities Scotland would be better

delivered if they were the responsibility of local authorities. We took that decision after some consideration. We will consider carefully how to implement that commitment because we want to do it properly and get it right. It would be wrong of me to prejudge the outcome of our considerations by saying any more than I have said.

Johann Lamont: So it is possible that you will maintain an executive agency that is committed to delivering community transformation, rather than break it up and give its functions to local authorities. Have you contemplated that possibility?

Nicola Sturgeon: If you looked at our manifesto commitment you would consider that outcome unlikely, but we want to ensure—

Johann Lamont: Are you prepared to test your manifesto commitment against the reality of the agency and its work?

Nicola Sturgeon: By necessity and by desire, we will have to test all our manifesto commitments in the Parliament. That manifesto commitment was clear, and I am persuaded that it will be implemented. However, it is important that, in implementing it, we get it right, and that is what we are doing. I agree that the functions of Communities Scotland are important and that it is important that its work is continued.

Johann Lamont: So in testing your manifesto commitment you will contemplate the possibility that diluting it, potentially through local authorities, might not be the—

Nicola Sturgeon: We might have to agree to differ on whether what we are suggesting is a dilution.

Johann Lamont: It is significant—

The Convener: Wait a minute. Johann should ask one question, and then the cabinet secretary should respond.

Johann Lamont: I do not mean to overstate the point, because nobody is going to die in a ditch over a title. It is what is delivered that is important. Are you saying that you are determined that the functions will go to local authorities and that you will ensure that those functions are all covered, or are you willing to contemplate the possibility that, in testing your manifesto commitment and discussing how the critical issues will be pursued and outcomes delivered, you may find that an agency is the best way forward?

Nicola Sturgeon: Our clear preference is for the functions to be transferred to local authorities when that is appropriate.

Johann Lamont: So it is a preference as opposed to a definite position.

Nicola Sturgeon: It is a preference, yes. I am of the view that that is what will happen, but we want to ensure that we get it right. We said in our manifesto that the regulatory function of Communities Scotland would require to remain as it is, and the outcome of the Crerar review on scrutiny will have an impact on the future of that.

Jim Tolson (Dunfermline West) (LD): Good morning, cabinet secretary, and welcome to the committee. Thank you for your statement; it is interesting to get some background. Unfortunately, I did not have the benefit of an advance copy.

I want to start by considering one particular area of your portfolio—housing. I have a few broad theme questions. The first is on the first-time-buyer grant, the second is on the housing supply task force and the others are on building affordable homes, housing stock transfer, capital debt write-off and right to buy. Just to start us off.

Nicola Sturgeon: One by one, I hope.

Jim Tolson: Yes, one by one.

Do you still support introduction of the first-time-buyer grant? Do you accept that experts believe that it will not be successful unless it is better targeted at first-time buyers who really need the assistance? Do you agree with the housing experts who say that, with 35,000 first-time buyers a year, such a scheme would cost approximately £70 million, which could be better directed to social housing and shared equity schemes? Those points do not come just from me; they come from people such as Archie Stoddart, the director of Shelter Scotland, the housing academic Professor Glen Bramley from Heriot-Watt University, and fellow Heriot-Watt housing academic Professor Hal Pawson. Indeed, focus has also come from Australia, where experts including Professor Gavin Wood of Melbourne University feel that a similar scheme there has failed.

You commented on the housing supply task force. When will it report back? Will no progress be made on housing issues until it has completed its study?

Do you have any targets for building affordable homes over the period of the next comprehensive spending review, considering that you signed a parliamentary motion backed by Shelter recognising the case for the construction of 30,000 affordable homes for rent?

Do you favour the process of further community referenda to determine whether there is support for housing stock transfer? Has the Executive done what Tricia Marwick called on the previous Executive to do:

“put pressure on the Treasury for full capital debt write off with no preconditions”?

I would also like to hear the Government's views on right to buy and pressured area status. Where do you plan to implement that, and where do you see it going? Can you give us some more details?

I think that will do as a starter for 10.

Nicola Sturgeon: If I miss any, I am sure you will let me know.

I think that direct grants have a role to play in supporting first-time buyers, but I have heard the various comments that have been made by members and others—I am sure there are more than even the long list you read out. Where does that leave us? The realpolitik is that we are a minority Administration, so I have to listen to the views that are being expressed. We are considering how to take forward our manifesto commitment on the first-time-buyer grant as part of a package of support for first-time buyers. We will report back to Parliament in due course and all members from all parties will have an opportunity to express their views at that point.

I think you asked when the housing supply task force will report back. I said explicitly in my opening comments that it is not a talking shop but about agreeing action points. The task force will meet for the first time over the summer and it is expected that an action plan will be produced by the autumn. We want to move forward quickly, because we realise the scale of the challenge.

I am glad that you have been doing Google searches on all the old motions on targets for affordable homes. I am sure that many more will be quoted back at me over the next wee while. We have not set a target for building new homes at this stage because we want to consider the conclusions that the task force comes to and make the decisions after proper process. The comprehensive spending review will obviously have an impact on that as well. I repeat the point that I made in my opening remarks: it is important to get more value for the money we spend on social housing. The increase in the subsidy for social housing is unsustainable, so it is not only a question of getting more resources to build more houses; it is about getting more value for money.

Community referenda for housing stock transfer are decisions for communities. Contrary to what some members might suggest, the Scottish National Party has never been opposed to community transfer if it is supported by communities. I strongly believe that communities, not central Government, should be in the driving seat of such decisions. The Glasgow housing stock transfer is different to some extent because the issues there have proven difficult, as many people predicted they would during the original debate. We may come back to Glasgow before the end of my evidence.

My officials will liaise with the Treasury to determine what support can be negotiated for areas that do not want to transfer their housing stock but have issues with debt and, therefore, with meeting the quality standards.

I think that your last question was about the right to buy. We will review how it is working. Our manifesto said that we do not favour taking rights away from existing tenants, but that we have to take a critical look at how particular local solutions are working. Is pressured area status providing an adequate response? We also need to examine whether the idea of changing the discount structure, which I think was introduced in 2001, is an adequate response to some of the problems that are being encountered.

Jim Tolson: Thank you for that answer. I think you covered most of the points that I asked about, but you did not touch on whether any progress would be made on housing before the housing supply task force's study is complete. You have not given me any information on whether that study, which will report in the autumn, will be the focus in the meantime. Will it hold up any house building in the meantime?

Nicola Sturgeon: No. It is about the future. Projects that are on-going are continuing. The housing supply task force's work is about how we meet the challenge of housing supply for the future. It is important that we have that exercise, but it is also important that it does not become a talking shop that is a barrier to action. Rather, it should deliver action.

David McLetchie (Edinburgh Pentlands) (Con): I was struck by the number of instances in your opening remarks in which you referred to using private sector funding to tackle regeneration, affordable housing and social housing. No doubt that enthusiasm will spill over into the health sector of your portfolio by the time you complete your term of office.

Nicola Sturgeon: Do not bet on it.

09:30

David McLetchie: Jim Tolson mentioned affordable housing and assistance for first-time buyers—he focused particularly on grant assistance. On the proposal to expand shared equity schemes as a way of tackling the affordability problem, do you envisage that part of the equity share may be held by private investors in a residential investment fund? That is one mechanism by which you could try to lever private sector funding into shared equity arrangements to deal with the affordable housing issue.

Nicola Sturgeon: As I said in my opening statement, we are keen to discuss with mortgage

lenders and other private interests how we can lever in maximum support to increase the housing supply and enable people to get on the housing ladder. In response to the questions that Jim Tolson asked, I talked about progressing the first-time-buyer grant. We have also discussed a housing support fund that would try to expand shared equity. That fund is an important part of the package, and we will look to develop it in the coming months.

David McLetchie: So—you envisage the partner in a shared equity scheme possibly being a private sector investor instead of the public sector being the partner, as under the current shared equity arrangements.

Nicola Sturgeon: That is possible.

David McLetchie: Okay. That is fine.

I want to ask about the interrelationship between the housing responsibilities in your portfolio, the task force, the supply issues that you have touched on and planning legislation, which obviously comes under Mr Swinney's portfolio. Perhaps we could discuss that matter with him. You rightly referred to the housing supply, but many people believe that, or are concerned that, the supply problem may be resolved in some areas only by concreting or building over large parts of our established green belts and green spaces. Do you envisage the Executive amending any of the national planning guidelines on green belts and green spaces in order to expand the housing stock?

Nicola Sturgeon: We have no plans to do so. John Swinney is coming to the committee later this morning: there is a driving imperative for synergy between my housing responsibilities and his planning responsibilities. There is no doubt that many bottlenecks are largely the result of planning problems. There will always be a sensitive balance to be struck between ensuring that the housing supply is adequate and ensuring that the environments in which people live are pleasant and include adequate green spaces. Obviously, that balance is important to the health and well-being aspects of my portfolio, but it will never be easy to strike. We have a big housing supply challenge. If we do not face up to it, we will store up considerable difficulties for ourselves over the next few years.

David McLetchie: Is it expected that the task force will make recommendations on planning guidelines and policy to the Government? Will that be within its remit?

Nicola Sturgeon: It will be open to the task force to do so.

Alasdair Allan: I have a question about areas beyond the green belt. To what extent do rural

housing problems and their solutions fall within your portfolio rather than the rural affairs portfolio?

Nicola Sturgeon: Again, there is a real need for joined-up working. My portfolio is expansive, but many issues that we are discussing will require me to work closely with colleagues. I will be required to work closely with Richard Lochhead to deal with the particular challenges that rural housing presents.

Michael McMahon (Hamilton North and Bellshill) (Lab): Good morning, cabinet secretary. I welcome your statement—in particular I welcome your insistence on a clear direction of travel. Local authorities in particular should know exactly the direction in which you want to progress issues, especially regeneration and housing issues. That said, I have served on committees that have dealt with local government issues in all three parliamentary sessions and am acutely aware that local authorities consider their mandates and autonomy to be sacrosanct. Their direction of travel may be different from yours, regardless of how clear you are about how you would like to proceed. How will you overcome the tensions that emerge when local authorities do not quite follow the line that you would like them to take?

Nicola Sturgeon: Perish the thought that that should ever happen. Dialogue with local authorities will always be required. Rightly, local authorities have their own ideas about how to progress matters in their areas; the new Government believes that they should have maximum flexibility. However, when central Government invests substantially, it has an interest in ensuring that the priorities that it sets are delivered, although there may be flexibility around how that is done.

I have covered housing. On regeneration, I make no apology for taking time to reflect on whether some of the current priorities are the right ones. As I said in my opening remarks, regeneration outcome agreements are due to end in March next year. It is the right time for us to reflect on whether we have set the right priorities and are going about achieving them in the right way. Much good work is being done on regeneration. The area that the convener represents has a particular interest in regeneration. We must ensure that we get things right, so I make no apology for taking time to consider the matter properly.

Michael McMahon: Town centre regeneration is a major feature of regeneration. Many town centres are owned by private developers, who have a vision of how they wish to move forward. If a local authority is not as supportive as it might be of such proposals, what structures will you put in place to address those tensions and to facilitate regeneration that the developer wants but about which the local authority has concerns?

Nicola Sturgeon: Such matters are best dealt with by partnership working. Community planning is hugely important in determining community priorities. I am glad that you have raised the issue of town centre regeneration, which is not given high enough priority. I am straying outside my remit, but our proposal on the small business rate is part of a package for addressing regeneration. There will always be tensions and differences of opinion: the role of central Government is to make it easier for the key partners in the process to come together to decide on the best way forward, in the interests of communities.

The Convener: Nearly everyone has had a go, so I am entitled to ask a couple more questions. I will try to be brief. You mentioned that the community regeneration fund will run out in March next year. In many communities, the fund is an important means of delivering our social inclusion agenda and all that it means in communities such as mine. Given that this is the last year of the fund, there is great concern that the Executive will take too long to reach a conclusion on the matter, which will give us limited time—probably less than six months—to put other arrangements in place. What is your advice to local councils and to the people who are delivering the services on what they should be doing to maintain them, given that the timeline is short? Because there are no clear answers, every one of the projects is in question.

Nicola Sturgeon: That is not the case. I hope that what I have to say will reassure you, convener. Parts of my constituency benefit greatly from community regeneration funding, so I know as well as you do how important it is for significant projects in some of the most disadvantaged and vulnerable sections of our society. I do not intend to take a long time to come to a view on the matter.

It is right that, as a new Government that has been in office for four weeks, we are considering whether the current arrangements are delivering as we want them to. However, I give a commitment that we will take decisions quickly to provide certainty and clarity to people who are working hard on the ground. Obviously, I want services to continue and I want to ensure that the services that are delivering for people in the most deprived communities have that certainty as soon as possible.

The Convener: Can we say that you are determined that funding for those projects will continue?

Nicola Sturgeon: Yes.

The Convener: When will we be able to tell the people involved the Government's position? When will we be able to secure the funding?

Nicola Sturgeon: If the convener does not mind, I will not tie myself to a date. Suffice it to say that the matter will be a key priority for Stewart Maxwell and me in the summer, so that we can have clarity soon after the recess.

The Convener: You said that the committee's role and working with the committee are important. We are going off for a summer break. Will I, as convener, and committee members read in the summer that the deal has been done? Will we have the chance to discuss with you how you arrived at your conclusions?

Nicola Sturgeon: Mike Foulis has just whispered in my ear the three magic words that I have gone 10 minutes without saying: "comprehensive spending review". Members will not read about the decision over the summer. The committee will have appropriate involvement, but I will balance that with a clear commitment to people in the areas involved that clarity and certainty will be provided. I know from my constituency how important that is, because we are talking about services that are delivering for some of the most deprived people in our country.

The Convener: I will let Johann Lamont speak if her question is on the same subject, but I have another wee question that I would like to ask.

Johann Lamont: My question is about the community regeneration fund, which is only one small part of regeneration. Do you remain committed to the Scottish index of multiple deprivation as the means of measuring deprivation? Part of the CRF's purpose was to acknowledge the importance of community planning, so why has community planning been put in Mr Swinney's portfolio while you have responsibility for community regeneration? What will you do to address the geography of poverty, which the Scottish index recognises? What will you do in respect of the bigger picture, apart from community regeneration funding, which involves bending the spend and engaging big partners in the discussion, so that the CRF becomes a marginal part of addressing poverty in communities?

Nicola Sturgeon: First, I agree that the CRF is but one part of the picture. I answered questions about it because I was asked about it. I do not for a minute think that it is the whole picture.

We are examining the index of multiple deprivation, which determines the 15 per cent of areas—data zones—that are most deprived, but my view is that it is the right way to determine those matters.

As for community planning being part of Mr Swinney's portfolio, we deliberately designed the Government to have larger and more strategic portfolios and to provide the ability to work more

closely across portfolios. I assure the member that the many cross-portfolio matters that have been raised today will be dealt with by close working between me and my colleagues.

The Convener: What concerns do you have about the current calculation?

Nicola Sturgeon: I did not say that I had concerns, but we are considering regeneration funding in the round. We are a new Government and we have been in office for only four weeks, so it is absolutely right that we are examining such matters carefully. I have said that, in my view, the system provides the correct way to determine matters.

Johann Lamont: I do not see the logic of putting community planning in one portfolio and community regeneration in another.

Nicola Sturgeon: I suspect that I could try—and fail—to explain that to you for the next 15 minutes.

Johann Lamont: I will explain my position. Community planning is a critical part of delivering community regeneration, because it engages communities. If you are committed to the Scottish index of multiple deprivation across your portfolio and in your spending, how will that fit in with the community health partnerships, which are a critical part of the community geography of delivering equality?

I want to make one final point, because I suspect that I will not get back in to ask another question. I am interested in what you said about the housing supply. Do you agree that the housing challenge is different in different parts of Scotland and that housing must therefore be placed in the context of an anti-poverty agenda? If so, how do you intend to do that?

09:45

Nicola Sturgeon: Of course I agree with that. Alasdair Allan mentioned rural housing. There is not a one-size-fits-all solution. It is important that we consider the different solutions that are required in different areas, which is what the housing supply task force will do.

You say that community planning has been put in a part of the Government that you do not think it should be in.

Johann Lamont: I did not say that—I asked for an explanation of the logic for it.

Nicola Sturgeon: I have explained how we have structured the Government. I suspect that I could spend the next hour explaining it to you and you still would not be convinced. On how we have chosen to put together our Government, the proof of the pudding will be in the eating. We think that the right approach is to focus on strategic priorities

that force us to work not just within our portfolios, but across portfolios. I believe that it is important to have that discipline but, as I say, the proof of the pudding will be in the eating.

The Convener: You mentioned that you are examining the urban regeneration companies, as you are considering everything. As you said earlier, you look at some matters with a particular view. What is your view on those companies? Do you support the general principle or are you doubtful about it?

Nicola Sturgeon: I might be about to go further than I should go, so Mike Foulis can close his ears. I am favourable to the urban regeneration companies. I know that you have one in your area.

The Convener: That is what I am worried about.

Nicola Sturgeon: The business plans of the Clyde Gateway partnership, the Irvine Bay Urban Regeneration Company and Riverside Inverclyde are with officials and are being analysed, so decisions will have to wait for the result of that analysis. However, I look favourably on the model.

Kenneth Gibson (Cunninghame North) (SNP): I apologise to you, convener, the committee and the cabinet secretary for being 25 minutes late. I was sitting in my office for the past hour, blissfully unaware that the meeting had been brought forward.

Nicola Sturgeon: Have they stopped telling you about meetings already?

Kenneth Gibson: I am afraid so—it has always been thus. I thought that that happened just in the Scottish National Party, but never mind.

I will return to affordable housing, which I am sure you must have touched on before I arrived. One of my concerns is that the phrase “affordable housing” means different things to different people, although there is a fairly obscure Scottish Executive definition of it. I want to talk about how much it would cost to tackle the lack of such housing. In a debate in the Parliament last Thursday, Stewart Maxwell said:

“Satisfying the demand for social housing will require an astronomical injection of funding from the public purse—an increase on current spending levels of £750 million over the next three years.

In 2002, the average subsidy paid for each house built ... was £52,000. This year, it is £79,000”.—[*Official Report*, 21 June 2007; c 1051.]

To provide 30,000 houses at £79,000 would cost nearly £2.5 billion. The Scottish Federation of Housing Associations has said that it would cost £860 million a year; the Chartered Institute of Housing in Scotland has said that it would cost £750 million in total, with £780 million of private finance; and Shelter Scotland has talked about a cost in the region of 0.8 per cent of the Scottish

budget per year, which I estimate would be about £750 million. How much will it actually cost to tackle the problem? Is there consensus about that? You mentioned the comprehensive spending review, but what is the probability that we will be able to make a major impact on the homelessness figures and provide the affordable housing that we need to provide in the forthcoming years?

Nicola Sturgeon: We estimate that to build 8,000 houses a year for the next three years would cost an additional £750 million, which is a big challenge. We must consider the issue in several ways. Obviously, there is the question of Government investment, in relation to which the comprehensive spending review is important. We must also consider leveraging in private sector investment and the issue that I spoke about in my opening remarks—when Kenny Gibson was sitting in his office—about trying to get more out of every pound that we spend on the subsidy that we invest in social housing. I do not underestimate the scale of the challenge, but it is a challenge that we must face up to if it is not to become a bigger problem year on year.

Kenneth Gibson: We touched earlier on town regeneration. My constituency and other constituencies in the west of Scotland are affected by speculation in respect of commercial property, such as shops. Some small towns look fairly derelict, but a lot of people are keen to open small businesses, particularly shops. The problem is not that rents and business rates are high, although they are, but that many people who own shop fronts use them for speculative purposes and do not release them into the rented sector. If our policy of reducing business rates comes in, it will make a significant difference, but only if shop fronts and business premises are made available. Is the Scottish Executive considering a mechanism to ensure that properties are released into the market so that, regardless of what we do to business rates, we get more economic activity in small towns, particularly in town centres?

Nicola Sturgeon: There are things that can be considered, although they are not necessary in my portfolio—there are issues about rates relief on empty properties and so on. I am straying outside my big portfolio but, as we discussed earlier, the small business rate policy will have a substantial impact in towns throughout the country. I know your constituency well, obviously, and despite the other problems that you mentioned, that policy will have a substantial impact.

Kenneth Gibson: How important is it to tackle fuel poverty in the next four years?

Nicola Sturgeon: It is extremely important. I pay tribute to the previous Administration's work on the central heating programme and the warm deal, which have had a substantial impact. Within

the devolved Administration's ability to make an impact on fuel poverty—obviously, incomes and fuel prices are key drivers and we have less ability to influence them—we are looking again at ensuring that the programmes continue to deliver maximum effect. We are doing that as part of the general review of the programmes.

Kenneth Gibson: Will the review look positively at widening the categories of people who qualify for the warm deal and so on?

Nicola Sturgeon: The review is considering that.

The Convener: We have been fairly well disciplined so we have time for another question. I am happy for Johann Lamont to come back, or does anyone else feel the need?

Bob Doris: I have a question on Glasgow. I lodged a couple of written questions to the Minister for Communities and Sport because I am interested in the steps that the Executive will take to ensure that pilot projects for second-stage transfer in Glasgow get a fair and economic purchase price from the Glasgow Housing Association when they prepare their business plans. What steps will the Executive take to make sure that the rate is fair? A punitive rate might be a stumbling block to second-stage transfer in Glasgow.

Nicola Sturgeon: We are keen to make progress from the impasse in Glasgow. I am clear both as a minister and as a Glasgow MSP with a long-standing knowledge of the matter that second-stage transfer was part of the promise to tenants on the original transfer. We have to make progress. Stewart Maxwell and I are looking closely at the matter; we have met Glasgow Housing Association and Stewart met some of the other key stakeholders to see whether we can find a way through the situation.

I am also clear, however, that whatever steps we take, we have to bear in mind the outcomes for tenants, who are the most important people in the matter. I am keen to see second-stage transfer as part of the bigger regeneration picture in Glasgow. That is crucial. We have told all the players that we will take some time during the summer to assess where we are and how the GHA is living up to its promises, including those on second-stage transfer. We are looking to map out a route ahead. We will not tie ourselves to the timescales that the previous Administration set—although that is not to say that we will not meet them. I am clear that progress must be made.

In addition, the report on Communities Scotland's inspection of the GHA, which is due out over the summer, may well have a bearing on the issue.

The Convener: Jim Tolson has a quick question, to which I ask the cabinet secretary to give a quick answer, because we are running out of time.

Jim Tolson: You have partly answered my question, which is about targets. The previous Administration set some targets that are key to your portfolio, including that of ending fuel poverty by 2016, which Ken Gibson mentioned. For me, the aim of ending homelessness by 2012 is crucial. The interim targets for 2009 are important, too. Do you intend to meet those targets and, if so, how?

Nicola Sturgeon: I said in my opening remarks that we remain absolutely committed to meeting the homelessness target, which is to remove the distinction between people who are in priority need and those who are not. As, I am sure, members of the previous Administration would say, that is a difficult task for local authorities. Increasing the housing supply and ensuring that we have the right number of houses of the right standard are crucial to that process. I hope that the committee is reassured that we are committed to delivering on that target.

We are also committed to meeting the fuel poverty target, which will not be easy to do—especially because not all the levers are under our control.

Johann Lamont: I flag up the fact that we have not had the opportunity to discuss equalities, which is a big element of your portfolio. I was surprised that in the paper on your responsibilities the only equalities issue that you highlighted was violence against women—although it is a crucial issue. Will you commit to arguing for the domestic abuse court and the support that the assist programme delivers in the context of male violence against women? More broadly, will the equality unit continue? Will you make brief comments on the approach that you will adopt across your portfolio to disadvantaged and excluded groups such as people with disabilities?

Nicola Sturgeon: The short answers to your questions are yes, yes and yes—I hope that is brief enough for the convener. I thought that today the committee would want to focus on housing, regeneration and some aspects of social inclusion. I would be more than happy to come back to the committee after the recess to talk in more detail about some of the important issues in my portfolio that Johann Lamont has rightly raised. The Equal Opportunities Committee obviously has a role to play in that regard, too.

The Convener: Do you have a question, Kenny?

Kenneth Gibson: I am fine.

The Convener: Thank you, minister. We will let you out of here in time for your next engagement. As I said earlier, we appreciate your time. I hope that you or the Minister for Communities and Sport will be able to join us at our away day, diary commitments permitting. It might be useful to have a breakdown of the Minister for Communities and Sport's remit as it affects the committee—perhaps that could be forwarded to us.

Nicola Sturgeon: That is not a problem. We can easily provide that.

09:58

Meeting suspended.

10:00

On resuming—

The Convener: We are joined by John Swinney, who is the Cabinet Secretary for Finance and Sustainable Growth; Jim Mackinnon, who is the director of planning at the Scottish Executive; and Ruth Parsons, who is the director of public sector reform at the Scottish Executive. We are delighted to have you here. We were slightly puzzled as to why we were sent a copy of your speech in Parliament. Perhaps someone imagined that we do not hang on your every word and read everything that you have said. We hope that you will now take the opportunity to give us the appropriate detail behind that very good speech.

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): It is a pleasure to be here. I knew for a fact that you would not need a copy of the speech, convener, because I know that you do indeed hang on my every word. However, I thought that, for the sake of completeness, I should make it available to everybody.

I thank the committee for the opportunity to give evidence, for which I am accompanied by Jim Mackinnon and Ruth Parsons, who have significant responsibilities in the two major elements of my remit that relate to the work of the committee.

The responsibilities of my ministerial post have a number of overlaps with the work of other committees of the Parliament. I will appear before the Finance Committee in relation to my core responsibilities as the minister responsible for public finances. I expect to appear before the Local Government and Communities Committee in relation to local government finance and other local government issues.

Stewart Stevenson, as the Minister for Transport, Infrastructure and Climate Change, will appear predominantly before the Transport,

Infrastructure and Climate Change Committee. Jim Mather, as the Minister for Enterprise, Energy and Tourism, will appear predominantly before the Economy, Energy and Tourism Committee. There has been a clear delineation of responsibilities between the three of us, which relates clearly to committees' remits.

My responsibilities will relate principally to the economy, the budget, public service reform, local government, public service delivery, cities and community planning, which are some of the issues that I am sure we will want to talk about during this session of Parliament. As you know, I also carry strategic responsibilities for business and industry and the voluntary sector and the social economy, for which Jim Mather is responsible; and transport, land use planning, Scottish Water and climate change issues, for which Stewart Stevenson is responsible.

The financing and delivery of local government, local services and planning are the area of my remit where there is most common ground with the committee's work.

I turn to the detail of how the Government intends to take forward its priorities in relation to the work of the committee. The Government is determined to create a positive and constructive relationship with local government throughout Scotland. Since I took office 42 days ago, I have had a number of meetings with the leadership of the Convention of Scottish Local Authorities and a number of local authorities. Yesterday, the First Minister addressed a wide audience of public sector representatives from throughout Scotland; he had met private sector representatives earlier in the day. We had an opportunity to set out some of the important points about the relationship with local government that we wish to pursue.

I want to make it clear to local authorities that the Government regards them as an essential part of the governance of Scotland; that we want to allocate greater responsibilities to them; and that we want to ensure that they have greater flexibility to allow them to set their own priorities and undertake their own planning at local level. We want to move away from a system of targets, constraints and parameters, and move towards an outcome-based relationship in which we provide local authorities with significant financial support for their activities, in return for which we will want a number of outcomes to be achieved. I will have a dialogue about that with local authorities over the summer, during the budget process and into our consideration of the financial settlement for local authorities for the spending period that starts in April 2008.

One objective of the dialogue will be to secure agreement with local authorities to freeze 2008-09 council tax levels, in cash terms, at the level that

was implemented in April 2007. That would honour the Government's manifesto pledge to pursue a freeze in council tax levels. The freeze will be an essential output and outcome of our relationship with local government. Today offers me an appropriate opportunity to make it clear that we are intent on improving the relationship between central and local government. We want to make clear to local authorities the importance that we attach to their work and to their essential role in the governance of Scotland.

It is intended that freezing the council tax will be a precursor to the introduction of legislation to abolish the council tax and replace it with a local income tax. I was delighted by Parliament's welcome decision last Thursday to support the motion with that objective. We have also set out our intention to reduce business rates for smaller companies. That will be a concrete step towards ensuring that we support the development of local enterprise and local communities. Further details will be set out as part of the spending review later this year.

We are determined to simplify government and make it clearer, more efficient and more straightforward at local level. We could all agree that government in Scotland is tremendously complex, with a lot of duplication at local level. Ministers have already made those points to Parliament, and the First Minister made them to the public and private sector audiences that he addressed yesterday. The spending round that we are going into will be much tighter than any since the establishment of the Parliament in 1999, and we will have to ensure that our resources are used effectively and efficiently at local level. Our constituents would expect nothing less of us.

The Government's main approach will be to simplify government, to bring bodies together and to declutter the local landscape. Processes are already under way and local authorities will be central to a number of initiatives to declutter the landscape. That will become clear at the start of the new parliamentary term in the autumn.

Another major priority for the Government will be the continuation of the work of the previous Administration on the planning regime. Parliament legislated on planning close to the end of the previous session. As the committee will be aware, a substantial amount of secondary legislation will have to be dealt with by the Parliament's committees in due course. Jim Mackinnon and his team are developing that secondary legislation; I suspect that some of it will be coming to this committee for discussion and determination.

The other major aspect of the planning responsibility that we will be bringing forward is the national planning framework for Scotland, which presents us all with an exciting opportunity to get

involved in the attempt to establish some shared perspectives on the development agenda for Scotland over the next 20 to 25 years. The formation of the national planning framework has to be informed by the Government's economic strategy, which will be announced to Parliament in the autumn. Obviously, the creation of that framework is of such importance to Scotland that we have to have the widest possible input and, ideally, the widest possible agreement about how the framework should develop. That will enable us to take long-term decisions that give certainty to communities, those with an interest in development, and public authorities, and to seize the opportunity that is presented by the exciting device of the national planning framework to substantially transform the economic and social prospects of people in Scotland.

The Convener: Lots of food for thought there.

It is important for the committee to have some understanding of what will be in the legislative programme, and you outlined that there will be secondary planning legislation and so on. You also mentioned the introduction of local income tax and the abolition of council tax. What is the timeframe for that legislation? When can the committee expect to be dealing with that?

John Swinney: In the autumn, the Government will publish a consultation document on the abolition of the council tax and the introduction of a local income tax. I expect to take views on that document for a period of time thereafter. Once we have seen all the feedback to the consultation, we will draft legislation. It is difficult for me to predict exactly when the legislation will reach the committee, but I would be surprised if it were here any earlier than the middle of 2008.

The Convener: You also mentioned freezing council tax. Can you give us any information about that? Given that it will be the middle of 2008 before we start the legislative process, how long do you expect the freeze to be in place? What discussions, if any, have there been about an uplift for local government in order to meet any funding gap and about the impact on services and jobs of a freeze over two or three years?

John Swinney: It is important to remember the background to this issue, which is that, over the past few years, the council tax has increased as a proportion of people's income. Research was published at the weekend by—I think—the Bank of Scotland that demonstrated the significant burden that the council tax places on individual citizens. Indeed, since the financial year 1996-97, the increase in council tax has been more than 60 per cent. In the chamber last week, I pointed out that, during the same period, pensioner income had increased by only 40 per cent. The council tax has a severe financial impact on individuals and it is

important that, regardless of our views on the future of the council tax, we recognise that we have to take steps to reduce that burden. That is why the Government is committed to a council tax freeze.

10:15

I said earlier that the freeze in council tax would be applied in cash terms to the council tax rate that was set in April 2007. Therefore, whatever people were paying in April 2007 is what I envisage they will pay until the introduction of the local income tax. That is my plan for the timescale for the freeze. Obviously, the introduction of local income tax depends on a number of variables, not least of which is Parliament's consent, although it was encouraging that Parliament voted on Thursday to support the position in principle.

Several factors have to be brought into the mix when we consider how to arrive at the council tax freeze. We have to take into account money and the financial settlement for local authorities; I accept that point and that will become clear during the spending review later this year. However, there are other factors such as the relaxation of ring fencing for local authorities. It may be possible to allocate more responsibilities to local authorities, to clarify their role and responsibility at local level, and to have them assume new functions from other bodies to simplify and declutter the landscape. There are several ways in which we can bring together the different elements of the relationship between central and local government to give local authorities the flexibility that they will require to freeze the council tax. The discussion about that with the local authorities has got off to a good start and I look forward to that continuing over the summer.

The Convener: Are you saying that you do not know by how much you will need to uplift the sum that is given to local government in order to protect services and jobs?

John Swinney: I have a pretty good idea about that, but I cannot prejudge the outcome of the spending review. I suspect that you will have heard from members of the previous Administration that at no stage were they able to prejudge the outcome of a spending review. Indeed, ministers in the previous Administration will have made it very clear—in some cases right up until the last gasp—that they were not in a position to say how much money they were giving to local authorities. We are far in advance of the decisions on council tax that will have to be taken in February 2008, but we have embarked on a productive dialogue with local authorities.

The Convener: Have the local authorities said what they believe the uplift needs to be? Have

they spoken about the possible impact that a freeze might have on jobs and services?

John Swinney: Local authorities and other elements of the public services sector have expressed to me, as Cabinet Secretary for Finance and Sustainable Growth, a range of pressures that we have to identify and address in the funding settlement. That information will inform the spending review. Ministers have to look at all the different issues and come to conclusions as part of the spending review. Those conclusions will be reported to Parliament later in the year, as they were quite properly reported to Parliament by the previous Administration once the spending review figures had been announced.

I hope that you will forgive me if I do not go into too much detail, because one of the things that I am talking about will be the subject of a statement on the comprehensive spending review that I will make to Parliament tomorrow morning. We face a difficult situation this year because, due to circumstances outwith our control, some of the information from the United Kingdom Government is not coming to us as early as it normally would. We plan to take account of that to ensure that we can advise public bodies properly of their financial support.

The Convener: You will be doing all that to ensure that the freeze that you are imposing will not impact on jobs and services in local government. There will be no jobs or services hit as a result of the freeze.

John Swinney: Local authorities make decisions every year about their services—

The Convener: You are making the decision, cabinet secretary.

John Swinney: With respect, I am not making the decision. I am encouraging local authorities to move to a council tax freeze. I want to engage in a dialogue with local authorities about that, but local authorities are self-governing institutions. I want them to engage in a debate with me about how to take forward that proposition. I have to say that they have done that.

Bob Doris: It seems clear that moving from council tax to a local income tax will be a priority for you. I am grateful for the reassurances regarding a council tax freeze. Of course, I agree with the convener that jobs and services are important. Glasgow City Council has had a council tax freeze for the past two years, so I am interested in knowing what kind of dialogue you have had with the council regarding how it would argue that it has protected services. Has it, in fact, protected services?

In addition, I would like information on another kind of positive tax freeze. Parliament has shown

a willingness to move from the council tax to a local income tax. There is a political will to do that. Obviously, the Scottish National Party's proposals for a 3 per cent local income tax could be said to be a tax freeze, given that the rate would be left at 3 per cent. How was that figure arrived at? Is it just an initial figure to provide stability when moving from one local tax regime to another? Is there the prospect of varying that rate at a later date?

John Swinney: The new Government has had a number of constructive discussions with the leadership of Glasgow City Council. I spoke to Councillor Purcell just the other day about issues that are relevant to the questions that the Government is addressing. The council made its decision to freeze the council tax within the spending framework of the previous Administration. Angus Council adopted a similar position for the current financial year and other councils have taken a similar stance. Clearly, it is possible to freeze the council tax and continue to provide services and employment locally.

We must all accept that, in this modern world, service delivery changes. Service improvements happen every day of the week in the public sector reform area with which Ruth Parsons deals. Information on several projects was shared with the public sector audience at the event that the First Minister hosted yesterday. A tremendous number of very good service redesign projects that will change the dynamics of cost and how services are delivered are progressing. Ultimately, members of the public will receive better—more efficient or more flexible—services that will be less of a strain on the public purse. That is the type of imaginative work that we want to develop. Change will happen; we live in a world of perpetual change. However, we want to ensure that we preside over an arrangement that delivers good-quality public services.

The proposed 3 per cent local income tax was, of course, the SNP's manifesto commitment in the election campaign and it is the Government's commitment. The Liberal Democrats also want a local income tax, but they propose having a variable rate within certain parameters. I am sure that the Liberal Democrats will advance that argument in upcoming parliamentary processes. The Government will advance its proposal for a 3 per cent local income tax because we think that that is a reasonable and fair level of taxation to apply. It would have the benefit of ensuring that 90 per cent of those who would pay the local income tax would pay less than they currently pay in council tax. I think that that would be a welcome move.

The Convener: Do any other members have questions on the council tax theme?

Kenneth Gibson: I know that the Scottish Government has had a lot of discussions with

Councillor Steven Purcell and senior members of Glasgow City Council. I hope that the Government will include opposition members in future discussions because it is a concern that they have not been included so far.

The previous Executive said that more resources could be directed to front-line services by eliminating duplication. For example, there are three councils in Ayrshire, but is it strictly necessary to have three directors for similar departments? Is it possible for councils to do what Tom McCabe and others have postulated, which is to share directors' services to free up money to focus on front-line service delivery, which everyone around this table wants?

John Swinney: I will speak first about our dialogue with Glasgow City Council. We are having productive dialogue with many local authorities around the country. The local authority map is very different from what it was before the elections on 3 May. I would welcome discussion with Glasgow city councillors of all political persuasions, from both the opposition and the administration, and look forward to that happening.

Mr Gibson's substantive point was about the amount of duplication that exists. I have a great deal of sympathy with his point of view. I make clear today that the Government will not pursue a reorganisation of local government boundaries—we have no intention of even thinking about that. However, there is enormous scope for some of the shared arrangements that he suggested. Does every local authority require the whole suite of directors that it has always had? An interesting project involving Stirling Council and Clackmannanshire Council is under way. Those authorities are looking to have what one would characterise as a single management structure for the education service. There would be separate governance—the councils would decide their policies on education separately—but the policies would be delivered by the same officials. Given the size of some local authorities and the fact that, like central Government, they are subject to financial pressures, that is an imaginative way of addressing the issue that Mr Gibson raises.

I encourage the process that is under way; we are happy to take forward what the previous Administration set out in this area of activity. We intend to intensify that activity in the area of public sector reform. Much good thinking has been done on the subject, and we need to pursue it.

Kenneth Gibson: I am pleased that there will be no changes to local authority boundaries. I want to discuss the empowerment of local authorities. As you know, our manifesto proposed decentralisation of decision making down to local community level, wherever possible. I am keen on that proposal. I included it in the 1999 SNP local

government manifesto and raised the matter on a number of occasions during the first session. What is happening in that direction? I understand that a couple of pilot projects will be embarked on. What is the timescale for the commencement of those projects?

John Swinney: Those members who represent small towns know that such communities feel quite remote from the council—it may be in the neighbouring town but, from their perspective, it could be a million miles away. There are ways of ensuring that communities exert greater influence on issues at a local level. I am not saying that towns should run their own education services, but civic amenities and local facilities could be enhanced if communities had greater involvement in and responsibility for them. The Government will set out in early course some of its thinking on how we can encourage that work. I am sure that there will be pilot projects to take it forward.

Kenneth Gibson: I welcome that.

The Convener: I was trying to get a wee debate going on council tax, but Kenny Gibson jumped the queue. We will get back in order after Johann Lamont and Michael McMahon have put questions to the minister.

Johann Lamont: My question is about council tax; I will return to other issues as we progress. Do you accept that Glasgow had the highest level of council tax in Scotland because of structural disadvantage and inequality, which may explain why there was political pressure in the city for the tax to be frozen? Other local authorities might experience a freeze quite differently. If you accept that that is the case, what will you be able to do from the centre to support Glasgow in the context of a freeze in council tax?

You said that service delivery can be addressed partly by the fact that it has changed. Your remit includes the voluntary sector, so you will know that some services are delivered by that sector. How can you reassure the voluntary sector that a council tax freeze will not impact on the cost to it of delivering services? After all, the fact is that efficiencies will be driven out into the sector. What is your response to its view that, in order to sustain the delivery of its services, there should be, as a minimum, inflationary uplift? Moreover, do you have any view on full cost recovery for the sector, particularly given the changes to service delivery?

10:30

John Swinney: I know that council tax in Glasgow is very high and acknowledge that there are pressures in that regard. That said, a host of other local authorities are in the same bracket with regard to band D council tax per head. For some people, paying that amount of council tax means

having to find an enormous sum of money every month. As a result, people will welcome a council tax freeze, no matter where they live in Scotland. I am quite sure that people in Glasgow welcome the council tax freeze—I certainly know that people in Angus welcomed it this year—and that others will too.

As for what I can do to help Glasgow, I set out in response to questions from the convener the process that we will go through with all local authorities for arriving at the financial settlement and the delineation of powers. One interesting aspect that I want to explore and discuss when I visit Glasgow in the summer is the rather healthy climate in the city for public agencies working more closely together to deliver joined-up services. Such an approach will never be perfect, but the city is making a genuine attempt in that respect. Such attempts in other parts of Scotland are perhaps not quite so advanced, but I feel that that is the route to realising new opportunities for joining up services and ensuring that money can be used elsewhere.

I am most enthusiastic about the voluntary sector element of my portfolio. Because responsibility for the voluntary sector and social enterprise fall within my remit, those areas are now at the heart of the Government's principal economic and development brief, and we now have a real chance to bring the voluntary sector into the heart of policy making on public services, the economy and development. The prospects are exciting.

One thing that I have been struck by is how the voluntary sector has been at the front of the queue, complaining to ministers about congestion and clutter in the delivery of public services. It certainly sees a role for itself in delivering certain services, and I want to have constructive discussions with the sector about that.

Johann Lamont: Are you in favour of full cost recovery and will you guarantee that the consequences of a council tax freeze will not be visited on the voluntary sector in the delivery of public services?

John Swinney: I cannot prejudge the spending review. Indeed, no minister in the previous Administration could do so.

Johann Lamont: But will you go into discussions on the spending review arguing in support of the voluntary sector's capacity to deliver local services? That different way of delivering public services allows us to be more efficient in managing money, but I am sure that you can understand the voluntary sector's concerns about taking over public service delivery—and in some cases doing a better job—but then not getting inflationary uplift or full cost recovery.

John Swinney: I completely understand those concerns. In the spending review, we will have to address those substantial issues and ensure that organisations are properly supported. After all, if we are asking voluntary sector organisations to deliver public services, the people who use those services must be assured that they are properly designed, supported and funded.

Johann Lamont: I presume that during the comprehensive spending review ministers bring their arguments to the table. Will you argue for the need to understand the importance of proper funding for the voluntary sector, which means full cost recovery and ensuring that the consequences of a council tax freeze are not visited on voluntary organisations in the delivery of services?

John Swinney: I can assure you that the concerns of the voluntary sector will be very much at the heart of issues that are addressed in the spending review.

Johann Lamont: Will you argue for a comprehensive spending review that ensures that, although there is a council tax freeze, it will not impact on voluntary sector service delivery? Some local organisations are currently arguing for a minimum inflationary uplift because they feel that they have experienced cuts thus far. Will you guarantee that the council tax freeze will not mean that there will be a freeze on what is paid to the voluntary sector to deliver services? Will you argue for a full cost recovery?

John Swinney: I will argue for the interests and concerns of voluntary sector organisations to be taken fully into account in the spending review. The decisions on a range of contracts for the delivery of public services, which may involve voluntary sector organisations, will be taken by local authorities in Scotland. It is their right to take those decisions. However, I will argue that, where voluntary sector organisations are delivering services, they should be funded in an appropriate and effective way to deliver quality services. I know that a range of voluntary sector organisations throughout the country—some of which I will address at lunch time today—are already doing that.

Michael McMahon: Thank you, cabinet secretary, for your earlier statement. You placed great emphasis on the need to ensure that there is greater responsibility and flexibility within local government to make decisions. Does that not jar with your proposal to set, centrally, a 3p local income tax across the board?

John Swinney: No, I do not think so. The local income tax system will be complex—I accept that. However, by arguing for a flat rate of local income tax on its introduction, I hope to ease some of that complexity in its initial implementation. That is a

practical measure, which will also significantly reduce any costs that might be incurred in the calculation and design of the local income tax. It will significantly reduce the administrative burden of the local income tax on those who have to administer it, which may be a range of businesses around Scotland. In my view, there is a clear, pragmatic logic to ensuring that there is a flat rate on introduction.

Michael McMahon: Will it not also reduce the amount of money that will be available to local authorities by about £1.1 billion? A centrally-set local income tax will raise only half of what the council tax currently raises. Regardless of the comprehensive spending review, how will you fill that gap?

John Swinney: There are two elements to the difference between what is currently raised through council tax and what would be raised through a 3p rate of local income tax. Believe me, this is ground that we covered ad nauseum during the election campaign, which I am sure you followed, Mr McMahon. First, there is the matter of council tax benefit. The Government takes the view—which we have asserted on many occasions—that council tax benefit is provided to support the delivery of local public services to those who are not in a position to pay for them. We think that that should apply equally in relation to the local income tax. Secondly, long before the election campaign the Government took the view that, if we set a local income tax rate at 3p in the pound, the financial difference would have to be made up by increasing the central Government contribution. That is what the Government has pledged to do.

Michael McMahon: That is pretty clear.

I wonder whether you could be clear about something else. I welcome your desire for agreement and negotiation with local authorities, which is important. That is the way forward; it is the way in which local authorities would prefer to do business with the Scottish Executive. However, if local and central Government cannot reach an agreement on the council tax freeze, powers are available to the Executive to cap council tax increases. Have you considered whether capping council tax increases may be necessary if local authorities decide not to agree with the Executive about freezing council tax rates?

John Swinney: My blunt answer is that I would prefer not to use those powers.

Michael McMahon: But can you rule out using them?

John Swinney: A stage would be reached at which one would ask what is reasonable. If, for example, a local authority said that it was going to increase the council tax by 15 per cent in one

financial year, there would, particularly if the authority was North Lanarkshire Council—

Michael McMahon: South Lanarkshire Council covers some of my constituency too.

John Swinney: Indeed—North Lanarkshire Council or South Lanarkshire Council. There would be a lot of concern about such a significant increase. Of course, I cannot say that the powers in question would never be used, because I do not know what decisions will be taken, but my clear preference is not to go down that route. That is why I said in my opening statement that I would like to have discussions and negotiations and to arrive at agreements with the local authorities. Indeed, in the short period in which I have been in office, I have had very constructive discussions with COSLA's leadership, individual local authorities and individual council members of all political parties. I want to encourage and foster that dialogue.

I hope that that answer is clear enough. I do not want to go down the route of using the powers that you mentioned; I would prefer to engage in dialogue.

Kenneth Gibson: Year on year in the first parliamentary session, Glasgow City Council received the 32nd worst of 32 levels of aggregate external finance, which is one of the reasons why its council tax has been so high. When you implement the local income tax scheme and you are thinking about how resources will be shared out in Scotland, will you revisit the deprivation indicators on which the sharing of resources is based? One reason why Glasgow has received such bad settlements has been that poverty and deprivation have not had due consideration. In my constituency there are severe levels of deprivation in places such as the Garnock valley, Ardrossan and Saltcoats—indeed, those levels are among the worst in Scotland. Will you revisit those deprivation indicators as part of the exercise of introducing a local income tax?

John Swinney: We have inherited a funding arrangement for local authorities that is based on an assessment of relative needs. Therefore, such factors are involved in the calculations. They go into the mix—although I do not know whether it can be called a mix; that sounds far too simple a concept for local government finance. Those indicators are considered in the process of arriving at the local authorities' relative funding arrangements. Needs are assessed.

Obviously, we must be mindful that we ensure that all the factors produce the right answers to address relative needs in local authority areas. Glasgow City Council's aggregate external finance is the highest per capita of the mainland authorities in Scotland. That is one factor that we

must bear in mind, although, obviously, we must keep such issues under review to ensure that all the correct indicators are being used and that we therefore address relative needs in individual local authority areas. I will consider the matter in discussions with local authorities.

Kenneth Gibson: I am aware that aggregate external finance levels per capita in Glasgow are the highest in Scotland, but they are not as high as they used to be, relative to the levels of other local authorities. I understand that, pro rata, levels have been reduced over many years. Given the intractable problems that we have with poverty, particularly child poverty—not just in Glasgow but in the convener's constituency and in mine—will the Executive look again at the deprivation index in the areas in which the figures seem not to have shifted in recent years? The areas of highest poverty in Scotland a decade ago are still the areas of highest poverty. Perhaps there are mechanisms that we can implement in order to move that in the right direction.

10:45

John Swinney: I will address two points in relation to that. First, the formula is kept under constant review—I assure you that we will continue to look at it. I am involved in discussions with local authorities. If there are issues that the committee wishes to raise with me about weaknesses in the formula or factors that are not being taken into account, I would be happy to discuss them with you.

Secondly, what we might call the intractable problems were highlighted in the "Index of Success 2007" report by the Federation of Small Businesses, which was published a couple of weeks ago. I sat through a substantial Finance Committee inquiry on deprivation spending in the previous session, and my view is that by far the clearest evidence for how to tackle the intractable problems of poverty in some of our communities supports the provision of economic opportunity. The focus of the Administration is on improving Scotland's level of sustainable economic growth. That has to be meaningful for individuals. It is all very well making that an overall message for the whole of Scotland, but it has to make a difference to individual lives. Transforming the economic opportunities and prospects for individuals in those circumstances—whether it is by interventions on education or skills development—is central to ensuring that we assist people out of those economic circumstances.

David McLetchie: Michael McMahon asked about council tax capping powers and local authorities that did not conform to the freeze policy. On the other side of the coin, I want to ask about any powers that the Executive may have to

impose grant penalties on recalcitrant authorities that refuse to conform to a council tax freeze policy. Is that the sort of power that you would consider using in order to ensure conformity with your wishes?

John Swinney: I made it clear in my earlier answer to Mr McMahon that the Administration wants a constructive, positive relationship with local authorities. I am pretty clear that what I want to achieve from my discussions with local authorities is a council tax freeze and to ensure that public services are delivered effectively and efficiently to the people of Scotland. We will ask local authorities to deliver certain outcomes, but those do not conflict in any way with the role of central Government and the right of local authorities to determine their priorities. We will be saying to local authorities that we want them to achieve a council tax freeze, and that we may want them, as the Cabinet Secretary for Education and Lifelong Learning has said, to reduce class sizes in primaries 1, 2 and 3. Those are reasonable outcomes that we want local authorities to deliver.

What we will not be doing is micromanaging local authorities. Local authorities are self-governing entities. We will not be saying to them, "The colour of your desks has got to be blue"—I suppose that that would suit you, Mr McLetchie. We will set out the outcomes that we want local authorities to achieve and we will have a constructive dialogue about how that can be implemented.

Alasdair Allan: I have a similar question to that which I asked the health secretary. The committee's work plan is to a large degree determined by legislation. You have indicated that council tax finance, together with secondary legislation emanating from the previous Government, will have a role in our workload. Are there any other areas in which you feel that there would be a legislative content to the work of the committee? I appreciate that you are in the process of putting together a legislative programme and I do not expect to hear it here first, but I would appreciate an indication of whether you feel that we will have a significant legislative role.

John Swinney: At this stage, all that I can say is that the principal legislative priority that I will present to this committee will relate to the abolition of the council tax. That will be a big enough issue for us all to wrestle with.

As concerns the secondary legislation for planning, please do not underestimate the significance and the scale of what has to be done. It will be up to the committee to decide how it wishes to engage in that process. I have a very open attitude about what role the committee might

want to perform in relation to any of the questions for discussion on the planning theme. For example, as I said earlier, Mr Mackinnon will work closely with us on the national planning framework, which is an element of the planning remit. Although the planning remit will be developed predominantly by Stewart Stevenson, who will be the planning minister—if such a term is required—I will take a personal interest in the national planning framework and will lead the process of developing it because I see it as being so closely aligned to the Government's economic strategy.

The committee might wish to become involved in some of the consultation activities on the national planning framework, either by facilitating discussion or taking evidence, but that is entirely a matter for the committee. There will certainly be a burden on secondary legislation for planning, because so many of the larger decisions were taken during the previous session of Parliament.

The Convener: Do you want to ask another question, Alasdair?

Alasdair Allan: Not on that point. Perhaps someone else does.

The Convener: Jim Tolson is the only member who has not had an opportunity to ask a question at this stage. I offer him that opportunity.

Alasdair Allan: I have a question on a separate matter.

The Convener: You will have a chance to ask it later.

Jim Tolson: Thanks, convener, and after nearly an hour of the meeting, I welcome the cabinet secretary. I ask for clarification of three main points: public-private partnerships; single status; and more detail about the voluntary sector, upon which Johann Lamont touched earlier. The SNP has said in the past that it will not stop PPP projects that have been signed off already, such as that at Addiewell in West Lothian. I seek confirmation that that and any other projects that are currently in the pipeline will not be disturbed so that the public, who have been waiting for the new services for many years, can be sure that the Government will not adversely affect the projects by stopping or changing them significantly.

In relation to single status, I am pleased that my local authority in Fife got somewhere towards a solution after difficult and protracted negotiations. However, I am aware that that is not the case for the majority of the country. I ask you to give us details about discussions that you have had with local authorities and the Convention of Scottish Local Authorities about single status—with what I hope is a proactive attitude—and what solutions you are able to present.

Finally, what plans does the Executive have to ensure that stable funding streams are available for voluntary organisations, with particular reference to the diminishing European funding streams? Do you have any plans to move from annual to, for example, three-year funding streams? Have the ministers had any meetings with the voluntary organisations about funding methods and if so, which sectors' preferred methods of funding delivery have you agreed?

John Swinney: In answer to your first point on PPP, the Government's clearly expressed position is that we are not fans of PPP and that we think that there is a much more efficient funding vehicle through the Scottish futures trust. That will involve the gathering together of projects and the use of bond finance. Active work is under way in the Executive to develop the trust and establish it as a mechanism to add into the market. We recognise that it will take some time for that to be established and that a number of projects are at different stages of development. All that I can say at this stage, Mr Tolson, is that we will take a pragmatic view on particular projects. I know the tortuous route that some projects have taken to reach the stage that they have reached—some have taken years to get to where they are now—and the Government will take a pragmatic view of each of those projects to ensure that communities obtain the facilities that they have been promised, whatever we think about the funding mechanism.

There have been protracted negotiations about a number of points on single status. A lot of progress has been made in some local authorities but not in others. If some local authorities are able to make a lot of progress, so should they all. I hope that local authorities are able to advance those discussions and arrive at an approach that satisfies all concerned.

In response to Johann Lamont's questions on the voluntary sector, I made clear the Government's desire to ensure that we provide good support for voluntary sector organisations so that they are able to rely on a stable level of funding. I cannot give particular commitments on funding, because many of those decisions are for local authorities.

You mentioned European funding. There is obviously a lot more pressure on access to such funding because the sums of money have declined significantly. There were negotiations in Brussels about a fortnight ago on the European regional development fund and European social fund programmes. Those discussions went well and we are in the process of taking some of them forward with local authorities. That work will obviously have an effect on the voluntary sector.

I do not know the detail of your point on annual funding streams versus three-year funding

streams, so I would need to give you a response to it in writing, which I will do.

Jim Tolson: I asked specifically what discussions you have had with local authorities and COSLA to seek a resolution on single status since taking up your post in Government a number of weeks ago. A multi-agency approach is very much needed, and we cannot leave it to local authorities to dust up. As you rightly said, some local authorities have been successful in handling the negotiations primarily on their own, but some have not, so it would be extremely helpful to have a steer from you, cabinet secretary, for the local authorities, COSLA, other agencies and the unions.

John Swinney: If a further steer is required, I simply make the point that some local authorities have been able to bring the matter to a conclusion and I welcome that. The issue must be addressed primarily by individual local authorities. The fact that some are able to draw it to a conclusion is welcome and I encourage others to do likewise. You are right that there has to be a meeting of minds between the different players—local authorities, trade union representatives and COSLA—and I encourage that discussion to take place. The issue has been discussed with COSLA and I take the position that I have just set out.

Johann Lamont: I will concentrate on planning for the moment. It would be useful to get a list of what Scottish planning policy reviews are in the pipeline because, in the previous parliamentary session, there was useful synergy—I think that that is the word that is often used in the papers that I have received—and interest in dialogue with the committee and beyond when taking evidence. It might be worth having a list so that the committee can decide for itself which reviews to engage with. The same goes for planning advice notes.

There was a strong commitment to engagement on the NPF across the Parliament's committees. Is there a timescale for that and any detail on the schedule for it and for engagement with broader communities on the national planning framework? I do not expect that now, but it would be useful.

Do you intend to revisit anything in the Planning etc (Scotland) Act 2006 in your legislative programme? Your party was in favour of a limited third-party right of appeal and our good friend Alasdair Allan is in favour of a local referendum to resolve some difficult issues; I wonder whether I could ask on his behalf whether you intend to consider that.

Alasdair Allan: I could even ask the cabinet secretary directly.

Johann Lamont: The minister has the authority, so it would be useful to know whether the

Government intends to address the possibility of a local referendum being held where the question of a local, limited public inquiry cannot be agreed. I am interested to know whether that matter will be put to bed—particularly given our conversation around the need to address housing supply through the planning system—and whether you believe that that approach, or the limited third-party right of appeal, would hinder or enhance the capacity to deliver strategically at local level.

11:00

John Swinney: I will ask Mr Mackinnon to provide the committee with an indicative timescale for different pieces of secondary legislation on planning. I am happy to share with the committee our expectations on that, as well as on the programme for planning advice notes and Scottish planning policies.

I expect to make a statement to Parliament in the autumn on our approach to the national planning framework. I hope that I do not get into trouble for sharing this with the committee before I share it with the Parliament, but hey ho. The national planning framework will be informed by the Government's economic strategy; it is important that we align those two things. There will be initial consultation in the autumn on the scope and content of the national planning framework, with a revision in the light of the reaction to the consultative draft due early in 2008. We expect Parliament to be scrutinising a final draft probably in the spring of 2008. However, I suspect that that timetable is nudging towards the summer of next year if we are to have adequate time for an extensive consultation process. We will give our final considerations and publish the national planning framework towards the end of 2008.

That is the indicative timescale, which obviously is very much an early cut. We are determined to provide an adequate opportunity for consultation. My view and the Government's view on all the issues relating to consultation and on the sensitivities around the third-party right of appeal is that everything hinges on the extent to which there is early consultation on the planning framework and on the planning approach to various aspects of developments. If we can improve public confidence in the consultation exercises and in the planning framework, we might avoid some of the difficulties that exist in the planning process. That might be an expression of overoptimism on my part, but I am in the early days of office, so I think that I am entitled to be overoptimistic.

You asked whether we envisage any legislative change regarding the third-party right of appeal. We have no proposals to change the act that the Parliament agreed to in the previous session.

Obviously, a lot of secondary legislation flows out of the Planning etc (Scotland) Act 2006 and we will have to consider that.

You also asked how we will take forward planning matters. Ministers are required to become involved in the planning process from time to time, in determining particular applications, and that approach will continue to apply in the usual fashion.

Johann Lamont: So, for the sake of clarity, you will continue the approach of participation and engagement around the national planning framework and the secondary legislation stemming from the 2006 act, as opposed to just engaging in consultation. The Communities Committee made a significant shift in relation to the Planning etc (Scotland) Bill, which it is important to note.

Secondly, you do not intend to introduce any concept of a local referendum on contentious planning matters.

John Swinney: I am sorry if my comments were not clear enough on the issue of consultation and engagement. As I think I said, I believe that the way to sort out many of the problems that exist in the planning system is to ensure that there is adequate, up-front consultation on the formulation of plans. People are often irritated because they think that an application contradicts a designation in the local plan. They feel that they have been cut out of the process. The developer will say that the plan is 25 years old, or 15 years old, as is unfortunately the case in many areas of Scotland. No wonder there is friction. We need an up-to-date planning framework on which people have been adequately consulted and engaged. The Government will take that approach.

On your point about local referenda, communities have the right to express clearly and openly their views and concerns on particular applications. That might take the form of a local referendum or a local postcard campaign. Whatever mechanism is used, local authorities and Government would be unwise not to listen to communities' views.

Johann Lamont: Does that mean that, in the consideration of a planning application, a local referendum would be regarded as a material planning consideration?

John Swinney: I seek Mr Mackinnon's counsel on what can be defined as a material consideration. I am not seeking his view, but I seek his counsel, because I am not sure. Material consideration is a defined part of the planning process, as I am sure you are well aware. I am not sufficiently aware of all the detail of material consideration to give you an accurate response, and I would not want in any way to give you an

inaccurate response. I am happy to write to you on the matter, unless Mr Mackinnon—

The Convener: Will you ask Mr Mackinnon now, as he is here?

John Swinney: I am sure that he can comment.

Jim Mackinnon (Scottish Executive): The law states that planning applications shall be determined in accordance with the development plan unless material considerations indicate otherwise. Our key Scottish planning policy is SPP 1, “The Planning System”, which sets out a list of material considerations. The views of local individuals and communities are important material considerations, but the planning authority—be it the local council, the national park or the Scottish ministers—will have a view on the weight to be attached to them. There is no intention to change that. It is a factor to be taken into account.

Johann Lamont: So the cabinet secretary does not wish to introduce into the planning system local referenda on contentious planning issues such as wind farms to allow him to determine planning decisions at the centre.

John Swinney: Mr Mackinnon made it clear that a local referendum would be regarded as a material consideration by a local authority or by ministers. That is a fair reflection of the current arrangements. As I said clearly, we do not intend to amend the Planning etc (Scotland) Act 2006. The legislation went through a long process and it is in place. We need to focus on continuing to modernise the planning system through secondary legislation.

On your specific point, it is clear from what Mr Mackinnon said that a local referendum can be regarded as a material consideration and the Government would do that.

Johann Lamont: But it is not binding.

Alasdair Allan: I was not going to ask the cabinet secretary about that, but as the matter has been raised, I will mention it in passing. I am pleased to hear the minister confirm that, under existing powers, ministers can take cognisance of what people say in local referenda. I am sure that that will relieve a lot of people where I come from.

My question is on the reduction of clutter in the governance of Scotland and the provision of public services. In my constituency, there is a lot of enthusiasm for taking that project a long way down the line because we have the advantage of coterminosity, although it is determined by the sea rather than the wind. In our case, we have coterminosity among a lot of public agencies, and there is a lot of enthusiasm in such areas—not uniquely island areas—for that to be taken advantage of and for the agenda to be pushed

forward, particularly in the light of what the Government has said about introducing an element of democracy into agencies, not least those on health. Does the Government feel that, in areas where there is coterminosity among public bodies, there is an opportunity to act early in projects for vertical integration?

John Swinney: A lot of work on this theme is going on in the Executive. There is obviously an opportunity to utilise the best benefits of coterminosity, and the Western Isles is a good example in which a number of organisations, including the local authority, the health board and the local enterprise company, operate on coterminous boundaries.

In several different areas of public policy, we are seeing a bringing together of organisations to share direction and priority; my officials and I are actively encouraging that process every day of the week around the country. Some of that work comes through community planning partnerships, which we are encouraging enormously, but in other respects co-operation goes a bit further. Recently, I approved an imaginative project in Orkney for close working between the health board and the local authority on integrating a lot of systems, processes and access to public services.

Discussions have taken place among the local authorities in the Western Isles, Orkney and Shetland about collaboration and on questions such as how the three island authorities could create a more efficient management infrastructure. We have encouraged that, and over the summer I hope to visit the project in Orkney and the Western Isles to see the co-operation on the ground.

There is a great opportunity. I would prefer it, and it would be more efficient and deliver better results, if people could come together, agree shared priorities and, crucially, identify how a number of common services—such as payroll, administration, facilities management or local access offices—can be brought together for much more joined-up governance at local level. That is a welcome process, and we have established a team in the Executive that is working in the public sector reform field to drive it forward. I hope to be able to report on an active development of that work in due course.

On the decluttering agenda, I have met Professor Lorne Crerar to discuss his initial report on the regulation of public bodies in Scotland. To say that the regulatory environment of local authorities and public bodies in Scotland is akin to a plate of spaghetti is an understatement of the complexity that those bodies have to deal with. I am encouraged by Professor Crerar's initial thinking and what his review will throw up for us to improve the governance of organisations at local level.

Kenneth Gibson: I am very interested in what the cabinet secretary has just said on decluttering, joined-up government, synergy and efficiency. What does he see as the role of non-departmental public bodies, and what steps will be taken to reduce the number of quangos, as they are still called, in the next few months and years to bring some of the agencies under stronger democratic control?

John Swinney: A process is under way to tackle a number of the questions on non-departmental public bodies. We are examining the design and delivery of local economic development services and services to support regeneration with a view to obtaining a much better set of arrangements. That will have consequences for non-departmental public bodies, which will be part of the work that we take on in due course.

11:15

Kenneth Gibson: There are many issues that I want to raise, but for now I turn to the copy of your speech. At the bottom of page 7, you say:

"On skills, we believe there is a need to increase opportunities for vocational education and to strengthen links between our schools, colleges and businesses to create new opportunities for all of our young people to flourish personally in education and employment."

I certainly endorse that view.

There is a concern among members of the committee and, indeed, wider Scottish society about the lack of affordable housing. Earlier, the Cabinet Secretary for Health and Wellbeing talked to us at some length about affordable housing issues. She mentioned that 8,000 new homes will need to be built each year if the 2012 target is to be met. What steps have been taken to enhance and increase skills training in Scotland? Even if the comprehensive spending review comes through all singing and all dancing, I am concerned about whether we will have enough skilled tradespeople—plumbers, plasterers, bricklayers and so on—to deliver the amount of affordable housing that we would like.

John Swinney: In a parliamentary debate a few weeks ago, the Cabinet Secretary for Education and Lifelong Learning set out the Government's approach to establishing a Scottish skills strategy, and it would be fair to say that her comments received a warm reception from a range of organisations. The problem is there—the skills base in Scotland is not adequate. The Government's skills strategy will be designed to address that because, as you fairly point out, we cannot properly tackle the challenges of affordable housing, infrastructure development and all that goes with it while there continues to be a shortage of skills. The approach that Fiona Hyslop has set

out is welcome and will have a material impact on addressing the problem.

I am passionate about the role of colleges and I know that the education secretary shares that feeling. Colleges have a fundamental role to play in relating to those of our teenagers for whom school is not working. They can deploy a range of strengths in relation to flexibility of curriculum, the practical development of skills and, to an extent, the identification of distinguished role models for young people who might be finding it difficult to work out where to go in life. Colleges have a central role to play in capturing the attention of those young people and focusing it more productively than happens at present. It is not that our colleges have not been trying—they have made a fabulous contribution—but we can engage them in tackling the issue to a greater extent.

Kenneth Gibson: Does sufficient spare capacity exist in the construction industry to enable us to tackle issues such as affordable housing, or will there be a lead time before we get up to full capacity? It is clear that the committee and the Government are keen that the 2012 target is met.

John Swinney: I cannot give you a definitive answer, except to say that in a number of areas there is enormous pressure on construction projects in Scotland; the Government will say more about that this afternoon in Parliament. I had better be very careful about what I say—construction organisations are under a great deal of pressure and they are not queueing up to tender for contracts and proposals. That is a consequence of a number of factors. The fact that the London Olympics will only increase that pressure over the next few years makes it even more imperative that we tackle the issue effectively. The education secretary has shown clearly how that can be done.

The Convener: The member is pushing it.

Kenneth Gibson: I was going to touch on the London Olympics. I thank the convener for his indulgence again.

The committee talked to the Cabinet Secretary for Health and Wellbeing about the community regeneration fund and the need to continue community regeneration funding. People in the sector are nervous that they might start having to look for new jobs in September, October or November if a commitment is not given that funding will continue, at least in the short term.

Much of the delivery of services to vulnerable communities is supported by the voluntary sector and by lottery funding. We will lose the equivalent of a year's lottery funding to Scotland in the next four years because resources will be channelled into the Olympics. What impact will that have on

the delivery of projects to vulnerable groups in Scotland?

John Swinney: Lottery funding will undoubtedly be under much pressure. I discussed with Mr Tolson the impact of reductions in European funding, which are a consequence of the accession of new states to the European Union. We all welcome that accession, but it has consequences for us.

Equally, it would be naive to think that the London Olympics will have no impact on projects in Scotland. The Olympics will have an impact, because of how lottery money is being used for them. We have no alternative but to manage that process. I have put on record today several points about voluntary sector activity that I think form a good message for the voluntary sector. I reassure that sector of the Government's support for all its work.

We could be much more effective at creating sustainable community regeneration. On Monday, I had the pleasure of opening in Dalkeith a new facility that McSence runs, which is a community enterprise that has emerged from the economic disruption and dislocation of the decline in mining communities in Midlothian. That project is excellent and has gone from strength to strength over the years. The Government has supported the project, which is now creating a formidable amount of employment in the heart of a community that the closure of the mining industry devastated.

I repeat that economic opportunity is the key way to resolve a range of aspects of community regeneration. The project that I visited on Monday provides a clear example of that.

David McLetchie: I will ask about the relationship between housing supply policy, the recommendations that the housing supply task force makes, which the Cabinet Secretary for Health and Wellbeing said would touch on planning policy, and the roll-out of the new planning regime. I am also interested in their relative timescales.

The establishment of the housing supply task force and everything that has been said suggest a desire to create momentum behind the development of additional housing units to tackle affordable housing issues. How is that reconciled with the roll-out, under the Planning etc (Scotland) Act 2006 and all that flows from it, of a programme that places a high premium on processes of community engagement and involvement? In areas that I represent, the concern is that the pressure on housing supply might lead to changes in decisions about allocations and zoning that do not fully take account of the community engagement process that is envisaged by the act

that the former Executive introduced and which you will roll out.

John Swinney: We must be clear that the problem has different levels. The national planning framework will create a strategic planning framework for Scotland. The national planning framework will deal with some of the major drivers in our economy and several significant strategic projects; it will not be at the level of zoning land for housing. I make that point simply to ensure that the committee does not think or form the view that the Government's timetable on and approach to the national planning framework—which I think would have been the same regardless of which party formed the Administration—is in any way an obstacle to tackling the housing supply issue.

An announcement on Scottish planning policy on housing is to be made in the autumn, which will set out the approach that we intend to take on several of the questions, particularly land supply. That might give early guidance that might be helpful. I invite Mr Mackinnon to give more detail on that.

Jim Mackinnon: The cabinet secretary is absolutely right that there is a potential time lag between the delivery of additional housing land and the planning reforms. However, we have been encouraging local authorities, for example in David McLetchie's area of Lothian, to produce views in the next few weeks on how they are addressing the issues of land supply. The issues are often less about lack of land supply and more about lack of delivery of units, because land does not necessarily translate into units. We are trying to get councils to take a proactive approach to securing the delivery of units through discussions with the housebuilding industry and infrastructure providers. That is an important part of planning reform because, in the future, we do not want to have plans that are seen as the end of the matter; we want statutory action plans with action programmes to say how they will be delivered.

We are keen to move away from fights over fields to a long-term settlement strategy that is generous about land supply, so that we have a better understanding of, and fewer debates about, what the figures on housing need and housing supply show. That will allow us to put more effort into producing higher-quality design standards and into considering issues such as affordable housing and open space in that context. However, we realise that, arguably, there is a blip. We are encouraging local authorities to be proactive in implementing their development plans. We plan a draft Scottish planning policy for the autumn, which will discuss how the issues might be resolved and the circumstances in which permission that is contrary to the provisions of a development plan might be granted. Obviously,

matters such as local views and the extent of housing need will be material considerations in that process.

Johann Lamont: I welcome John Swinney's comments about economic growth with a purpose, which is about providing economic opportunity. Of course, the test will be how you do that. I am sure that you share with me a recognition that trickle-down economics have been singularly proven not to work, so when you look at the landscape, cluttered or otherwise, will you make a commitment that, whatever the networks or organisations look like, there will be an understanding of the need to reach out to particular communities through measures such as employability strategies and training? That will be central to developing Scotland's economy. In that context, what role do you envisage for social enterprise and the social economy? People think that that is the soft end of the market, but it sends out strong messages about the nature of the economy and the way in which economic growth is developed. Will you comment on that?

I hope that you will rule out any notion that you are working to targets in getting rid of organisations. I hope that organisations will be considered on their merits and in relation to their purposes. Specifically, I believe that we should support Co-operative Development Scotland's role of advocating on behalf of an economic model that makes a difference, economically as well as socially. Are you willing to say at this stage that you recognise the role of Co-operative Development Scotland and the need for that kind of organisation to exist if we are to have an interest in changing models of economic delivery?

11:30

John Swinney: I am absolutely committed to reaching out to people who are economically inactive and to communities that are remote from economic activity. I am determined to achieve that.

Applying the FSB measures of success index to individual localities in Scotland is a rather crude use of that index, but it quite clearly identifies areas with different economic performance. It can be difficult to see how we can get additional economic activity to take place in areas of intense economic activity, as they already have full employment and levels of congestion and so on are particularly challenging, but at the other end of the spectrum there are areas of enormous economic inactivity where bigger gains can be made in encouraging people into employment and establishing new enterprises. A focus on that will be at the heart of what the Government does.

One of the big challenges that we face is to encourage more people to become more

economically active and ensure that they have greater opportunities to pursue their economic interests. My firm view is that the route to tackling poverty and inequality is by having people in productive, sustainable employment. We have to reach out into those communities, and whatever we put in place will be designed to do that.

On the social enterprise model and the social economy, I have to say that a fruitful part of my time as a minister so far has been spent with social enterprises and representatives of the social economy. A few weeks ago, I spoke at a parliamentary reception at which I had an opportunity to meet a range of people from the social economy and hear their perspective on what the Government needs to do and what priorities we need to pursue. As I said a moment ago, in response to Mr Gibson, I was at the McSense venture in Dalkeith. I agree that social enterprises are not some sort of soft business venture; they are active, successful businesses that take hard decisions, and they have a lot to teach us about how they have built up their businesses and created economic opportunity for their communities. They will have an important role in what we do. I am delighted that I have that area of policy in my remit. I want to ensure that we do more with it.

What I have just said applies to co-operative development in Scotland, too. We have to have a broad view of the mechanisms and initiatives that can create economic growth. I readily accept the role that co-operatives can play in that process. The Government will engage constructively in that discussion.

Michael McMahon: You talked about the powers that are being given to local authorities. I am intrigued as to why you would want to lose authority over licensing, which is an issue that, previously, would have been considered by this committee. The Licensing (Scotland) Bill was one of the biggest bills the Parliament dealt with last session. Although licensing is a quasi-judicial matter, the people who make the decisions are locally elected representatives and the administration of licensing boards is conducted by local authorities. Can you explain why the issue seems to fall within the remit of the Cabinet Secretary for Justice rather than your remit?

John Swinney: Your associates have accused me of being the minister for everything. I accept that it is hard to imagine that there is something that I could not conquer as part of my ministerial life, but some limits have to be applied.

The First Minister took the decision that it was important that licensing be addressed as part of an overall strategy that Mr MacAskill predominantly leads on and which relates to—I must be careful about the words I use in relation to this subject—

the consequences of alcohol consumption. Licensing issues have been placed within the sphere of tackling alcohol abuse and the disorderly conduct that arises out of alcohol abuse.

Mr MacAskill has established as a clear priority the need to create a much better environment in Scotland by addressing the issues relating to alcohol abuse. For that reason, I think that the placing of licensing in that area makes sense. We must look for a whole solution to the particular problem.

Michael McMahon: I understand why you say that, but if I follow that logic I might easily conclude that it should fall within the remit of the Cabinet Secretary for Health and Wellbeing.

Local government is responsible for the administration of licensing. Decisions are made on behalf of local communities to affect the experiences of local communities. Would it not be better if licensing remained within your remit, which covers community planning, regeneration and all the other issues that affect local communities?

John Swinney: That is one way of looking at it, but the Government has taken a different view in relation to a problem that must be tackled. I have been struck by some of the information that is now part of the debate about the significance of alcohol issues to the health, prosperity and safety of our communities. You could argue that if the issue concerns health, it should be the responsibility of the Cabinet Secretary for Health and Wellbeing; that if it concerns prosperity, it should be my responsibility; or that if it concerns the safety of our communities, it should be the responsibility of Mr MacAskill. It must sit somewhere, and I think that the Government has done the right thing ensuring that we take a holistic approach to the matter. I assure you that although the responsibility rests with Mr MacAskill—and I am delighted that it rests with Mr MacAskill—ministers talk to each other regularly in practising the art of joined-up government.

Kenneth Gibson: I have a couple of further questions for the cabinet secretary for almost everything. A few moments ago, Mr Mackinnon touched on planning and talked about fights over fields. In my constituency, on the island of Arran, there is great frustration about the lack of affordable housing. There are some 270 households on the waiting list and some 500 planning consents have been granted by North Ayrshire Council. The difficulty is that some landowners refuse to release land so that those planning consents can be fulfilled. The result of the chronic shortage of housing has been serious house price inflation. How can that bottleneck be tackled by the Scottish Government?

John Swinney: That issue will probably have to be addressed by the housing supply task force that Nicola Sturgeon and Stewart Maxwell have established. It strikes me that it would be difficult to draft legislation to tackle the issue. It requires people to be co-operative, reasonable and pleasant to each other. My goodness—what a first that would be. It is about individual actions and attitudes. Some folk will hold on to land because they know that, if they hold on to it for five years and do nothing, it will be worth a great deal more because of a planning development that might take place somewhere else. It is a marketplace. We must try to find mechanisms and initiatives to prevent that from being an impediment to our addressing the significant issue of access to housing.

I am not surprised by the statistics that you read out for the island of Arran. Communities throughout Scotland are in real difficulty with access to public sector and affordable housing. It is an issue that we must tackle with energy—which is why the housing supply task force has been established.

Kenneth Gibson: I do not read numbers out; I always keep them in my head. It is only words that I have difficulty with.

I raised with Nicola Sturgeon a related issue concerning property supply. In some of our small towns there are serious difficulties with property speculation whereby people buy shop fronts and small businesses but refuse to rent them out. As a result, a lot of towns look more derelict than they should. Even given the high rates and rents that are being levied, there are people who are keen to open some of the premises but they are just not able to get at them. How can we tackle that?

John Swinney: The member raises an interesting issue that is a real impediment to economic growth. The Government intends to bring forward proposals to reduce business rates for small companies. Those proposals will probably apply to the businesses that Mr Gibson described, which want to locate in properties to which they cannot get access. We need to consider ways of addressing that problem, which is evident in the localities that I represent, to ensure that our policy for improving economic activity by reducing business costs is not undermined by empty property syndrome. I cannot give Mr Gibson a definitive answer today, but we are undertaking research into the issue that he highlights, which I am actively considering.

Kenneth Gibson: On page 8 of paper LGC/S3/07/2/2 you state:

“Scottish Water plays a significant part in creating capacity where it is required to support economic growth.”

When will water metering be introduced in Scotland? What impact might that have on small

businesses, especially in small towns and rural areas?

John Swinney: It is safest for me to get back to Mr Gibson with a definitive answer on the timescale for the introduction of water metering. There has been a marked improvement in the operational effectiveness of Scottish Water in relation to a host of questions. Development constraints were a critical problem a few years ago. The situation is still serious, but we do not have the critical state of affairs that prevailed at that time. Scottish Water is making good progress, and we support it in that activity. I cannot answer the member's question about water metering off the top of my head, but I will write to the committee about it.

The Convener: It is left to me to thank the cabinet secretary and his officials for their participation in this long evidence-taking session. The length of the session is purely coincidental with the fact that the cabinet secretary sent us a copy of his speech, and should not be taken as a form of punishment. However, let him try it again and he will see what happens. We sincerely thank the cabinet secretary for the time he has given us this morning. We hope that he and his ministers will be able to join us for part of our planned away day, so that we can have more informal discussions about our plans and how we can work together.

Meetings (Frequency)

11:43

The Convener: Item 2 on our agenda is consideration of the frequency of future meetings. Kenny Gibson has strong feelings on the issue. The matter was discussed at a brief meeting of the Conveners Group. At this stage, there seems to be a general view across the board—not an instruction—that committees will meet fortnightly. I do not know whether that is becoming a reality in all committees. I seek the clerk's advice on the matter.

Martin Verity (Clerk): It is for the committee to determine the frequency of its meetings. Weekly slots are available, if that is what the committee wants. The committee may want to discuss the issue at its away day, or it may want to decide today to meet fortnightly or weekly—either option can be accommodated. There is a general feeling among conveners that fortnightly meetings would be preferable, if possible.

Johann Lamont: There should be a presumption that we meet weekly; if there were not sufficient business, the meeting would be cancelled. If we opt for weekly meetings, the dates will be in members' diaries. We must be rational and logical about what we do in committee.

11:45

My concern is that if we move to fortnightly meetings and then discover that we have more business, the pressure will be on not to have an extra meeting. Committee activity is such a critical part of our work that we should be logging in our diaries a presumption in favour of committee work. The time does not have to be spent in formal committee meetings; we can go on visits or have round-table discussions with stakeholders. I would prefer to have a weekly slot and to give the convener and the clerks the authority to cancel if the agenda is light.

The Convener: We will go around the table for views.

Michael McMahon: I agreed entirely with Johann Lamont.

Jim Tolson: I take a slightly different view. I am happy to look at holding weekly meetings when they are necessary, but the majority of business can be got through and given the required detailed analysis on a fortnightly basis. I would not want it to drift any further than that because we would start to lose impetus.

Bob Doris: If weekly meetings are in our diaries and we are not required to meet every week, that would be a bonus as we would have a window in

which do something else. If we stick it in our diaries, we ring fence the time, which is important.

Alasdair Allan: Johann Lamont makes a fair point about weekly meetings being in the diary, but that does not mean that we need to meet weekly.

David McLetchie: I agree with the emerging consensus. Having been used to meeting weekly with the predecessor committee, and having seen the scale of the ministers' portfolios in this morning's discussions, we should start with the presumption of a weekly meeting and see how it goes.

Kenneth Gibson: You know my view, convener. The workload is going to be very high and, as Johann Lamont and others have said, there are a lot of organisations and stakeholders. We should get off on the right foot and start by meeting once a week.

The Convener: I can sum up the consensus there. There should be a presumption that we meet weekly. Obviously, the available slots will be part of our discussions on the work programme and we can confirm that when we get the opportunity. We seem to have agreement there.

We will now move into private—

Bob Doris: I apologise for cutting you off in your prime, convener, but there was a wee bit of confusion earlier when Jim Tolson said he did not get an advance copy of something the Cabinet Secretary for Health and Wellbeing had. It was just a circular. There was no preferential treatment.

The Convener: That was useful. There might be some problem with the hard copies because I got an e-mail saying that I had the circular and I would receive a hard copy. We might need to confirm where those hard copies should be sent. These things just happen.

Bob Doris: I did not want to harp on about it.

Meeting closed at 11:48.

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