

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

Wednesday 1 October 2008

Session 3

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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

24th Meeting 2008, Session 3

CONVENER

*Duncan McNeil (Greenock and Inverclyde) (Lab)

DEPUTY CONVENER

*Alasdair Allan (Western Isles) (SNP)

COMMITTEE MEMBERS

*Bob Doris (Glasgow) (SNP)

Patricia Ferguson (Glasgow Maryhill) (Lab)

Johann Lamont (Glasgow Pollok) (Lab)

*David McLetchie (Edinburgh Pentlands) (Con)

*Jim Tolson (Dunfermline West) (LD)

*John Wilson (Central Scotland) (SNP)

COMMITTEE SUBSTITUTES

Brian Adam (Aberdeen North) (SNP)

*Rhoda Grant (Highlands and Islands) (Lab)

Alison McInnes (North East Scotland) (LD)

Margaret Mitchell (Central Scotland) (Con)

*attended

THE FOLLOWING ALSO ATTENDED:

Jackie Baillie (Dumbarton) (Lab)

THE FOLLOWING GAVE EVIDENCE:

Andrew Field (Scottish Federation of Housing Associations)

Paul Hedley (Asda)

Angus MacInnes (Scottish Government Transport Directorate)

Guy Mason (Asda)

Stephen Maxwell (Scottish Council for Voluntary Organisations)

Peter McColl (Scottish Council for Voluntary Organisations)

Kelvin Reynolds (British Parking Association)

Dennis Robertson Sullivan (Scottish Federation of Housing Associations)

Stewart Stevenson (Minister for Transport, Infrastructure and Climate Change)

Graeme Taylor (National Car Parks Ltd)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

David McLaren

ASSISTANT CLERK

Ian Cowan

LOCATION

Committee Room 4

Scottish Parliament

Local Government and Communities Committee

Wednesday 1 October 2008

[THE CONVENER *opened the meeting at 09:59*]

Decision on Taking Business in Private

The Convener (Duncan McNeil): Good morning and welcome to the 24th meeting this year of the Local Government and Communities Committee. I remind everyone to switch off their mobile phones and BlackBerrys. We have received apologies from Johann Lamont.

Our first item is to seek members' agreement to take in private item 4, under which we will consider whether to invite other witnesses to give oral evidence on the Scottish Government's 2009-10 budget proposals. I remind members that such items are usually taken in private. Are members agreed?

Members *indicated agreement.*

Disabled Persons' Parking Places (Scotland) Bill: Stage 1

10:00

The Convener: Item 2 is further oral evidence on the Disabled Persons' Parking Places (Scotland) Bill. I welcome to the meeting Guy Mason, public affairs manager, and Paul Hedley, customer services manager, from Asda; Kelvin Reynolds, the British Parking Association's director of technical services and head of the safer parking scheme; and Graeme Taylor, the Scottish regional manager of National Car Parks Ltd.

If none of you has any introductory remarks to make, I will move directly to questions.

John Wilson (Central Scotland) (SNP): I have the pleasure of firing the opening salvo.

As you are aware, there has been a lot of discussion of and interest in the bill. Although we did not ask you to make any written submissions, we welcome the opportunity to question you as car park operators on any problems that might arise and any actions that you might have to take if you have to provide and enforce the use of disabled persons' parking bays.

According to written evidence that we have received, Asda has tried to alleviate certain problems that disabled groups and the bill's promoter, Jackie Baillie, have highlighted with regard to parking bays for disabled people outside supermarkets and major stores. I wonder whether the representatives from Asda will tell us about the measures that have been taken to restrict people's abuse of such bays. Why, for example, did Asda feel it necessary to introduce such measures?

Guy Mason (Asda): Thank you for inviting us to give evidence. Asda has approximately 360 stores across the UK, 45 of which are in Scotland. Every week, each store is visited by 60,000 customers, with 40,000 to 50,000 cars passing through.

For quite some time now, customers have been complaining about the abuse of disabled and parent-and-child parking spaces. Estimates suggest that we used to receive 20 recorded complaints a week about those parking spaces. When we took into account comments made to colleagues on the shop floor that are not recorded, the number rose to about 50 to 100 complaints per store per week.

Clearly action needed to be taken. We found that we could not tackle the problem simply by getting colleagues to say to customers, "Please don't abuse those spaces," and decided that something more needed to be done. We felt that our customers supported such a move; after all,

the majority did not abuse spaces and did not want them to be abused. As a result, we got together with the British Parking Association and came up with a scheme under which a civil penalty notice would be served on customers who abused the spaces.

Paul Hedley will say more about the implementation of the scheme and the trial in Liverpool.

Paul Hedley (Asda): As Guy Mason has pointed out, it was not only the customers who legitimately used disabled or parent-and-child bays but our general population of customers who wanted us to act on the issue. We trialled other schemes to alleviate the problem, such as getting colleagues to patrol the bays and ask customers to move and installing space hogs—which I should explain are electronic devices that sit on the ground and ask people who are not legitimately parked to move their vehicles. Although the measures worked in the short term, their effect soon dwindled as customers realised that there was no element of enforcement.

We decided to trial the civil penalty scheme in Liverpool, simply because the city provides a representative sample of the UK demographic and because we find that if we can make schemes work in that city—which is a particularly difficult area—we can make them work in other areas.

Guy Mason: It is a challenging area.

Paul Hedley: Indeed. Thank you, Guy.

In a scheme that we introduced in conjunction with Town and City Parking Ltd, which manages our parking estate for us, we put up very clear signs that set out parking terms and conditions and stated that anyone using a disabled bay must clearly display a blue badge in their vehicle and that anyone using a parent-and-child bay should have in their vehicle a child seat or booster seat for children up to 12. Within seven days of putting up the signs and after bringing in attendants who work at each store for 12 hours a month on a rotational basis, we improved the availability of both types of bay by more than 60 per cent. In fact, even though the wardens do not work in our car parks all the time, availability has continued to improve. I suppose that a good analogy is with a public highway; parking attendants do not have to be present all the time to act as a deterrent.

Obviously, as a retailer, we did not want to turn customers off shopping with us by having attendants jumping out of the bushes and issuing parking tickets. We simply wanted to ensure that there was a clear deterrent.

In a major piece of customer perception work that we then carried out, the scheme received a 93 per cent customer endorsement rating, which is

probably one of the higher ratings for any of our trials. It was clear that our customers felt strongly that this was the right thing for Asda to do.

One interesting point is that, with regard to the 60 per cent improvement in the availability of bays, we issue on average only two tickets per store per week across the UK. The figure increases in Scotland to three tickets per store per week, which reflects the fact that, on average, there is slightly more abuse of bays in stores in Scotland than there is in stores in England, Wales or Northern Ireland.

Guy Mason: The £60 penalty fine is split 50:50 between Asda and Town and City Parking, and we donate our half to Tommy's campaign and Motability. So far, we have been able to donate £120,000 to those charities through the scheme.

John Wilson: I welcome Asda's comments and actions. However, what about the issue of the cost of enforcement, which other witnesses have highlighted? How does Asda cover the costs of issuing an average of three tickets per store per week? How does the company engaged to deliver the scheme, Town and City Parking, operate? I welcome the customer endorsement figures, but can you tell us how regularly the company's parking attendants visit the stores? Have you experienced any resistance from customers in paying their fines?

Paul Hedley: The scheme costs about £400 to £500 per store per year. Asda funds that centrally out of our budgets, because we see the scheme as a customer service initiative in our stores. Prior to our launching the trial, customer perception was clear—they wanted action. The abuse of disabled and parent-and-child bays rated highly as an issue—it was in the top four issues for customers when visiting an Asda store. Given the number of disabled shoppers and parent-and-child shoppers in our stores, the feedback on the issue was probably disproportionate. Customers who did not fit into either of those categories still expected Asda to take action on the issue.

Attendants are available at our stores for approximately 12 hours per month. The system works on a rotational basis. For example, in Edinburgh, once our new store is built at Leith, the attendant will rotate between the three stores over a month, so that they are at each store at particular trading times, at the weekends, during the week and in the mornings and evenings. However, we monitor closely the number of CPNs that are issued at stores and our complaints system, and if we find a continuing issue at a particular store, we liaise with Town and City Parking and put full-time attendants into the stores for short bursts of a set number of weeks to alleviate the problem. We also consider measures

such as making signage clearer. That has proved fairly successful.

Guy Mason: We pay for the costs of the scheme. We would rather take the option of funding it and paying for the attendants, so that we can keep control of the scheme and ensure that we deal with customers on a case-by-case basis. For example, a customer might bring a disabled family member shopping in their car, but without a badge. They might feel entitled to park in a disabled space, but could receive a CPN as a result. We want to be able to say to that customer that we understand fully what happened, that the circumstances were different from normal and that we are prepared to refund the fine or ensure that they do not have to pay it.

We want to ensure that somebody does not pay a fine that is completely unfair because there was a genuine reason why they had to park in the space. That person might say that they will never shop in our stores again, because we were responsible for their being charged £60, which they cannot afford or get back. We need to be able to deal with customers on a case-by-case basis, so we would like to keep control over that.

The Convener: Several other members have questions, but I will give the other witnesses a chance to outline their experience. What happens in National Car Parks?

Graeme Taylor (National Car Parks Ltd): Thank you for inviting us. We appreciate the opportunity to give our point of view.

Last year, NCP split its business into NCP, which operates off-street car parks, and NCP Services, which is now a different company that is owned by 3i and which provides on-street parking services for the City of Edinburgh Council. We see the bill as threefold. Off-street parking is split into two—there are operators such as NCP and APCOA, and the supermarkets. NCP manages and enforces parking restrictions in disabled bays through mobile teams that visit all our sites in Scotland regularly and throughout the day. We actively enforce penalty contravention charge notices, which involve a fine of £50 that is enhanced to £100 if it is not paid within 14 days.

As a result of the parking enforcements that we put in place approximately nine months ago, our business has recently noticed a decline in the number of people parking in disabled bays. We do not think that the bill will change the situation. If the council or the police enforced bays, as the witness from Asda said, that would have a negative impact on our customers, as we would not be able to control the situation properly within our remit. We would also lose revenue. We use the revenue to invest in our car parks and to improve standards and deliver customer service. That is NCP's view on the bill.

The Convener: I would like to get a comparison between NCP and Asda. What is the level of abuse? Although the abuse is declining, how many fines or tickets are issued?

10:15

Graeme Taylor: Each site is different. Obviously, things depend on the volume of traffic that goes through the site, but we probably issue between 15 and 20 parking contravention charge notices each week to people who have parked in disabled parking bays. There has been an increased focus on the matter, and the number of notices that have been issued has drastically reduced in the past nine months, as I said, so that we probably issue only around three or four a day now. When we initially started, we issued around 50 or 60 notices a week on the sites.

The Convener: So enforcement works.

Graeme Taylor: Definitely, it does.

The Convener: Do you have any figures for the UK organisation to make comparisons? It is interesting that, in Asda's experience, the abuse of such spaces is worse in Scotland, to our shame.

Graeme Taylor: Currently, my remit covers Lincoln, Nottingham, Wales and Northern Ireland. The abuse that we have seen is consistent.

Jim Tolson (Dunfermline West) (LD): The committee has taken evidence from public and voluntary organisations, and it is interesting to find out the perspective of the private organisations that are represented here today. I am interested in the views of the British Parking Association and NCP on the proposal that there should be a recurring request every two years to get involved in enforcement in parking areas.

Guy Mason touched on the perceptions of customers. Does Asda think that, as a business, it has lost custom from able-bodied customers who are concerned or unhappy that they face such charges? Does it think that it has gained custom from disabled customers because they have easier access to parking bays? Do you know of any other supermarkets that are considering similar disabled and parent-and-child parking schemes?

Guy Mason: We have a new system that we have just started. Through our pulse of the nation index, we can get in touch with 10,000 of our customers by e-mail. We can send them a range of questions about how they feel about themselves, life at the moment and the cost of living. One question that we asked them was whether they are aware that we now monitor disabled parking spaces and issue fines on the back of that monitoring. Almost 45 per cent of them said that they were aware of the scheme.

We then asked whether they felt better or worse about Asda because of it. Some 61 per cent felt more positive about us because of it; 39 per cent felt less positive about us; 26.1 per cent felt some more positive about us; and only 11 per cent felt negative about us. That shows that our customers are behind us. We split mums from everybody else in our survey of 10,000 people, because they are our core shoppers. Some 68.4 per cent of mums said that they felt more positive about us as a result of the scheme; 24.6 per cent felt some more positive about us; and only 5 per cent felt negative about us. Therefore, our customers were overwhelmingly behind us.

I spoke about customers who have said that they cannot afford to pay £60. Very few people say that they will refuse to pay the money. Most people say, "Okay. I understand why the fine was issued and I'll pay it. I feel it's a justified fine." The fact that we give 50 per cent of it to charity makes people feel a bit better and helps them to say, "I understand why I need to pay it and will do so."

Jim Tolson: Is there any evidence of your competitors running similar schemes?

Paul Hedley: After the launch of the scheme, Sainsbury's quickly followed our lead. It is trialling a similar scheme in particular areas of England. Morrisons and Tesco think that their current policies, which involve putting leaflets on windscreens or having colleagues patrolling bays, are effective. However, Mobilise, which is a leading disabled persons' charity, has received different feedback from its members and the general public and, following the launch of the scheme, we received the Redex trophy from Mobilise for our work to defend disabled parking bays. It is widely noted that it is significantly easier for disabled shoppers to park at an Asda store than at our competitors' stores.

Guy Mason: Paul Hedley touched on the fact that we can now target activity where it is most needed, which makes it particularly effective. We monitor the data from all our stores and the number of complaints that we get in each store, and we can say, "Right, we need to focus on the Chesser store, because it had particularly bad abuse last month." If parking was under local authority control, we would not be able to target resources in that way.

Jim Tolson: Are you suggesting that Asda would rather stick with its private scheme in the long term even if the legislation is passed?

Guy Mason: Yes.

Paul Hedley: We would prefer to stick with our scheme. As head of customer services at Asda, I have a clear and defined role to protect our customers and ensure that they continue to shop with us and are happy with our levels of service.

Often, customers park in disabled parking bays not out of malice or ill intent but because they are just popping in for a pint of milk or running into the store to use the cash machine. All that is required is for an attendant to walk up to the individual and say, "I could issue you with a fixed penalty notice. However, we would prefer you to move your vehicle to another bay."

When we talk to someone, we record their vehicle's registration number, so that we can check whether we issue a CPN against the vehicle at a later date, although that is a rare occurrence. Once one of our attendants has asked a customer to move their vehicle, it is rare for us to issue them with a CPN. Our approach has the double benefit of enforcing what we want and preventing abuse of the bays while still delivering a high level of service and allowing our customers to return to shop with us.

Guy Mason: It is perhaps important to say that we do not incentivise the attendants for the number of tickets that they give out. That means that they talk to customers first, saying, "You shouldn't park there. There is a reason why it is a disabled bay. Please don't park there again. We will make a note of your car registration." The same thing applies in relation to parent-and-child bays.

The Convener: Does Mr Reynolds or Mr Taylor have anything to add?

Kelvin Reynolds (British Parking Association): If I may, I will do a bit of scene setting and say who we are. We are not a parking operator per se but the professional body that represents the parking industry. NCP Ltd, NCP Services Ltd and Asda are all members of our association. Asda operates through our approved operator scheme—that product was mentioned earlier—in managing its private off-street parking, which is unregulated in UK law. The management of off-street parking that is not governed by local authority regulation is unregulated—that is an important point.

Professionally, I represent the parking industry as director of technical services at the British Parking Association. Personally, my mother is a blue badge holder, so I have experience of how the system works; I tend to be her chauffeur. I also have a disabled son who does not qualify, so I understand both issues and see it both ways.

I support Asda's desire to retain its own destiny, if you like, in the matter. In canvassing opinions from our members, we have picked up on the challenge of operating disabled parking bays successfully. There are examples in England—I have not yet found any in Scotland—of local authorities having entered into partnerships with supermarkets whose car parks function as town-

centre car parking. In such cases, if the parking was not managed, there would be a problem for the store. Poole, on the south coast, is an example. There is a traffic regulation order on the car park and the whole thing is managed by the local authority, including any disabled spaces.

There is often a conflict between the official process of issuing what is now a statutory penalty charge notice and the will of the store manager to treat a customer differently for whatever reason. The customer has an expectation that the store manager will be able to do something, but in fact they are trapped in the legal process that the traffic regulation order establishes. That can create conflict. I think that that was what was being referred to with regard to individual bays.

That situation is not specific to supermarkets. Our approved operator scheme has member companies that manage rail stations, DIY stores and so on. We find that there is always conflict between the management company that issues the ticket and the local store manager who must deal with the customer. Experience suggests that it is probably best to leave such issues at the local level, unless a fair adjudication service is in place. That is not the case in the off-street world; as it is unregulated, it does not have an adjudicator. It is a complex area to understand.

Graeme Taylor: From NCP's point of view, we would support Asda in keeping it local, for two reasons. First, we believe that we can control and patrol the bays more regularly than could be done from any other source. Our people visit a site on average once every half hour, so they pass sites in excess of 48 times a day, identifying people who park illegally in bays and applying a penalty contravention charge notice where applicable. Secondly, if Parliament goes down the route of the council enforcing regulations, there would be a customer service issue.

There are circumstances in which, if there is substantial evidence to support doing so, we will withdraw the notice as a goodwill gesture. We work in partnership with a number of shopping centres, which have now passed over control to us. Previously, they wanted to do something and we wanted to do another thing. Now, we can manage the full situation without too many parties being involved. We can deal with situations quickly and effectively, and ultimately satisfy customers. We can ensure that customers who should not park in bays for disabled people pay for doing so. We can also ensure that disabled people who were prevented from parking in bays by customers not entitled to use them can park there.

Jim Tolson: I have a brief follow-up question. It is clear that the private sector is not looking to enter into a public agreement and that the private agreements that are in place seem to work well.

Superstores such as Asda provide free parking spaces for all customers, but the basis of NCP's and others' custom is to charge. Do they charge disabled people? If not, does that mean that there is greater pressure on spaces for disabled people in private car parks such as NCP's? What is the British Parking Association's view on their clients charging for spaces for disabled people?

Graeme Taylor: NCP currently charges for every space in a car park. There is no free parking on any site, although we work with groups around the UK to offer free parking for particular events, for example. However, on a day-to-day basis, charges apply to all clients who come into the car parks.

10:30

Kelvin Reynolds: It is an interesting one. Perhaps I should preface my answer by saying that the BPA also works with Mobilise, the baywatch campaign and the Department for Transport. We are about to launch a major study across the UK this month, looking at abuse and misuse of spaces and provision of spaces in the off-street environment for people with disabilities. We want to understand the level of provision, the level of proper use and the level of misuse. There is currently no source of such information, so we are working to try to understand the issue.

We need to reach a stage at which unauthorised parking in a disabled bay is socially unacceptable, and we are not there yet. Anything that can be done to encourage that should be done, because it means that, to a large extent, people will self-regulate.

On Jim Tolson's point about charging, the British Parking Association's view, which we have given in all the national consultations on the blue badge scheme, is that the blue badge is about convenience rather than price. The point of the blue badge is to ensure convenience for people who need access; it is not about the value of the space. In fact, we have picked up the point that in the on-street world much of the abuse that takes place of the blue badge scheme arises because it offers free parking. If the parking was paid for at the rate that other people pay for their parking, the incentive to cheat in the blue badge scheme would evaporate overnight.

We need to address that issue, and the association is promoting it whenever we have the opportunity. There is massive cheating in the blue badge scheme, which causes distress to the people who genuinely need blue badges. As I said, I have personal experience of that—not because I cheat—but it is not just a personal view; the view of the industry is that the blue badge is about convenience and not price.

Alasdair Allan (Western Isles) (SNP): Some witnesses have mentioned monitoring of existing schemes. Mr Taylor said that attendants checked for abuse of disabled parking every half hour. Is that universal? For example, does every Asda store monitor disabled parking in the same way? To what extent are your existing internally policed schemes policed?

Guy Mason: As Paul Hedley said, it works out that attendants are at the stores for about 12 hours per month, and for 20 minutes on a run. In the same way as NCP works, one attendant will go round several sites—both Asda and non-Asda sites—and turn up at random times. The main point is to ensure that enforcement is random and not, for example, between 3 and 6 o'clock on a Friday every week, in which case people get to know what time the attendants are there. They can appear at any time of the day or night on any day, including at weekends, but they are not there all the time. They work on a rotational basis. The key for us is to ensure that the signage is clear and accurate, that customers understand it and that we back it up with regular patrols.

Kelvin Reynolds: We endorse that. I should make it clear that half the BPA's members are local authorities, and we have not yet touched on the on-street environment, which is a different ball game.

In any situation, most people comply with rules and regulations: the trick is to tackle those who do not. Random enforcement is the key because it is the most cost-effective. If enforcement is regular and expected, the self-regulation goes away. People not knowing is the key. They think, "Will I get caught? I don't know, so I won't take the chance." Random enforcement is most effective in achieving the objective and it is most cost-effective because it does not have to be done often, as long as it is done randomly. We just need a presence so that people know that enforcement takes place and is totally unexpected.

That is also true of on-street enforcement. Parking attendants regularly walk the streets because their presence is important. People do not know whether the attendants will actually be there, but most are not prepared to take the risk of picking up a parking ticket.

Guy Mason: We say exactly the same about shoplifting from our stores. Ninety-nine per cent of customers are law-abiding citizens and would never dream of taking anything from a store, and it is the same with car parking spaces, in that 99 per cent of people never abuse a disabled space or a mother-and-child space. It is a question of tackling those who do.

Graeme Taylor: I agree. NCP's challenge is different from that of supermarkets, where people

nip in and out for short spells. In NCP car parks, it is likely that people who park in disabled spaces will leave their cars for several hours, which ties up the spaces. All that we can do is issue PCCNs, which we hope will show people out there that we are trying to control the use of bays as best we can. We do not see many repeat offenders after the charge has been acknowledged.

Alasdair Allan: Are you making the case that your existing systems of policing—if you want to use that word—would be more effective than involving local authorities, as proposed in the bill? You have said that your existing systems are better for customer relations, but do you think that they are better or worse for disabled people than what the bill proposes?

Graeme Taylor: NCP believes that it is better that we do the policing. We can make more repeat visits than a council or any other party in the system. Therefore, we want to maintain control over the process.

The Convener: How does policing work in the NCP car parks? Do the people who work there monitor use of disabled bays daily? Is it part of their duties to inspect them every couple of hours?

Graeme Taylor: When our teams drive past every car park, we get them to check the disabled bays. They are all mobile teams in Edinburgh and Glasgow and every time they visit a site, they check the disabled bays.

The Convener: They are not dedicated to any one site.

Graeme Taylor: In Scotland, 50 per cent of the sites are manned and 50 per cent are visited by mobile teams, which go around the sites constantly. On average, the teams visit each site every half hour to deal with any issues that crop up.

Paul Hedley: As part of the trial that we launched in Liverpool, we ran a similar scheme at one of our large supercentres, where we engaged the local authority to manage our site on our behalf. We found that the level of availability of the bays was similar in the site that the local authority managed and the site that Town and City Parking managed—the levels were 59 per cent and 63 per cent respectively. However, we found that a much higher number of civil penalty notices were issued by the local authority. Under local authority management, tickets were issued without question, although we thought that some were questionable in terms of customer relations. We found it much harder to override those tickets with the local authority. If you can deliver the scheme through non-heavy-handed enforcement, so to speak, that would definitely be our preferred option.

Guy Mason: Alasdair Allan asked what is best for disabled customers. The fact that we can target our resources on the worst sites means that we can deliver the best service for disabled customers. If we know that a particular store has had a problem for two months, we can dedicate the majority of resource there for the next month, which tends to clear up the problem. That is what delivers the added benefit to our disabled customers.

Alasdair Allan: One of the concerns about the bill that other witnesses have expressed is that it is possible that private car park owners—I am sure this does not apply to those who are represented here today—would not engage with local authorities and that local authorities would not be able to enforce their will, as it were. I appreciate that you do not want the bill to proceed, but if it does, would you co-operate with local authorities in that way?

Graeme Taylor: Brian Butler, who is in the room today, is part of a team that liaises with councils about business development—he has regular meetings. Our local area managers regularly meet councils from around the UK to build up partnerships. We need a two-way joint venture to ensure that consistency is delivered. We need support from councils to deliver our business plan, too.

Kelvin Reynolds: We worked with colleagues in the Scottish Government on the document, “Safeguarding access to off-street parking facilities for people with disabilities in Scotland”, which contains a lot of good practice and sets out how and why parking could be managed in the kinds of arrangement that we see.

The other challenge with local authority enforcement of private car parks is that it would immediately put the whole process into a legislative framework that includes adjudication. The following point has probably been referred to. In that environment, more PCNs are likely to be issued, because discretion does not exist. Civil enforcement officers—or parking attendants, as they are still known in Scotland—face an objective situation that they deal with by issuing a penalty charge notice. They do not have the opportunity to exercise discretion locally. Once a PCN is issued, it is caught in a statutory regulatory regime that the local authority must follow, in which the ultimate right of appeal is to the adjudicator.

If a genuine blue-badge holder forgets to bring the badge for some reason and is issued with a PCN, he or she can currently pop into a store to tell the store manager that they have a problem, which the store deals with. If that happened in a regulated environment, the store manager would say, “Sorry—there’s nothing I can do about it. You need to write to the local authority that issued the

PCN.” The statutory regulatory process would be followed and the local authority would decide whether to withdraw the ticket. If it decided not to, the process could go all the way to the adjudicator.

Guy Mason: Our view is that nothing is ever gained by not co-operating. If the bill was passed and that was Parliament’s will, we would co-operate, because that would be what the Scottish people wanted.

Rhoda Grant (Highlands and Islands) (Lab): The bill does not insist that private car parks become part of the scheme, so nothing would stop any company that has a regime in place continuing to use that regime. One imagines that a local authority would be reasonable and would see that your company was doing a good job. The bill deals more with spaces that are not policed at the moment. If you did not have a regime in place, would the bill interest you for your customers who are car park users? Would other organisations look on it favourably, as it would save them from putting in place a regime?

Graeme Taylor: As an off-street car park operator, we support the bill 100 per cent because it would work in the environment in which we operate. If requested, we would share our experience of the benefits and the customer care that we can provide.

Kelvin Reynolds: I will turn what Rhoda Grant said round. Perhaps the question should have been asked a while ago: why have several operators chosen not to go down the route that is recommended in the bill and not to adopt the regulatory route that has been around for a long time? They might not want their customers to be caught in a process that is driven by the system that I described, in which local authorities issue PCNs. That relies on local authorities exercising discretion on whether to withdraw tickets and can end in the adjudication process. Private sector operators might prefer to control their own destiny. I accept that some operators do little or nothing, but others might worry about the implications of going down the regulatory route, which is why they have not done that.

Does that make sense? I understand that the bill would encourage people—if not force them—to go down an existing route. The legislative power exists to allow local authorities to enter partnerships with operators under the Road Traffic Regulation Act 1984 in order to make enforceable parking bays. Many bigger companies that are customer driven and customer focused have chosen voluntarily to achieve that through their own arrangements. Few—if any—have gone down the regulatory route. We must ask why. The reason might be that they do not want their customers to be caught up in a regulatory process that is completely outside those companies’

control, because it ends with an adjudicator deciding whether a ticket is fair and valid, which is a matter of law. The adjudicator has no discretion to consider whether someone is a good customer whom a company does not want to penalise.

Rhoda Grant: So, the concern is more to do with the handling of whatever regime is in place.

10:45

Kelvin Reynolds: That can be important. In a consumer-driven environment such as a store or a rail station, there is a customer-landowner relationship. That relationship will not apply in a regulated local authority car park or in an on-street situation, where we are talking about traffic management as opposed to customer service. In a customer service environment, the landowner is more likely to want to maintain the customer relationship, whereas a local authority will be concerned with traffic management.

Rhoda Grant: If organisations do not have a regime to protect or even provide disabled places, how does that fit with their obligations under disability discrimination legislation? How do you tell them that they need to value their disabled customers just as highly as they do their able-bodied customers?

Kelvin Reynolds: As Rhoda Grant suggests, other legislation requires that the needs of people with disabilities be met. If that is not happening, that legislation should be used to ensure that it does. We need to reach a point at which self-regulation works because not meeting the needs of people with disabilities has become socially unacceptable. As Guy Mason said, 99 per cent of people comply with disabled places anyway.

Rhoda Grant: When the number of places is small, the 1 per cent who do not comply can cause quite a problem.

Kelvin Reynolds: I agree—they can cause chaos.

Guy Mason: Some extremely good points have been made. People who do not embrace some kind of enforcement over the bays are underestimating the number of non-disabled customers who feel strongly about the issue. Those customers will say, "It's not just that I agree not to abuse the spaces myself—I also think nobody else should abuse them." We have heard such opinions from our customers; they are fully behind our scheme and say that it is the right thing to do. They have never abused a space in their lives and will never be fined, and they want to be sure that spaces are kept available for disabled customers. That strength of feeling should not be underestimated.

A local authority might say to people with car parks that their schemes work well and the local

authority therefore does not need to get involved. Such people should welcome it if the local authority also says that it is going to tackle other sites where disabled bays are not being protected. It will not cost them any more. For example, we already incur a cost and we would rather pay that cost in order to keep control of our scheme. People with good schemes should say, "I see the point of what the local authority is doing. It will be no additional cost for us, and we should work with the local authority to make things work." The majority of our customers would welcome such an approach.

David McLetchie (Edinburgh Pentlands) (Con): I would like to explore the legal basis for charges, because I am slightly confused by the terminology. We have heard about penalties, fines, PCNs and PCCNs, and I think that Mr Reynolds said that it was all unregulated. What is the legal basis of the charge, or the demand for payment, on an Asda customer or an NCP customer who parks in a designated disabled bay?

Kelvin Reynolds: That is an interesting question, and one that the BPA is researching at the moment. We have recently taken counsel's opinion on the law in England and Wales. We have yet to check whether the situation is the same in Scotland, but we suspect that it is.

When I say "unregulated", what I mean is that the situation is the opposite of on-street, regulated parking, as managed under the Road Traffic Regulation Act 1984, and the opposite of off-street parking that is provided by local authorities and also comes under the 1984 act. Car parks on private land, as provided by major stores and private operators for example, are commercial operations that operate within the law of contract.

I am not a lawyer, but essentially, a motorist who enters that land enters into a contract with regard to the terms and conditions that are established on the signpost or the information that is displayed in the car park. Those terms might state, for example: "This car park is for customers only—you can stay here for three hours, and then you must move on", or words to that effect. The contract is: "If you enter my land, you must be a customer and you must not stay there for more than three hours. If you breach that contract, I will charge you £60."

As we understand it, the law of contract is established between the landowner and the driver of the vehicle that enters that land. That is the advice that we are given by barristers, lawyers and counsel. We are currently rewriting the codes for our approved operators scheme to ensure that operators explicitly set that out. It is not that they do not do that at the moment, but in some areas they are perhaps less specific than they need to be in pointing out the arrangement.

When I say that such off-street parking is unregulated, I mean that it is not covered by the 1984 act. However, it is covered, in a sense, by the law of contract and all the vagaries that go with that. It is for the landowner to demonstrate that the contract was broken, and then to impose charges for breach of contract. They can call those charges what they like, because such charges are associated essentially with a breach of contract.

David McLetchie: I accept that you can, privately, call them what you like, but it is important, in order to tease out the differences, that we establish a clear distinction between a penalty and a charge. It is a long time since I have practised law, but in relation to the law on contract, I understand that contracting parties cannot penalise one another.

You can impose a charge for a breach of a contract, which might be a negative thing because someone has broken the contract by parking in a disabled bay, or you can effectively charge people for parking in a disabled bay by saying that there is no charge for people with a blue badge, but a charge of £60 for those without a blue badge. You are not allowed, however, under the law of contract, to impose a penalty or a fine. Is that correct?

Kelvin Reynolds: That is how we understand it, and that is why our code specifically mentions that operators must not call them penalties or fines.

David McLetchie: So there are no notices that state that there is a £60 penalty for parking in a disabled bay? Perhaps the witnesses from Asda or NCP can confirm that.

Guy Mason: Perhaps we should have brought some of the signage with us. We could give you the wording later.

David McLetchie: That would be helpful. It is very important that we get the nomenclature right and establish the legal basis. If we accept that all those cases involve a breach by the parker of a contract that has been entered into when he enters the private land, how does the £60 charge come about?

Guy Mason: For illustration purposes, I will read you a paragraph that was written by one of our lawyers. I am sorry about the acronyms—we are full of acronyms at Asda, including the name Asda. It states:

"We take the position that these are penalty notices (rather than fines) levied for breach of conditions of parking which are advertised by signage and which are implicitly accepted by drivers who use the car parks."

We advertise the fact that people should not abuse disabled bays when they enter the car park, and that anyone who parks there accepts that. If they abuse the bays, they will receive what we call

a civil penalty notice—I will stick to calling them CPNs. The idea is that if they do not pay, they can be pursued through the courts. However, it is extremely expensive to follow somebody through the courts, and we have never yet needed to do so for the £60. We do not know if we would ever do so.

David McLetchie: You have just answered my next question about how many people have been taken to court to enforce such a breach of contract. So the answer is none, anywhere in the UK—not even in Liverpool?

Guy Mason: We have not needed to do that yet.

David McLetchie: I recall that wheel clamping was prevalent a few years ago. Many companies used to go around clamping cars that were illegally parked on private land and charging people large sums of money to release their vehicles. The ability to demand such a payment as a matter of contract was challenged in the courts and, as I understand it, wheel clamping was effectively ruled to be illegal. Not only was the payment of the fine or civil penalty, or whatever it was called, not enforceable, it was a criminal offence for the clammer to appropriate or disable the property of the person who was parked illegally. Given that experience with other methods of controlling parking on private land, what is there to say that the courts would enforce, as a matter of civil law, what has been called a civil penalty notice but is in fact a charge for a breach of a contract?

Guy Mason: It has not been tested yet.

David McLetchie: Mr Reynolds, you said that you were taking legal advice, so what is your legal advice?

Kelvin Reynolds: You made an interesting point about wheel clamping. We introduced our first draft code to attempt to regulate wheel clamping back in 1999 because we were concerned, as an industry, about unscrupulous persons going around appropriating other people's vehicles by clamping them. We do not take the view that clamping is not a legitimate enforcement tool, but there was a case in Scotland—as Mr McLetchie rightly said—in which it was determined that wheel clamping is unlawful. However, in England and Wales it is not unlawful at present. Our code of practice clearly sets out a *modus operandi* so that if someone uses the wheel clamping method of enforcement in England and Wales, they should operate according to a set of rules. However, it is a voluntary code. Through our approved operator scheme, around 80 member companies operate in that manner.

The second part of our code covers parking tickets, as we call them, which are effectively notices to the car owner that they are in breach of a contract and owe the operator because of that.

We specifically say in our code that they should not be called fines or penalties, because they are not—they are charges for breach of contract. Our legal advice says that they can be pursued through the courts, and there are examples of that happening in England. On its extent—in terms of volumes and values—and why, I cannot answer, but I can certainly give examples later if you like. However, I know that the charges are pursued through the courts in England.

David McLetchie: By some of your members.

Kelvin Reynolds: Yes.

David McLetchie: But not Asda.

Kelvin Reynolds: Asda operates in a different environment and it is entirely up to it how to proceed. Our code does not say that payment of charges must be pursued through the courts.

David McLetchie: No. I understand that, but I am interested to know whether it has been established that the charges are legally recoverable. The wheel clamping industry in Scotland fell apart on the basis of a successful legal challenge—its end was not much lamented by most motorists, I should say. If we get to a situation whereby a civil court in Scotland—or England for that matter—says that the charges cannot be enforced under the law of contract, where would that leave us?

Graeme Taylor: Currently, we follow through court proceedings. If a parking contravention charge notice has not been paid after 28 days, we pass the matter over to a debt agency specialist who follows the process and goes through the various court mechanisms to recover the costs, including their charges. That process has been tested in courts in Scotland and England. I do not have the exact number of cases to hand, but I can provide them if required.

David McLetchie: That would be helpful—thank you.

Bob Doris (Glasgow) (SNP): Good morning, gentlemen. I was fascinated by the description of the Asda pilot scheme in Liverpool and its roll-out across the UK. I would like to visit one of the Asda stores near me to see how that operates. The closest store to me is in Summerston in north Glasgow. Perhaps I can organise a visit after the meeting; I say to Mr McLetchie that I could even see what the signage said while I was there.

You said that there has been a 60 per cent increase in the availability of disabled and family parking bays and that your approach received a 93 per cent approval rating from your customer base. Does that give Asda a business advantage over its main competitors? Can the advantage be quantified?

11:00

Paul Hedley: We cannot quantify the additional footfall from drivers to our stores, but we can say that there has been a significant increase in the number of disabled visitors to our stores as a result of our system. When we monitored customer perception after the system was introduced, the mums among our shopping base told us that during peak trading times they were more likely to visit an Asda store than they were to visit our competitors, because they were finding it easier to park in parent-and-child bays. However, it would be hard to monitor the percentage increase in sales and the overall effect on the business.

Bob Doris: You said that a team of enforcement officers—or whatever you call them—rotates around stores. What evidence do they use to process a penalty or charge? Do they use closed-circuit television footage, take photographs or go round in pairs so that there is a witness who can corroborate the evidence?

Paul Hedley: We issue very few notices in the first place, given how many we could issue. I think that that has been clearly demonstrated. We much prefer to advise our customers to park elsewhere in the car park in the first instance. In general, only when a registration number has been noted on a second occasion would we issue a CPN. As I said, on average we issue fewer than three tickets per store per week, which represents a small percentage of shoppers. The attendant makes a visual verification and has the option to get photographic evidence, too.

Bob Doris: Is a photograph usually taken? Without such evidence a motorist could dispute what the warden said.

Paul Hedley: I do not think that the code of practice states that a photograph must be taken; a visual verification would satisfy the terms of the code.

Bob Doris: It appears that by and large you are using enforcement or the threat of enforcement as a tool to change customers' attitudes, which seems to have been successful.

The committee has talked to representatives of local authorities about their concerns regarding enforcement. Given your track record on the matter in the UK, would Asda and its partners be willing to share with local authorities your expertise and know-how, so that authorities can make schemes work if Jackie Baillie's bill is passed?

Paul Hedley: We work with Town and City Parking because the company is known to be a reputable car parking provider and has high customer perception ratings. With that in mind, we drew up a code of practice, under which a person

would always be approached and asked to move their car to another bay. As a result, availability of bays has increased significantly, although few CPNs have been issued. We would support work with local authorities to share our best practice.

Bob Doris: What you said about enforcement is interesting. The first time that someone parks in a disabled parking bay you might get their registration number and details and write to them to say, "That was a bit naughty. Please don't do it again. We are trying to change attitudes and we have enforcement powers." The approach tends to work. Would you encourage local authorities to take a similarly flexible approach to on-street parking in residential areas? Instead of creating a situation in which neighbours in a scheme in Glasgow fell out over a £60 fine, the local authority could send a letter to remind the person that they should not park in the disabled bay and explain that they could be fined if it happened again. Would it be advantageous if the bill provided for such flexibility?

Paul Hedley: Very much so. At Asda, a parking attendant approaches a person who has parked in the wrong bay and has a one-to-one conversation with them, pointing out that the person's parking in that bay might mean that a disabled shopper cannot do their weekly food shop. We find that that often pricks the individual's conscience and that it takes only one such interaction to ensure that they do not park in a disabled bay again. I am sure that the approach could be replicated on the public highways and in other car parks.

Guy Mason: We must think about the lifetime value to us of a customer, who may spend £100 per week on shopping with us. We must be very careful about how we treat our customers. Perhaps local authorities do not always think in the same way.

Bob Doris: Are you suggesting that local authorities are not always best at customer relations?

Guy Mason: You might think that—I could not possibly comment.

Bob Doris: My final question concerns the biennial audit of off-street parking that each local authority would have to conduct in its area to find out whether private companies will buy into the new enforcement regime. If a company such as Asda has a code of conduct to regulate its off-street parking, would it be simpler for local authorities to give that code the stamp of approval after looking at it, without taking the matter further? Would that allow you to retain flexibility even if the bill is passed?

Guy Mason: More to the point, it would give local authorities extra resources. They would be able to say that Asda and other supermarkets that

follow a code of conduct are dealing with the matter and to target their limited resources at other places that really need it. Such an approach would give us flexibility and return resources to local authorities.

Bob Doris: Good retailers would have nothing to fear from the bill, because they are already doing the job. Local authorities could say that what retailers are doing is an example of good practice and that it is good enough for them.

Guy Mason: That follows from what has been said.

John Wilson: Does the British Parking Association recommend that a certain percentage of parking bays should be disabled bays? For example, does it suggest that 5 per cent of the bays that are provided should be disabled bays and 5 per cent should be mother-and-child bays? I am aware that there may be differences between Asda's provision and that of NCP.

Kelvin Reynolds: The aim of the research that I described is to establish what provision should be made. The current situation in law, if that is not too strong a word in this case—it may be best to refer to custom and practice—is that the provision of parking in off-street environments is regulated under planning law. Planning law does not say how many spaces should or should not be provided for people with disabilities, although disability discrimination legislation states that some kind of provision should be made. The DFT has produced a document called "Inclusive mobility", which is all about transport provision for people with disabilities. It recommends that 4 to 6 per cent of spaces should be disabled parking bays, but that is only a recommendation.

Individual local authorities produce what in England is called supplementary planning guidance—forgive me if I have used the wrong term—which sits alongside their local interpretation of planning legislation. Many local authorities have adopted the figure of 4 to 6 per cent as a requirement in their supplementary planning guidance, so that tends to be the proportion of disabled parking spaces that is provided. However, the figure is not justified anywhere and tends to be a rule of thumb. In our study, we want to establish whether that figure is right, because in some cases it is too low and in others it is too high.

One of the challenges that we have encountered in anecdotal research—we will address it in our bigger project—is that abuse of disabled persons' parking spaces takes place because there is too much provision of blue badge space in a particular area at a particular time. If a car park is full, and the only spaces that are available are blue badge spaces, people may decide to take a chance,

because they intend to be there for only 10 minutes. Provision of disabled parking spaces should be better and more appropriate to need—for example, there may be greater need at a hospital than at a swimming pool.

Research that we are doing with the DFT and Mobilise aims to understand appropriate levels of provision, based on the available services that are associated with a car park, rather than assuming a universal level of 4 to 6 per cent. I am happy to supply information to the Scottish Government when we have done the research.

Paul Hedley: We follow the guidance, too. Our rule of thumb is 4 to 6 per cent, depending on guidance from the local authority, plus two extra bays as a minimum. Many Asda stores have larger car parking areas; our stores are predominantly superstores or supercentres, so we tend to have quite a large number of disabled and parent-and-child bays on offer, which does not restrict the overall number of bays for the standard customer.

Graeme Taylor: NCP complies with the guidance for each individual car park. Our provision is reviewed on a monthly basis, not in order to decrease the number of bays but, where demand has been appropriate, to increase the number.

The Convener: Jackie Baillie, who introduced the bill, is with us. I invite her to ask some questions before we close this evidence session.

Jackie Baillie (Dumbarton) (Lab): Thank you, convener.

The committee has examples of industry leaders taking action to protect disabled parking bays. I very much welcome that. You will acknowledge that many organisations do not do so, and that some organisations have not undertaken the same customer surveys that Asda has done. Perhaps it is worth making it absolutely clear that the bill places no new duty on existing businesses. There is nothing to prevent Asda or NCP from continuing their schemes and keeping their arrangements local, if they so wish. That said, do you think that the bill will provide an opportunity to organisations that do not currently see the advantage of enforcing disabled bays in the way that you have done? Will it encourage them to take such measures, either by themselves or with the assistance of local authorities?

Graeme Taylor: NCP welcomes the proposed new provisions for the sake of consistency around on-street and off-street parking facilities. We certainly see the benefits. They should be delivered throughout the country as part of the bigger picture.

Kelvin Reynolds: The objective of any piece of proposed legislation is surely to achieve

compliance. It must always be a good thing to encourage people to comply with provisions for people with disabilities. If a piece of legislation encourages people to do things, and if that in turn encourages compliance with the rules, that has to be a good thing.

Guy Mason: If nothing else, the bill brings the subject back into the public domain. It highlights the need to bear in mind an issue that is extremely important, especially for people who have car parks under their control, who should remember that the majority of people who use their car parks want disabled bays to be properly patrolled. Perhaps we need to revisit the matter and remind car park owners that the issue is important for their customers, who feel strongly about it. They should reconsider the issue and not allow a free-for-all at spaces that should be protected for the use of certain members of society.

Jackie Baillie: A local authority might come along to people's premises every two years; they might just send a letter, which would suffice under the bill. That could give the extra nudge to people who are not currently complying.

Guy Mason: Yes.

The Convener: I thank the witnesses for their attendance and for the evidence that they have provided, which has been helpful and is very much appreciated by the committee.

11:13

Meeting suspended.

11:18

On resuming—

The Convener: We proceed to our second panel of witnesses. I welcome Stewart Stevenson MSP, the Minister for Transport, Infrastructure and Climate Change, and, from the Scottish Government, Angus MacInnes, branch head of the local roads policy, traffic management and transport decisions unit; Bill Brash, team leader in the Passengers View Scotland, Mobility and Access Committee for Scotland and mobility team; and Judith Ballantine, Mobility and Access Committee for Scotland secretary. I invite the minister to make some opening remarks before we proceed to questions.

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): Thank you, convener. I will be very brief.

We recognise what Ms Baillie seeks to do in the bill and we share her commitment to helping disabled people throughout Scotland to have access to parking. We will engage positively with the parliamentary process on the bill. We may not

agree on the detail, but I think that we will be aligned on the objective. I hope that the committee and Ms Baillie feel that that is the right and proper approach for the Government to take to her bill.

Alasdair Allan: Much of the discussion in previous evidence sessions has focused on the potential cost to local government of implementing the bill. Local government appears to be aligned with the aims of the bill, but authorities such as Glasgow City Council have indicated that its implementation would be expensive. Does the Government have a view on that?

Stewart Stevenson: We share concerns about the uncertainty of the cost of implementation. We recognise that the bill's sponsor, who undertook the proper process, received responses in the first instance from 20 out of the 32 councils. We are examining what the City of Edinburgh Council and Glasgow City Council said about the potential cost. However, it is primarily for the bill's sponsor and for Parliament to consider whether the financial information that is provided with the bill, which might be enhanced by the parliamentary process, is sufficient for it to proceed. That is not directly a matter for Government.

Alasdair Allan: One aspect of the bill that has been discussed in the committee is the relationship between local authorities and private car park owners. Does the Government have a view on that issue? We have heard witnesses representing various private car park owners and supermarkets say that they would be very happy to co-operate with local authorities at every stage, but other witnesses have expressed a different point of view. Is the Government confident that the bill contains adequate provision to ensure that there is co-operation between local authorities and private car park owners?

Stewart Stevenson: I would be surprised if the overwhelming majority of private car park operators do not wish to co-operate. They have duties to discharge under the Disability Discrimination Act 1995. I am sure that it will be in their interest to show that they are co-operating as the bill proceeds to the statute book or otherwise. After all, I would have thought that having a regime in which there is clarity about the people who may use disabled parking spaces that are provided privately and about the steps that may be taken to ensure that those private parking places are used by properly entitled people is in the interest of private providers of parking places.

There may be some uncertainty about the extent of the private provision of parking. For example, it would be possible for me to paint a private parking place in my own front yard, but no one would necessarily know about it unless I told them. However, I suspect that that is a trivial issue. The real issues relate to supermarkets and commercial

providers of car parking. I would be astonished if they did not all want to be part of the process of making the bill work and would not welcome an improvement in the clarity about how the system should operate.

The Convener: You mentioned the uncertainty of the cost of implementation for local authorities. There is wide variation in the estimates of costs and accusations have been made that, although local authorities may have a case, they have overstated it. Can we take it from your answer to Alasdair Allan's question that cost is primarily a local authority issue and that, irrespective of cost, the Scottish Government's support for the bill would not extend to giving financial assistance to local authorities such as Edinburgh or Glasgow, which may face disproportionate implementation costs?

Stewart Stevenson: We already provide £11.1 billion to the local authorities. In common with most but not all of the major conurbations across Scotland, the city councils in Edinburgh and Glasgow have decriminalised parking. That means that, among other associated issues, the authorities keep the full revenue from any fines that may be enforced; that arrangement will be extended to any additional legally enforceable parking. I suspect that the committee will wish to examine whether the extension of areas where fines can be enforced might be self-financing.

The Government is not only providing record sums to local authorities but allowing them to keep the 2 per cent efficiency savings as an additional source of funding, whereas previously efficiency savings had to be returned to central Government. Therefore, we do not consider at this stage that the bill will change the financial relationship between central Government and local government.

The Convener: I take it that that is a no to any financial commitment from the Government to the start-up costs that may be incurred. I understand the point that, over time, fines will increasingly finance on-going costs. However, the Government is making no commitment to put financial resources into the start-up costs.

Stewart Stevenson: It is not our intention to do that. We will watch the progress of the bill, as I am sure the committee and Parliament will do, and look for further information on the cost of implementing the bill. I hope that greater clarity will be delivered as the bill progresses.

I hope also to see effective scrutiny of some of the detailed information that has been submitted. I am thinking in particular of the evidence from Glasgow City Council. It is not for me to challenge any of the evidence; I am sure that the committee will be highly effective at doing that.

Rhoda Grant: As we have heard, some local authorities are a wee bit concerned about the additional burden of identifying spaces and working with companies to bring their parking under the scope of the legislation. If the bill is passed, could the Government amend national planning policy guidelines to allow local authorities to make planning permission conditional on the applicant adhering to the provisions of the bill? Authorities could manage such parking, or the company could set up a scheme to do that, either of which would comply with authorities' requirements in this regard.

Stewart Stevenson: At the moment, planning touches quite frequently on this subject. In a development of any scale, whether commercial, retail or office, it is pretty much routine for planning authorities to impose conditions on the provision of disabled parking spaces. Indeed, existing guidelines determine how many spaces should be provided. The planning system, in its operation if not necessarily in the legal sense of the legislation, touches on the subject. There is therefore no reason to believe that local authorities could not extend the range of conditions on future planning applications.

Ms Grant's question also raises the issue of who enforces disabled parking provision on private property. The question is whether that should be enforced voluntarily by the private provider or enforced by the local authority. At this stage, I remain relatively agnostic on the issue. I will await the outcome of the committee's examination and exploration of the balance of advantages for the two options. I will therefore not express a Government view on the matter at this stage.

Rhoda Grant: I am not asking the minister to do that. I understand that the bill allows local authorities to approach private businesses and invite them to be part of the scheme. We heard evidence earlier this morning on planning guidelines from companies including Asda, which operates a very good and successful scheme. I imagine that a local authority would look at the Asda scheme in its area and say, "That scheme is fine. We don't need to become involved or spend money on that one." The planning guidelines would allow local authorities to say, "You must either comply with our scheme or provide a scheme that we are happy with." That would allow the likes of Asda to continue to provide their own scheme, but it would almost put the onus on the developer to go and sign things off with the local authority, rather than the local authority having to go and haunt them every two years to ensure compliance.

11:30

Stewart Stevenson: I suspect that it is not at the Asdas of this world that the issue will arise,

because they will take a positive and proactive approach. I am not singling out Asda in particular—that is equally true of the other major supermarket chains and other major stores.

I am not going to take a view at the moment. I am genuinely going to remain agnostic, because it is important that the committee has the opportunity to explore the matter and that the sponsor of the bill is in a position to respond without my seeking to tie her hands on the matter—as if I could. It is properly a matter for the Parliament to consider.

I am confident that there is a lot of good will that will cover the overwhelming majority of private parking spaces, which means that anything other than benign persuasion and discussion will not be required. That will remain my view unless the committee, in its deliberations, uncovers evidence to the contrary.

Jim Tolson: Good morning, minister. Like you, I am keen to support Jackie Baillie's bill, but I have some concerns about the detail of its implementation. Some organisations have suggested that it will place no administrative burden on local authorities, but when we took evidence from local authorities last week, it was evident that they believe that there will be a significant increase in their administrative burden, including perhaps the cost of bringing in extra staff.

Local authorities will be required to audit the existing advisory parking places to establish whether they are necessary. Those that are not necessary will be removed and the process of obtaining a designation order will be commenced for those that are found to be necessary. That might involve tens of thousands of spaces for each of the 32 local authorities. Will the costs of implementation and continuing administration place a significant additional burden on local authorities?

Stewart Stevenson: Mr Tolson highlights the fact that local authorities have a range of views. If I recall the number correctly, Glasgow City Council suggested that it has 4,552 voluntary spaces. I suspect that the actual number might be one or two either way. Clearly, it has a problem of a different character from elsewhere. It is important that the Convention of Scottish Local Authorities plays a role in expressing the generality of local authorities' views, and perhaps the Society of Local Authority Chief Executives and Senior Managers should also take a role.

It is important to consider how long the work will take. In my previous experience as a back bencher, I was involved in the passage of the Land Reform (Scotland) Bill, which gave local authorities three years to draw up a core paths plan. The problem in that case was probably more

complex than the one that we are considering today, but how long will the work take? The views of those who will have to undertake it are probably paramount in coming to a conclusion about that.

Jim Tolson: That was another non-answer. Thank you, convener.

Bob Doris: Asda gave us some interesting evidence this morning. If someone is in breach of Asda's enforcement regime, its wardens ensure that that person gets a letter and is asked not to do it again, and, by and large, they do not. That changes the culture within Asda's car parks. For Asda, the key issue was having flexibility to decide when to serve a charge on customers.

Should local authorities have flexibility in their approach to enforcement in residential areas—not high streets but the schemes in Glasgow, Edinburgh and so on? For example, should they be able to send a warning letter to someone who is abusing a parking bay, rather than immediately imposing a £60 fine?

Stewart Stevenson: Flexibility is likely to be an important part of any successful scheme, particularly in the early days, when the introduction of enforceable parking will be taking place on an unprecedented scale.

A senior policeman said to me, on an informal and off-the-record basis, that a person who abuses a disabled parking space is four times as likely to have a criminal conviction as someone who does not. The policeman was suggesting, in other words, that people who break rules in one part of their life are likely to break rules in lots of parts of their life.

Sending a letter to the people who misuse a disabled parking bay would seem to be a sensible way forward, but we would need to ensure that people do not simply build up a large stock of letters and that, ultimately, we catch the people who are persistently misusing the spaces.

I take note of your report of what Asda told the committee. If that policy is as successful as you were told, that would indicate that we will see similar success with similar approaches elsewhere. Not only does that approach effectively deal with people who might inadvertently or thoughtlessly, but not maliciously, misuse spaces, it is likely to deliver an earlier and more effective result for the people who need disabled parking spaces.

Bob Doris: When we took evidence from local authorities on the cost of implementing the policy, they were all over the place and could not break down what the costs would be. I will not go into that, as I think that the *Official Report* will be testament enough.

There will, of course, be a cost associated with the introduction of any scheme. The provisions in the bill would result in local authorities having to start, in one year's time, the statutory procedure to make orders for enforceable bays. Might a relaxation of the timescale and a phased implementation of the scheme ease the burden of cost on local authorities?

Stewart Stevenson: I referred to timescales in one of my earlier answers. My initial reaction—which is not one on which I would take a firm, committed position—is that 12 months is ambitious. I am not just coming at that from a cost point of view as, to be blunt, there is a practical challenge in simply completing the task. That is one of the issues that the committee will consider and that Jackie Baillie, as the sponsor of the bill, will wish to take into account. If Ms Baillie were to consider that a different timescale could be used in the interest of greater flexibility, it is likely that I would be able to support that.

David McLetchie: I want to ask a couple of questions about co-operation with the UK Government, which I know that you are keen on.

It has been suggested that an alternative approach to the one that is taken in the bill might be to use the provision to legalise on-street disabled persons' parking places through designation under the Traffic Signs Regulations and General Directions 2002. Glasgow City Council said that using that mechanism would require a change in UK legislation, which would mean that we would have to legislate on a UK basis in order to deal with the issue that Jackie Baillie's bill identifies. Is that a matter that has been raised in ministerial discussions with counterparts down south?

Stewart Stevenson: The 2002 instrument is delegated to Scottish ministers, although that delegation comes from UK legislation. It is one of those legal issues in which there is a shared responsibility between the state and the devolved Administration.

As it happens, in the past hour, I read that instrument, to ensure that I was aware of the issues. The area is highly complex and touches on, for example, the UK Government's work on the operation of the blue badge scheme. I think that the UK Government is minded to change some aspects of that scheme but is not yet committed to doing so.

We remain in close contact with the UK Government on this issue. I do not see any particular divergence of interest on the matter. There is an interest in our working with the UK Government. Indeed, the 2002 instrument that you referred to makes reference to equivalent blue badge schemes in different areas of the UK. It is

an issue that stretches well beyond the geographical boundaries of the Administration's competence, and is something on which we wish to work with other Administrations.

David McLetchie: I understand that the order-making powers lie with Scottish ministers. However, there is also a division of responsibilities between the two Administrations. Do you have the power to issue a new order that would encompass disabled parking, or does the primary legislation limit your order-making capacity in that regard?

Stewart Stevenson: I suspect that we have that power, but I will ask the expert who is sitting on my left to give a more definitive answer.

Angus MacInnes (Scottish Government Transport Directorate): The current arrangements allow for that to happen.

David McLetchie: If that is correct, would it be fair to say to Jackie Baillie, with all due respect, that we do not need her bill because, using secondary legislation, the Scottish Government can issue an order that would give local authorities the relevant powers?

Stewart Stevenson: That is a question that you might more properly direct to the sponsor of the bill. I suspect that she would say that her bill covers issues that are beyond the scope of the 2002 instrument, such as the duty that it would place on local authorities to consult private providers of disabled parking spaces.

We are in complicated legal territory, and I will give you a little example of that. Because the highway code does not describe how a parking place on the public highway that is not subject to enforcement should be painted on the road, you can paint it any way that you like. However, one that is enforced has to be as prescribed in the 2002 instrument. The boundary between different powers can be as narrow as that. The 2002 instrument, which modifies a previous instrument, is a complex document.

An order is required when the enforcement power is used in particular places; this is a complex area. It seems to me that there is scope for at least some of the bill's provisions to be implemented, even if you were to persuade your colleagues against agreeing to other provisions. That is a matter for the bill's sponsor.

11:45

David McLetchie: Is it correct to say that a substantial part of the bill's provisions could be implemented through your order-making capacity?

Stewart Stevenson: We have the capacity to make orders for every parking place on the public highway; that has been the case for a long time. I

do not think that the bill's sponsor is saying anything other than that. She is saying that local authorities have not exercised that capacity and is seeking to bring them to the table to make them do it. She argues—it is for her to propound the argument more fully than I—that that will benefit users of disabled parking spaces.

David McLetchie: We are getting into a circular argument. I understood from local authorities that the 2002 instrument would have to be amended to give them the power to use existing legislation. That is what Glasgow City Council said in its evidence.

Stewart Stevenson: Local authorities can request at any time an order to make a parking place on the public highway legally enforceable; that has always been the case. Very few such orders have been made, because very few have been requested.

David McLetchie: Does the 2002 instrument about which we have heard in evidence require any amendment to achieve the object of the bill, which is to make bays that are currently advisory enforceable? Does the mechanism about which Glasgow City Council told us exist? What is required to enact it?

Stewart Stevenson: I am making a genuine effort to be clear about what I am being asked. If I am being asked whether the framework of the 2002 instrument and the powers that I have to amend it give me the power to require all voluntary parking spaces on the highway to be turned into enforceable spaces, I think that the answer is no; Angus MacInnes has confirmed that that is correct. That is precisely the point that the bill seeks to address.

David McLetchie: Is the answer no?

Stewart Stevenson: I cannot require that we move from voluntary spaces to enforceable spaces.

David McLetchie: That takes us back to my first question. Is a change to primary legislation, which is a UK matter, required to give you the ability to require advisory bays to be made enforceable bays?

Stewart Stevenson: Because we are in a devolved situation—we can discuss that point further—the Westminster Government will always be able to legislate in the terms that you request. The sponsor of the bill would argue that we can address the issue through our own primary legislation. The powers that I have under secondary legislation do not give me the ability to require voluntary spaces to be turned into enforceable spaces.

David McLetchie: So a change to primary legislation is required to give you such a power. To

return to my initial question, was Glasgow City Council correct to say that a change to UK legislation was required?

Stewart Stevenson: I do not believe that that is necessary.

David McLetchie: I am not asking you whether you believe that it is necessary as a matter of policy. I am asking you whether it is necessary, as a matter of law, in order to implement the alternative approach that has been highlighted to us. Glasgow City Council said that that would require a change to UK legislation. Is that correct?

Stewart Stevenson: My advice is that we can pass primary legislation in the terms that have been set out by the sponsoring member. In accepting the bill, the Presiding Officer has concluded that it is not ultra vires.

David McLetchie: I am not asking about that, minister; I am asking about the existing reserved UK legislation—the alternative approach. I am not suggesting that Ms Baillie's bill is incompetent. Of course it is not; that is why it has been accepted. What I am saying is that, according to the evidence that we have been given by Glasgow City Council, an alternative approach that would achieve the same result would be a change to the UK primary legislation that gives you the order-making power that we are talking about. Is that correct?

Stewart Stevenson: I hope that I said earlier that, of course, the Westminster Government can legislate—

David McLetchie: The Westminster Government can legislate for anything in terms of the Scotland Act 1998.

Stewart Stevenson: That is precisely the point that I am making. If you are asking whether an alternative route to the one that is before the committee is for the Westminster Government to legislate, the answer is yes—even if, politically, I might wish it to be otherwise. De facto, that is the case.

John Wilson: Good morning, minister. I have two questions, the first of which is on advisory versus enforceable parking bays. We have heard from local authorities that transforming the existing advisory on-street parking bays would be a major cost, especially in Glasgow. I have the figure of 4,500 such bays, but you gave a more exact figure for Glasgow. What planning regulations stipulate that local authorities must mark out advisory bays? Are there such planning regulations? If not, why not?

Both England and Wales have decided to review the blue badge scheme and its operation. We have received evidence that there is abuse of that scheme, and we regularly read stories in the

Evening Times and the *Edinburgh Evening News* about people who have been caught using blue badges illegally. My second question is this: has the Scottish Government—or have you, minister—considered reviewing the blue badge scheme?

Stewart Stevenson: I am aware that concerns about the operation of the blue badge scheme vary from concern about fraudulent use of the scheme to concern about inconsistencies in the application of the standards for issuing blue badges. Rosie Winterton, the Minister of State for Transport in England and Wales, has initiated a consultation on the matter. We are waiting to see the results of that, as we have no particular belief at this stage that there are special circumstances. It will be useful to see what comes from the work that is being undertaken by the DfT. That will please Mr McLetchie, in view of his earlier remarks.

The Convener: The bill does not propose any changes to the blue badge scheme, but we have heard evidence that if we are to succeed in this area we will have to make abuse of the scheme socially unacceptable. While what has been described this morning as massive cheating takes place in the blue badge scheme, we will not get other people to respect disabled parking bays.

You seem to say that in Scotland there is no specific interest. Has the Scottish Government looked into misuse of the blue badge scheme here? Has there been no input to the review from a Scottish perspective? Is there any likelihood of future involvement in reviewing the blue badge scheme as applied in Scotland? For example, could you raise awareness of abuse through a public information campaign? Or do you not consider the problem in Scotland to be sufficiently serious?

Stewart Stevenson: Is there interest? Most certainly there is interest—in the effective provision of blue badges; in the effective delivery of parking places for people who properly have a blue badge; and in preventing interference from people who are misusing the scheme. All those interests have driven Rosie Winterton at the Department for Transport in England and Wales to undertake the consultation. That consultation is just starting and I have the document here. We are taking an interest in the work that the Department for Transport is doing, and we want to piggy-back on it.

The blue badge scheme is not a Scottish Government or a Scottish Parliament scheme; it is a UK scheme, originally introduced as the orange badge scheme in 1971. We are taking a close interest in the review of the scheme.

The Convener: Earlier this morning, we heard from representatives of Asda. Their evidence was

that the level of abuse in their car parks in Scotland is higher than average. Is abuse of the blue badge scheme greater here than elsewhere in the UK, or less? Have we no Scottish perspective either on the scale of the problem or on action to pursue it?

We have also heard that initiatives throughout England to ensure enforcement have had some success. Those initiatives have involved local authorities and the police. Has anything similar been considered here in Scotland? For example, have you discussed pilots, enforcement, or hot spots where abuse might be greater?

Stewart Stevenson: The previous Administration undertook a survey in 2003, which suggested that 44 per cent of designated parking bays were being used by non-blue badge holders. That has probably informed Ms Baillie's efforts to introduce her bill.

I have just been handed a document that, if I am candid, I do not think I have seen before. It is a 2007 transport research document on the subject of tackling the abuse of off-street parking places. It builds on work done in 2003.

This bill is an excellent way of dealing with the issue. I would certainly like, in the first instance, to make progress in the context of the bill.

John Wilson: I asked a two-part question earlier. The first part was about planning regulations for on-street parking, and I asked whether local authorities were required to record where they had installed on-street parking. Can the minister clarify whether local authorities have to do that or not?

Stewart Stevenson: The member uses the word "regulations", but planning comes in different forms, and planning advice notes are a primary route for local authorities. I do not think that my officials and I can give an immediate answer to the question. If the committee will permit, we will make further inquiries to see whether that requirement exists. Local authorities' practice, through planning, is to ensure that new developments have adequate parking areas and adequate provision within those areas for disabled users. Whether there is systematic recording of that is perhaps another question. I have some evidence from my constituency that such information is not available in a form that can be provided to disabled people to enable them to work out where there are disabled parking spaces. There may well be room for further improvement. However, that is informal feedback, rather than a fully reasoned piece of feedback.

12:00

The Convener: The committee was interested to hear about the review taking place in England

and Wales. There, appropriate or proportionate disabled car parking availability is being considered, which would allow for differences between hospitals and swimming pools, for instance. Is any review taking place along those lines here in Scotland, which would help planners to designate a proportionate and appropriate number of disabled car parking spaces, rather than having a flat line of 4 to 6 per cent?

Stewart Stevenson: Planning advice notes provide guidance as to the appropriate provision of disabled parking in different circumstances. We are not currently considering whether we need to change that. However, if the committee's deliberations on the bill identify a necessity for us to do that, we would of course be happy to respond.

The Convener: Am I correct in thinking that that discretion is between the levels of 4 and 6 per cent, rather than in relation to the purpose of the building to which the car park is attached? That is not a trick question—I do not understand what the current requirement is.

Stewart Stevenson: I think that you are effectively asking me a slightly more subtle question. The requirements at a supermarket might be different from those outside a school, which might be different from those outside a hospital. I accept that. We are not undertaking any work to revisit existing practice and guidance at the moment, as far as I am aware. However, if the committee, in its deliberations and as part of the peripheral work surrounding its consideration of the bill, identifies the need to do such work, the Government would find that very helpful, and it would inform any further work that is undertaken on the matter.

The Convener: You will have noticed, minister, that Jackie Baillie, who introduced the bill, is here. Now that committee members have had an opportunity to ask questions, she will ask you some questions.

Jackie Baillie: I will slightly abuse the good will of the committee by thanking the minister for his and the Government's support for the general principles of the bill, which is very welcome. I was blissfully unaware that I was helping to target the criminal fraternity through the measures in the bill.

If there was an easier way of doing this, I would have found it. Local authorities suggested using a process similar to that whereby bus clearways are designated, which does not require a traffic regulation order. However, provisions under the 2002 instrument are reserved—we will check that again, but I am certain that they are reserved. In that respect, the traffic regulation order process is a bit easier, but it costs more as a consequence of signage. Can the minister confirm that, as far as

the Scottish Government is concerned, no power to make parking orders without consultation and without signage exists? That is the situation as far as I am aware.

Stewart Stevenson: I will ask Angus MacInnes to respond.

Angus MacInnes: That is right. It is for the local authority to decide how it wants to handle disabled parking bays. They find it easier and cheaper simply to put down an advisory marking, which is not underpinned by a traffic regulation order. The authority can put either a sign or road markings in place. There is currently no mechanism to make authorities do things the other way—to make the use of the bay enforceable.

Jackie Baillie: My second question relates to the costs and the timescale for converting bays. As other members have said, there is wide variation in costs, from £119 a bay in Fife to £466 in Glasgow. The timescale ranges from two men taking 12 person years in the Highlands to two similar men doing the same job in one year for 4,500 bays in Glasgow, which I think is a number 10 times higher than the number of bays in the Highlands.

Does the minister acknowledge that there is a difference between the timescale in identifying the advisory bays—which local government knows about, given that it designated the bays and administers the blue badge scheme—and that for promoting traffic regulation orders? The bill provides for a time limit in identifying an advisory bay, but does not place a limit on the time an authority is to take in promoting an order. In so doing, it acknowledges the need for local government to have time to promote an order.

Stewart Stevenson: I am happy to acknowledge that; it is self-evidently true. I sound a cautionary note on identifying advisory bays, however. We need to remember that some of the legislation goes back a considerable period of time. Several local government reorganisations have also taken place during that time, and, in other policy areas, clear record keeping has not adequately transferred from one local authority to another. When we come to the policy area underlying the bill, I suspect that it will be found not to be free from similar simple administrative difficulties.

Although I will not try to justify the differences between Highland Council's and Glasgow City Council's view on the cost—that is for them to do—I recognise that there will be uncertainties.

Jackie Baillie: Let us look at a real, live example of an order that an authority has just put through. West Dunbartonshire Council's ability not only to identify the advisory bays in its area but to move the traffic regulation order in the space of a

year is a useful guide for other authorities. Is it fair to say that that example should be commended to other local authorities?

Stewart Stevenson: I am always happy to commend good practice to anyone else who may benefit from that commendation, convener.

Jackie Baillie: My final question is based on a question that you asked, convener. If the bill is passed at stage 1, will Government move to lay a financial resolution so that costings become a matter for Government and not the bill sponsor alone?

Stewart Stevenson: That sounds like a slightly unusual process. The member will recall that the financial memorandum is normally passed at stage 3 of a bill. I would not wish to make that commitment at this stage, but I note what she has said.

I am looking to my officials for advice on the matter, but I am getting none.

Jackie Baillie: I will pursue the matter, convener, which will also allow thinking time. When Angus MacKay was the Minister for Finance and Local Government, I recall that he indicated clearly to the Parliament that the Government would respect the wishes of the Parliament in passing a bill at stage 1, thereby agreeing to its general principles, by not using the mechanism of blocking the financial resolution, which it has responsibility for laying and moving, to scupper the bill at a later stage. I hope that that principle, which was agreed on a cross-party basis at the time, continues to be shared by this Government.

Stewart Stevenson: Clearly, I would wish to respect the will of Parliament, but I would also wish to be in a position whereby a robust set of information was made available that would form the basis of any financial resolution. I am not yet clear or persuaded that we are in that position. That leads me to say that the minister, as he properly should do, is therefore neither granting his consent for nor withholding it from the way forward that the member proposes.

I await developments that will enable us to make a judgment on whether an appropriate, defensible and defensible financial resolution emerges.

Jackie Baillie: Thank you, convener.

The Convener: I thank the minister and his team for their evidence and attendance at committee.

12:09

Meeting suspended.

12:12

On resuming—

Budget Process 2009-10

The Convener: Item 3 on the agenda is evidence for stage 1 of the budget process 2009-10. I welcome Peter McColl, policy officer for the Scottish Council for Voluntary Organisations; Stephen Maxwell, associate director of SCVO; Andrew Field, chief executive of the Scottish Federation of Housing Associations; and Dennis Robertson Sullivan, operations consultant for SFHA.

Andrew Field (Scottish Federation of Housing Associations): Thank you for inviting us to give evidence. The Scottish Federation of Housing Associations recognises that we face a challenging time in housing over the coming period. I will outline three or four key aspects of the fundamental challenge that the housing sector in Scotland faces.

The Government has the laudable aim of attempting to increase year on year the supply of affordable homes that the country produces. The Scottish Federation of Housing Associations is totally supportive of that aim. Less public subsidy per unit of home is expected at the moment. As a trade body, we have signed up to the idea that the procurement and production of publicly subsidised housing must be as efficient as possible; we have no problem with the efficiency agenda per se. Nevertheless, we believe that it will become increasingly difficult in the present climate—largely due to the cost of money that housing associations are having to try to borrow—for Government targets on housing to be met. We need to work with Government to ensure that we do what we can in the present climate.

We face two other challenges within the current climate of understandable public funds squeezing. Higher standards are expected of the sector—and rightly so. In particular, CO₂ efficiencies and energy efficiencies are laudable aims that both we and the Government seek to achieve. We also face the ever-present dilemma in our sector around achieving affordability in rents. The Government's premise for the reduction in public subsidy per unit of housing was that housing rents in the housing association sector would go up by inflation plus 1 per cent, year on year, for the next 30 years. So, we must concern ourselves with ensuring affordability. We do not want a situation in which someone has to be unemployed to get into the affordable housing sector and someone who is working but who faces a high rent is, perversely, priced out of the sector even though they need a home.

A number of balls are up in the air in our sector at the moment. We are in a testing environment, and the SFHA and our organisations want to do all that we can to ensure that the country produces the number of houses that it needs over the coming years.

12:15

The Convener: We welcome that statement, which gives us an indication of some areas that we may wish to pursue.

Rhoda Grant has apologised for the fact that she must leave at half past 12. With the committee's permission, I offer her the opportunity to ask a couple of questions.

Rhoda Grant: Thank you, convener. I am grateful for that.

I have a short question for Mr Field, whom I thank for his opening statement. I understand what you are saying. The credit crunch is having an impact on the borrowing ability of housing associations as well as that of everybody else. However, given the fact that the credit crunch is having a knock-on disbenefit to the building industry, the fact that land is getting cheaper and the fact that developers and builders are beginning to sharpen their pencils a little when they put in quotes, are we not missing a huge opportunity? If we were to increase public funding for housing associations, to get them away from having to borrow in an expensive market, we could get more houses for the public pound. We could capitalise on the present circumstances—which are not good but could have a knock-on benefit—to get more affordable housing at a better price. In that way, we would deal with our problem with affordable housing in a way that would help the economy as well as the sector.

Andrew Field: Ms Grant makes an excellent point. Several months ago, we proposed that the Government bring forward the programme of investment in affordable housing specifically to take advantage of the circumstances that you describe. We are carrying out research on that among our members at the moment. It is clear that some developers want to get rid of land, and that land is substantially cheaper than it was at this time last year. Private developers have been offering sites to housing associations throughout Scotland at rates between 40 and 50 per cent cheaper than their price last year. In one case, land was offered at 70 per cent less than its value last year. We are grateful that the Government has brought forward £100 million of the affordable housing investment programme money to help with that situation. We are very keen on housing associations and housing providers land banking

at the moment for the reasons that Rhoda Grant has outlined.

On the question of the building industry, there is potentially a perverseness in the situation. Yes, it is true that building and contractual works can be got more cheaply at the moment and in the months ahead. However, if the housing association sector is tooled up to bid, but the housing industry has contracted so much that fewer builders are around in Scotland, we may, perversely, see spiralling inflation in the industry. In other words, fewer builders may be available in Scotland at a time when more housing associations are saying that they want them to build, leading to inflation. The builders federation has warned us about that issue. We need to be delicate about how we pull and push the levers.

Ms Grant made a valid point about land. However, we are beginning to hear cases of local authorities, which are one of the main providers of affordable land for housing, not selling land because they know that the price is going down. I have heard that in three or four areas local authorities are holding on to their land, instead of releasing it. I am afraid that there are many push and pull levers.

The member made two important points. Traditionally, social housing, if I dare use the term—we do not approve of it and prefer to speak of affordable housing—has been one of the industries that have benefited from recession, for essentially the reasons that she outlined.

Rhoda Grant: I have a slightly wider question for the witnesses from SCVO. Voluntary sector organisations have expressed concern to me about the knock-on disbenefits to them of changes in local government spending. The removal of ring fencing means that they must negotiate locally to get the best deal out of councils that are tightening their belts. How do we protect services from that? How do voluntary sector organisations get full cost recovery, so that they can comply with all the regulations relating to financial stability and service delivery? Everyone is laughing—that is the \$1 million question.

Stephen Maxwell (Scottish Council for Voluntary Organisations): My colleague Peter McColl will respond to your initial question. I will then address the other issues that you raise.

Peter McColl (Scottish Council for Voluntary Organisations): Everyone is concerned about funding for the voluntary sector. It is not a good time for public sector funding in general. How we ensure the uplift of funding after the end of ring fencing is a good question. We need to find ways of doing that, as ring fencing has ended and will not return in the near future. It is difficult to know what those ways are, but it is the voluntary

sector's responsibility to communicate its successes and capacity to local authorities in order to secure funding. It is local authorities' responsibility to recognise the ability of voluntary sector organisations to deliver good value—often, much better value than other forms of expenditure—per public pound spent. The issue has repercussions for the Parliament and MSPs, who should recognise the abilities of the voluntary sector and support it in the budget process. There is no magic bullet that will guarantee that organisations retain their funding. Organisations must argue clearly for their ability to deliver services, and politicians must recognise that. Have I answered your question?

Rhoda Grant: Yes.

Stephen Maxwell: Full cost recovery is just one of a number of factors that determine how realistic public funding for the voluntary sector is. Others include the way in which councils carry out procurement and the nature of the contracts that local authorities get in, for example, social care. Full cost recovery is a key issue.

The sector was encouraged by the fact that the then Chancellor of the Exchequer and the then Scottish finance secretary both committed themselves to providing, or promoting, full cost recovery for voluntary organisations. It has been a considerable disappointment to the voluntary sector that, despite those high-level assurances, it is still the exception rather than the rule for voluntary organisations delivering contracts to local government to get back the full cost of the services that they deliver.

There was a hope that best-value processes would help to secure full cost recovery for voluntary organisations, but the way in which best value has been applied by most councils has fallen short of a clear and fair comparison of the costs of services directly to councils and the costs of services as supplied by voluntary organisations. It has also been a matter of disappointment that Audit Scotland, in auditing councils' application of the Local Government in Scotland Act 2003, has not given sufficient attention, we believe, to the way in which councils have applied or failed to apply provisions such as options appraisal and benchmarking to their purchasing of services. Had Audit Scotland taken a closer interest, that might have put more pressure on councils to apply the legislation thoroughly.

In summary, there are a number of outstanding factors on the voluntary sector's agenda in relation to the way in which organisations are funded by councils.

The Convener: Thank you for those answers.

A number of people want to ask questions about housing, so I seek the agreement of the committee

to split the discussion into two, which might be useful. We will attempt to do that, and I ask the witnesses from the voluntary sector to be patient.

Various challenges have been outlined, some of which the committee is aware of. I have some questions about the recognition of those challenges by the Scottish Government and about the bringing forward of £100 million of funding. We understand that that is an acceleration; it is not new money.

Andrew Field: No, it is not new money. It is an acceleration.

The Convener: Rather than being additional money, is it a replacement of money? I think that it was called the AHIP in the past.

Andrew Field: I thought that I had heard plenty of acronyms when I was listening to people talking about parking earlier in the meeting.

The Convener: We understand that.

Previously, before AHIP, the housing allocation budget was known as HAG, I think.

Andrew Field: No—HAG is housing association grant, which is the public subsidy that housing associations get to build homes. The affordable housing investment programme—AHIP—is the Government tranche of money that has been put aside for the building of new homes.

The Convener: Thank you. That is helpful. Was the money that was put aside previously—that is, before the £100 million was levered in—a higher or lower figure than what you expected to start the process?

Andrew Field: It was roughly what I had expected. It was an 11 per cent increase on the previous three years' programme—but that percentage figure does not take inflation into account. It works out at around 1.1 per cent of the total Scottish budget, which is pretty much comparable with previous affordable housing budgets in Scotland and with provision in England. The Scottish Federation of Housing Associations, together with COSLA, Shelter Scotland and the Chartered Institute of Housing in Scotland, argued—as you would expect us to do—for a significantly higher housing budget. We argued that 10,000 new homes per year needed to be built in the affordable rented sector over the next three years. The current budget falls short of that, but it is what I expected.

The Convener: It is as expected, but it is adequate? It is either adequate or not adequate for the challenge that we face.

12:30

Andrew Field: In my view, the budget is inadequate for the challenge. Present circumstances mean that more people who should be able to access rented accommodation will not be able to. Over the past few years, many people have moved into ownership; in the coming years, the same type of people, on the same type of income, will need affordable rented housing. We therefore need a larger affordable rented housing programme. The present programme will result in around 6,000 or 6,500 units becoming available for rent across Scotland each year.

The Convener: In this first year, how much of the £100 million do you expect to be released? Some have suggested that it will be £20 million.

Andrew Field: I understand that the Government has brought forward £30 million to put into this year's programme and £70 million to put into next year's programme.

The Convener: From information that we have received, there will be an increase in the overall money available next year, but then the figure will dip again.

Andrew Field: Yes.

The Convener: How will that inconsistency in the level of funding, over a short period of time, help to meet the challenge? We have a 15-year programme—or is it to 2015?

Andrew Field: Are you referring to the 2012 homeless target?

The Convener: The longer term.

Andrew Field: The longer-term governmental aim is to build around 25,000 homes overall across all tenures in Scotland.

The Convener: There is a slightly accelerated programme this year, an uplift next year, and then we go back down in the third year. Is that the way to proceed in a longer programme to meet the challenges in the provision of housing?

Andrew Field: In my experience, the affordable housing investment programme tends to pan out: if there is an underspend in one year, there will be a carry-through into the next year. I understand the rationale behind the Government's thinking in constructing the programme in that way. At the same time as having a programme for affordable housing, the Government is considering the way in which the money that is given to housing associations to develop new housing can be distributed more efficiently. I understand why there is a peak next year.

This year will take care of itself. Because of development work, a house-building programme takes about a year to put together. We are quite

happy with what is coming on stream this year, but I am a bit concerned about next year. The dips and peaks do not necessarily reflect either demand or what the supply should therefore be. In an affordable housing investment programme, the trick is to build the houses you need where they are needed and when they are needed. Peaks and troughs in the programme do not necessarily reflect that.

The Convener: The peaks and troughs would not affect the sustainability of the programme.

Andrew Field: No.

Alasdair Allan: You have spoken about three-year housing budgets and the element of what might be called front loading in this year's budget and next year's budget. What about capacity issues? Will the industry be able to build houses over the next year or two, when there will be a high level of expenditure?

Andrew Field: I have concerns about the capacity of the industry, because fewer builders might be in business in future. As I suggested earlier, that might—perversely—mean inflation in the construction industry. The availability of Government money to build homes next year is substantial enough to keep a number of companies in business for a period of time. I therefore hope that construction companies will not go out of business in the coming year and will still be around next year to control that inflation.

The trickier job for us next year will be land. If local authorities, in particular, decide—for laudable and understandable reasons from their perspective—not to make their banks of land available for affordable housing because of the current low price of land, it will be more difficult for the sector and for all of us who are involved in housing to build the number of homes that the programme allows for.

Alasdair Allan: You mention the sale of land. Is there a tension that we must all try to overcome between the duties of local authorities under best value to maximise their assets and the will of local authorities to release land for affordable housing? How can that circle be squared?

Andrew Field: It is an extremely complex situation. I used to work in local government, so I can give you a direct example. The housing department of the local authority in which I worked developed an affordable housing policy that allowed for 20-odd per cent of any homes that were built to be for affordable rent. That department negotiated along those lines with our education department for the sale of land, in line with our affordable housing policy. However, because of its own budgetary needs, the education department was unable to release its land at the price at which the housing department

needed it to be released. It is a difficult circle to square.

Local authorities are not obligated to realise the maximum value of their land, but it is understandable that the guy whose job is to balance the education department budget every year almost has to ensure that any land that is sold realises its maximum value. There are conflicts within local authorities around the release of land for affordable housing. Therefore, we have suggested that, within the overall national analysis of how many houses the country needs through the strategic housing frameworks under which local government and national Government operate, there must be an understanding that local authorities will not be punished for releasing land for affordable housing.

Jim Tolson: The convener and deputy convener have touched on parts of the question that I wanted to ask. You mentioned two key factors—land availability and the availability of skilled labour—in your ability to meet the peak demand for affordable housing that has come with the extra £100 million that the Government is bringing forward. Do you believe that, to meet that demand, there will be more purchasing of privately built houses that the builders have not managed to sell? The concern was raised with the committee recently that the quality of such buildings may not be as high as the quality of buildings that are constructed in the housing association sector. For example, they may not fully meet the Scottish housing quality standard, as designated for 2015. Can you comment on the availability of land and labour and the quality of the build in relation to meeting the peak that the Government has created by bringing forward £100 million in the budget?

Andrew Field: Certainly. The Scottish housing quality standard—the legal minimum standard to which a house for affordable rent should be built and maintained—is actually a very low standard. There is nothing magical about it; it is okay but nothing special. Housing associations have tended to build to a standard that is higher than present building regulations demand. We build to a standard that is known as housing for variable needs. For example, the spaces in a housing association property tend to be larger than those in properties that are built in the private sector.

We recently met the private developers trade organisation, Homes for Scotland, and agreed that we want to do our bit to ensure that builders, developers and their staff do not go out of business. However, we are not advising our members to purchase homes that are not of the quality to which you allude. If a home is of the right quality and standard, in the right place and at the right price, we will buy it.

Our members are regularly approached by the big builders who have a lot of unsold stock that they want to sell to us, and there is a lot of pressure because there is a lot of demand for housing association properties, anyway. We have a people demand on one side, and a potentially quite large supply of housing on the other. Our members are being careful about what they buy off the shelf. I am thankful for that. If a new property is of poor quality, why should we buy it and put it into the affordable rented sector?

David McLetchie: You suggested that the acceleration in the affordable housing investment programme gives housing associations an opportunity to build up a land bank, given the depressed price of land. Does the profile of the budget make it more difficult to turn land into homes? You might have much more land to build on, but unless the budget is reprofiled you will not secure the capital in later years to enable you to put up houses. Is that correct?

Andrew Field: It is partly correct. It is right to suggest that housing associations might find themselves holding land that might—I repeat “might”—not be turned into homes in the current three-year programme.

Much will depend on factors that are outwith everyone's control, which affect the ease with which housing associations can access private finance. We negotiated with Government on and accept the new housing association grant regime under which we are working, which is designed to try to ensure that more homes are built for less public subsidy. However, if housing associations find it increasingly difficult to access the amount of private finance that they used to access, at the rates that they used to secure and at the speed at which they used to access money, they will hold on to land without building on it for a good long time. However, that land would not be built on even if it was owned by someone else.

David McLetchie: How long does it take to turn land into homes in a housing association development? If you buy land as a result of the acceleration of the AHIP and want to build 70 or 80 units, how long does it take to secure the overall funding package and planning permission, so that bulldozers can enter the site and houses can be built?

Andrew Field: It takes about three years—about the span of the AHIP.

David McLetchie: Do you mean that it is three years from the acquisition of the land to when the bulldozers move in and foundations are laid?

Andrew Field: No, it is three years until we can hand over keys. There is a three-year process from land acquisition to build end.

David McLetchie: So it takes about two years before construction starts and about a year to construct—or that kind of timescale.

Andrew Field: Yes.

David McLetchie: Is there a view on how much of the accelerated funding of £100 million might be used to build up a land bank and how much might be used to buy houses that have already been built—the unsold inventory of off-the-shelf houses that you talked about?

Andrew Field: Government has not yet intimated to us what split it would like there to be. I am sure that number crunchers at Victoria Quay are working on the proportions. The key word is flexibility, which we urge the Government to allow us. Our sector should not buy poor-quality housing that is not necessarily in accessible places just for the sake of buying houses. We are urging associations to negotiate hard with companies who want to sell units and to ensure that what they buy is of a satisfactory standard. I do not want to hazard a guess at the proportion of the money that will be spent on buying houses off the shelf; I would rather that we were far more flexible about how we use the finance.

12:45

David McLetchie: On certain estates or developments, that kind of acquisition would give you an opportunity to create a mix of housing tenures—owner-occupiers, private buy-to-lets and tenants in housing association affordable housing units—that people often regard as desirable. People often complain about the segregation of housing tenures. Are you saying that you want to use the opportunity to create such mixed-tenure developments, which are generally regarded as socially desirable?

Andrew Field: Absolutely, yes.

John Wilson: Good afternoon. My question follows on from David McLetchie's line of questioning on the £100 million that is being brought forward.

I have done a rough calculation and, although my arithmetic might be wrong, if the average price of an off-the-shelf property, as the Government describes it, is £100,000—I know that that is not the average house price—we would get 1,000 extra units if that is what you spent the £100 million on.

You raised the issue of land supply and said that local authorities and education departments, for example, are holding on to their land in the hope that they will get a better price, whereas private land bankers are trying to offload land. You gave the example of someone offering land at 70 per cent less than the valuation price.

I am interested in the SFHA's opinion on the best use of the £100 million. Should we put it to use on new-build estates where developers cannot get rid of units, as David McLetchie suggested? Should we use it to create a land bank? Should we use it to develop? I am thinking of your caveat about the quality standards that housing associations apply to new build.

Andrew Field: Let me answer the question by first trying to explain my comments, which may have been perceived as contradictory. The situation itself is contradictory. There is evidence that some private developers are making land available at much cheaper prices than we have seen thus far. There is also an increasing amount of evidence that big land holders such as local authorities and the church are stepping back and saying, "Should we hold on to this land? Do we have the financial ability to do that? Can we just shore things up, put walls around it and wait out the next 10 years?" The picture is indeed contradictory.

In its submission to the Government, the SFHA expressed the view that any money that is brought forward on a programme—however much we are talking about—should be dedicated to the acquisition of both land and units, maximising efficiencies for the public purse.

Land is by far the most expensive element of building a house. It is a big plus for us to get land at the price that we need to get it at. At the same time, we have to judge on its merits the purchase at the right price of homes that big developers and builders cannot sell.

I stress the importance in all of this of being flexible in local decision making, which is a term that I have already used. It is extremely important that local authorities and housing associations in different parts of Scotland are exactly that. Without a shadow of a doubt, the situation in relation to the availability of land and/or homes will be different in different local authority areas. The price of land and/or of homes will also vary. Local decision making is very important in all of this.

John Wilson: That leads nicely on to my follow-up question, which is about the differences that exist. I understand that SFHA members throughout the country have stated that the circumstances are different in the large inner-city areas. For instance, Glasgow City Council has disposed of a lot of its stock and made land available to build on, which is good for the housing associations if they get that land at the right price. However, those circumstances do not apply in the rural areas, where there are greater pressures on affordable rented housing and local authorities have little spare land to sell. There might be an opportunity, if we grab it, to address some of the affordable housing issues in rural areas if land can

be purchased at the correct price. Do you agree with that?

Andrew Field: I agree entirely. I point out that £40 million of the £100 million is to come from local authorities. A couple of weeks ago, I met members of the local authority representative body—COSLA—which has made it clear that the £40 million comes with negotiations in which it hopes to be involved. The local authorities are being asked for £40 million, so it is understandable that they want to have their say about how it should be spent.

John Wilson: You referred to the distinction between the affordable rented sector and the social rented sector. I am aware that the SFHA is trying to get round that distinction and that some people in the private sector are happy with the term "affordable rented housing" because they claim to be moving into that market and competing with housing associations in it. Does the SFHA have any comment on the increase in the Government's budget provision for private homeowner grants for improvements? Are there opportunities for housing associations to intervene or participate in the distribution of those grants or the provision of services that are available through them?

Andrew Field: We certainly hope so. The housing system in Scotland is evolving, and we encourage housing associations to look beyond merely providing bricks and mortar because running a good housing system is about managing the local area—it is about how clean the area is and how well it is policed, for example.

Many housing associations in Scotland already take that approach. For example, some are moving into providing factoring services, which we strongly encourage. Our sector is highly regulated, and we believe that we will inevitably provide a better standard of management in the private rented sector because we have many years of experience and have managed some difficult tenancies. I suspect that housing associations will increasingly get involved in such areas in the years ahead.

We have no problem with competition from the private sector in rented accommodation; we welcome it. In our view, competition is healthy.

Bob Doris: We have talked about the £100 million, which is not new but front-loaded money. We have also discussed how COSLA's share of the money will be negotiated and how the Scottish Government will provide it—what share will be available in 2008-09 and what will be available in 2009-10. Is it a good thing that the Scottish Government has front loaded that money? Does it help your sector?

Andrew Field: Unequivocally, yes.

Bob Doris: So everything else is about managing and implementing a good decision that has already been made.

Andrew Field: Yes.

Bob Doris: My understanding is that the £100 million was provided to pump some liquidity into the sector and provide some cash when, as you said, there was an opportunity to get land at a knock-down rate or procure off-the-shelf units from private developers. However, another benefit was mentioned. The construction industry is currently contracting and you said that, although that might allow you to negotiate better deals with the industry in the short term, if it contracts too much there will be far fewer construction firms and the industry could get inflationary. To compound that, you might have difficulty in the medium term in approaching private investors and banks for cash, because the credit crunch means that they are far less likely to lend to you or to lend at a preferential or decent rate. Is that a fair summary?

Andrew Field: Yes.

Bob Doris: I promise that I am building up to a reason for saying that.

Jim Tolson: Thank goodness.

Bob Doris: Trust me—we are getting there. The Scottish Parliament has a fixed income, whereas the UK Government has been able to pump billions upon billions of pounds into the international and UK banking systems. Does the UK Government have the perfect opportunity to consider seriously pumping liquidity—hard cash—into the Scottish affordable housing sector? If so, how might it wish to do that? I told members that I was going somewhere.

Andrew Field: You appreciate that we are a trade body and that we are not party political, so I will try to make my response as sensitive as possible. We and our counterparts in England—the National Housing Federation—have called for an injection of finance into the housing system in England and Scotland. The time for that is not just right but sensible. People who could obtain a mortgage two years ago, or even one year ago, can no longer do so. Some people would struggle to obtain a mortgage under a shared-equity scheme. More people need affordable housing for rent than was calculated two or three years ago, so we need more homes in that sector.

We need flexibility in our system—we need a housing system whereby a person can move into a rented housing association property and, when their financial circumstances change and/or the international financial circumstances change and they want to buy a property, they can buy from the housing association. People should be able to move back and forth from mortgage to rent to part

mortgage to rent. We have long argued for such flexibility in our housing system.

I agree totally that land prices and the construction industry's situation mean that pump-priming housing money in Britain is desirable for various reasons. One of the strongest reasons—on which we have not touched—is jobs.

Bob Doris: That was a diplomatic way of saying that you would like more money. Of course, everyone would say that.

The Convener: Before Bob Doris becomes too excited, I remind him that we are discussing the Scottish budget, which sets out the Scottish Government's priorities.

Bob Doris: I had not finished. An aspect of the Scottish budget links directly to what has been said.

The Convener: If you wish to ask another question, I will allow you to do so.

Bob Doris: That is kind of you.

Andrew Field talked about the flexibility for home owners to staircase up—or down if they get into trouble with their mortgage—into a mixed-equity scheme, perhaps in partnership with a local housing association. The Scottish budget, which we are discussing today, contains a home owners support fund of £25 million. I would like more information on that. What is the role of housing associations in that?

Andrew Field: Shared equity under the home owners support fund reworks shared-equity schemes that existed in the Scottish housing system under previous Administrations. That does not necessarily offer ways for housing associations to become involved in shared-equity schemes, because everything must be repaid. Associations make nothing out of that—they are not given a grant, because the money must be repaid.

My concerns—if they can be expressed in such terms—with existing shared-equity schemes are that not enough focus is placed on them for the money that is put into them, and that housing associations do not necessarily have an incentive to become involved in them, other than because such schemes are a good thing.

We know that people's aspiration is to own—that is a fact, even although it may not be ultra desirable in every case. It is arguable that irresponsible lending has happened because so many people wanted to own their homes even although they probably should not have been allowed to because they could not really afford it. We must be cautious, but people want to own their homes and we have always been a big supporter of shared equity because of that. However, it must

be flexible and allow staircasing up and down. It would be desirable if housing associations were incentivised into using it.

13:00

Bob Doris: One of your members could be involved in assisting an owner-occupier to staircase down and would take, for example, 50 per cent of the ownership of the house. If the association provided a good service, the owner-occupier might decide that they did not want to staircase back up because they were happy with the good-quality service and relaxed with the situation. Surely that is the future of mixed-equity provision.

Andrew Field: Yes.

The Convener: You have said today that you will not receive adequate funding and that you will receive a lower public subsidy per house that is built, which will put a question mark over standards and quality. You will be forced to borrow more money on the open market, and you will face the same situation as any other mortgage pursuer. The private sector is in meltdown, builders are going out of business, and the Scottish Government has a stated ambition to see a rise from 25,000 to 35,000 houses built each year by 2015. Is that achievable under the current budget and without further action from the Scottish Government?

Andrew Field: The Government has not specified how many of the 35,000 homes should be in the affordable rented sector. It is talking about the total number of houses to be built.

The Convener: Do you agree that Barratt Homes and others have stopped building houses?

Andrew Field: Of course.

The Convener: What point are you making, in that case? What is your general view? Is the target achievable, given the circumstances in which you and the private sector have to work, and the current budget restraints as outlined today?

Andrew Field: I was trying to tease out two things: the overall ambition and the output in the affordable rented sector. I am confident that the output in the affordable rented sector can be maintained at the current inadequate level, which is about 6,500 units per year. If the question is whether we as a society can produce 35,000 homes a year while the Barratts of this world are not building, my answer would be no.

The Convener: Can you maintain your current quality standards and affordable rents on the budget that has been identified?

Andrew Field: Let us be clear. I was talking about the output that the sector currently

produces. That is about 6,500 units per year, which is an inadequate output of affordable homes. We have consistently argued as a sector—including COSLA, the Chartered Institute of Housing in Scotland and Shelter—that we need a higher output. For higher output, we have historically needed greater public investment, so I argue, and have argued, for greater public investment in housing.

I raised the affordability issue at the beginning in one of my main points. As the public sector element of a home for rent is reduced and the private finance element is increased, the negotiation between the lender and the housing association is essentially on what the rent will be. I hope that I have expressed clearly that we do not want to price people who are working out of affordable housing for rent. The affordability issue is arguably not so relevant to people who are on housing benefit, because housing benefit tends to take care of the situation, but it is very important to those who pay out of their own wallets.

The Convener: What action does the Scottish Government need to take, either by addressing specific issues or increasing the budget?

Andrew Field: The Scottish Government needs to accelerate the amount of money that is put into house building in Scotland, for all the reasons that we have talked about.

The Convener: How much is needed?

Andrew Field: The amount depends on several factors, such as how many homes the Government wants per year.

The Convener: The Government has a stated ambition to increase the number of new homes that are built each year from 25,000 to 30,000 by 2015. You have told us that the figure of 25,000 will not be met at the current rate. Just to maintain the rate of 25,000 new houses a year, how much will the Scottish Government have to invest?

Andrew Field: I absolutely do not know the answer to that because—

The Convener: The figure is certainly more than the Government is investing now.

Andrew Field: Yes—but the majority of houses that are built in Scotland are not built by public subsidy, so I cannot answer your question because I do not know what Barratt Homes—

The Convener: What about from your perspective, for the 6,000 houses that you are building?

Mr Sullivan seems anxious to comment.

Dennis Robertson Sullivan (Scottish Federation of Housing Associations): No—I just wanted to say something to my colleague.

Andrew Field: We have argued consistently that we need to build about 10,000 homes a year for rent in Scotland. We argued that before the recent election, along with the trade bodies. I keep coming back to the point about the number of forming households who in normal financial circumstances would have gone into mortgage but who will find it increasingly difficult to do that. Those households would not normally consider or be eligible for what we euphemistically call social housing. We need to provide good-quality homes for those households, for rent or flexible mortgages. We need 10,000 new homes a year in our sector in Scotland in the coming years, but we are currently producing 6,500. If the 10,000 figure was accepted, we would need a big injection of finance into the affordable housing investment programme to deliver that.

John Wilson: I want to put the issue in perspective. We are talking about the Government's budget for the next three years, but I seek confirmation from Mr Field that the SFHA and its members have argued consistently—for almost 20 years, as I understand it—for more money from successive Governments to build more houses for affordable rent. Part of the argument is that the national and international financial situation means that Barratt Homes and other house builders have decided not to proceed with building any more houses at present. Therefore, given the Scottish Government's budget and the constraints on it, we need more pump-priming by the United Kingdom Government, which has the levers and financial powers. We have seen that with the effective nationalisation of Bradford & Bingley and other actions that the UK Government has taken in the financial markets.

The SFHA argues for more money to build more houses for affordable rent. The target was set prior to the international financial crisis that is hitting Scotland and the UK. We must get that on the record. The target of 30,000 new homes a year by 2015 is a laudable target but, when it was set, we were not aware of the circumstances that were going to take the world's financial markets by storm after the crash in sub-prime lending. I just want to put it on the record that the SFHA has a laudable history of arguing for more finances to build more houses for the affordable rented sector.

Interestingly, the other issue—

The Convener: Can we get to the question? I do not think that that was a question.

John Wilson: It was a statement, convener. You politicised the issue slightly in your argument, so I am responding to your comments about the target of 30,000 new homes.

We need to go back to the standard of building. Some of the housing stock that the SFHA is

replacing was built 40 years ago and was substandard. Will the standards that SFHA is trying to apply be sustainable in the longer term, unlike those that were applied in the 1960s and early 1970s? Some of the stock that was built then has lasted less than 30 years.

Andrew Field: I hope that we do not return to the rush-and-build policies of the 1960s that saw millions of pounds of public money being invested in housing stock that had to be demolished 30 years later because it was unfit—it was of a terrible standard and of a type that people did not want to live in. I freely admit that that is a difficult circle to square. We have not come under pressure from the Government to return to such circumstances, but we would resist.

We are involved in discussions with the Government about the standard to which we should adhere. The Scottish building standards of 2007 are the legal standards and are a good starting point for us. However, I must stress again that we are not advising our housing association members to buy stock of a standard that they are not fully satisfied with.

Jim Tolson: I want to go back to the budget and follow on from the key points that Mr Field was trying to make.

Mr Field was quite right to say that the majority of the 35,000 per annum housing target would be in the private sector, and that the public sector or housing associations have no control over that. However, there is a difference between achieving 6,500 publicly built houses for rent each year, and the 10,000 houses that SHFA, Shelter Scotland and others have suggested will be needed to meet the requirements of the public sector. What increase in the budget would be required to achieve the 10,000 houses per year? The £100 million that the Government is bringing forward is part of £400 million over the next three years, but obviously more than £400 million will be required to achieve the figure of 10,000 new houses per annum. So in your sector, how much money would be required to achieve the 10,000 new houses target per year?

Andrew Field: It would be approximately a 50 per cent increase on the current programme. However, I am not naive, and ours is not a luddite trade body; that figure is based on research that was done by Professor Bramley at Heriot-Watt University. We believe that this country needs to build that number of houses, even more so in the current financial climate. We are not fantasists. That would be a phenomenal increase in a programme that, as I said at the beginning, has remained relatively constant—to within 1 per cent point—since the Scottish Administration came into being. Approximately 1 per cent of the total Scottish national budget is spent on housing.

The equation is similar in England. If it is any comfort to anyone in this room, including the SFHA, when I spoke at the European Parliament last November and mentioned that 1 per cent of the national budget is spent on housing, an MEP from Spain came up to me and said, "You get that much?"

We are realists and pragmatists, but a fundamental injection of finance into housing would be desirable, although I appreciate that it would have to come from somewhere else.

Jim Tolson: Any Government would have to take account of that point in their budget.

So, you are looking at a figure of £600 million to meet the projections that we have had. We and others who are concerned about social housing know that, over a number of years—we cannot blame any particular Government because it has happened over several years—the requirements of the social rented sector have not been met. A massive increase is therefore needed, irrespective of the good points that Mr Field made about the credit crunch and how it affects people looking for mortgages and puts greater pressure on the social rented sector. We need to look at these issues urgently in Scotland and the UK.

13:15

The Convener: Thanks for that. I do not accept that any of my questions were party political. I hope that the witnesses accept that my questions were based on scrutiny of the budget, including whether the budget is adequate to deal with current circumstances and whether the £100 million that is being accelerated—it is not additional money—is a solution to the problems that we face.

One area in which funding has been increased is of interest to me on a constituency basis. My question on it follows on from earlier questions by Bob Doris and John Wilson. Where people live and the quality of their housing are important to people, particularly in communities in my area of Greenock and Inverclyde. Being able to modernise the housing stock is important to people, too. I note that the modernising private sector housing budget is due to rise considerably, from £5.2 million in 2008 to £10.2 million next year and £25.2 million in 2010-11. Is that an appropriate increase? Can we make the best of that without reviewing schemes of assistance and the grants regime? Despite the best efforts of the Scottish Government to put in additional money, we still have people who cannot get advantage from the substantial amounts of money because of the grants system or schemes of assistance.

Andrew Field: If you do not mind, convener, I will answer that with a real example from my local

authority work. There is an argument that says that public money should not be used to subsidise a private individual's repairs or improvements to their home because those are that individual's obligation and responsibility. Something akin to a private sector grant used to be available, and whether it was used as such was at the discretion of local authorities.

When I did local authority work, our authority went through a policy change. One regime had a private sector grant, which it used largely in ex-council areas where a number of people in a block had bought under the right to buy. They were not wealthy people, and if the council was modernising a block, there is no doubt that the quality of life for its tenants was affected if in the immediate environment there was one stand-out set of rotten window frames left when the rest were all good, or one property without central heating or one badly unpainted door. Whether it is a good use of public money to pay for that person to get their home done is a bit of a philosophical question, but my local authority used to apply the private sector grant, and then stopped applying it.

What tends to happen then is that it is difficult to get major repair and improvement works done properly in a block, because an individual owner may decide not to pay or contribute—they might not be financially able to—so the improvement is not complete. It is a tricky question.

The SFHA perspective is largely that public money should not be used to subsidise a private individual's repair and improvement of their home. However, I appreciate that some sort of scheme of assistance to get works done should be introduced. I would be far more inclined to have a system whereby a person paid, but not necessarily all at once. We have seen the problem in big cities such as Glasgow, where the Glasgow Housing Association finds it difficult to get improvement jobs completed because people cannot or will not contribute to the improvement of their homes.

I believe that a scheme of assistance should not consist of free money. Our organisation believes that any system should be constructed on a loan basis. I hope that that answers your question.

The Convener: It goes part of the way to answering my question. We all face these issues. In Greenock and Inverclyde, 75 per cent of the stock of the biggest housing association is in shared ownership. There is a significant problem. Although people will benefit from the increase, there are barriers. Should we be considering all the available schemes, such as schemes of assistance, step up, step down schemes and part ownership in some of these areas? Bids could be made for the £100 million to bridge some of the gaps, allow the modernisation of a building, street or area, keep builders in business and give us a

greater pool of housing stock as a consequence. I do not know whether anyone is considering the issues as broadly as that. Do you know of any discussions that are taking place with the housing task force, for example? Are people prepared to take a more flexible approach?

Andrew Field: There is no on-going, active discussion between the Government and us about exactly what you have described, but we are encouraging such discussion with the civil service, because we need a strategic overview. We could come up with a better system if we got rid of some of the cost lines and reassessed what we are trying to achieve and how best to achieve it. A crude response to your question is that the grant is inadequate, given the number of improvement programmes by housing associations and local authorities. We have to get real: that level of grant will never cover Scotland and ensure that every home that is in a planned improvement area will benefit.

There are no monotenure estates any more; they are all multitenure now. Tenants of private landlords, housing associations and councils and owner-occupiers all live happily—and sometimes not so happily—side by side. Therefore, we have to develop a housing funding system that can bridge all those gaps and draw things together. Largely, we are not in favour of giving out state money to individuals for free.

John Wilson: I want to ask a question about improvement grants being given out for free. I accept what you are saying on behalf of your membership. However, the SFHA has to accept that there are individuals, such as pensioners or the unemployed who, for some reason, decided to buy. Some members of the SFHA have argued long and hard for increases in improvement grants to allow whole-scheme improvements to be carried out. I understand that in tenement blocks in Glasgow, Inverclyde and elsewhere in Scotland, an improvement programme can be held up for years because an individual owner-occupier does not have the resources to pay. I accept that if they have the resources, they should pay, but if people cannot pay, because they are pensioners or unemployed, surely the SFHA agrees that they should receive grants for the greater good of the community, so that the community is not penalised because the SFHA says that they should not get grants.

Andrew Field: I was hoping that my answer conveyed the fact that I appreciate how complex the issue is. I have gained experience of exactly how complex it is in the course of my work. We need to look at the issue nationally. I hear what you are saying. I have had experience of programmes not being delivered because of the situation that you describe—I have the greatest

sympathy for individuals in that situation. However, were that need to be met throughout Scotland, the programme would have to be much larger, which is why we need to look at it more constructively. The programme has been applied quite inconsistently from local authority area to local authority area.

The Convener: Thank you for your evidence.

I thank the other half of the panel for their patience. We will learn from the experience of having witnesses from two distinct areas on the same panel, so that we do not inconvenience people and have them here for longer than is necessary.

I will kick off questions to the SCVO. You referred earlier to concerns about the end of ring fencing and its impact on the voluntary sector. Would you like to share any specific examples with us?

Peter McColl: We could give you a number of specific examples. However, I am reluctant to do so because it will distract attention from the broader picture. The fact is that public finance has become tight not just because of the removal of ring fencing; it has become tight, too, for organisations funded by NHS boards, where ring fencing has been retained.

Unfortunately, because of their relationship with local authorities, our members are often reluctant to go public about cases in which the removal of ring fencing has resulted in problems and I do not want to put them into an awkward position by outing them this afternoon.

The Convener: I accept that you have reservations. You know of many examples, but you are not prepared to discuss them with the committee.

Peter McColl: I would be reluctant to do so without the say-so of the organisations.

The Convener: You mentioned community planning partnerships, which involve health boards and other agencies. In private session, we have shared our experiences and have been concerned about the democratic accountability of those bodies; indeed, I have been unsure myself about which body I should make representations to on a valued project or work in the area. How has the situation impacted on the voluntary groups that you represent?

Stephen Maxwell: The community planning process has always been problematic for the voluntary sector and local communities. One problem for the sector is its decentralised nature, and it is always difficult to ensure that the voluntary sector representative in a community planning partnership is truly accountable to what is a very dispersed constituency. In fact, those

difficulties have been around since the community planning process was introduced. Some of the major voluntary sector priorities in a community planning area might not even be tied into the local council for voluntary services, which is the voluntary sector's umbrella body. That complicates the task of representing the voluntary sector in community planning partnerships.

Of course, like most local communities, the voluntary sector is also disadvantaged by not having any money to bring to the table. Almost all the other community planning partners have budgets that they can use to influence the partnership's decisions.

Practice also differs enormously from partnership to partnership. In some areas, the voluntary sector feels reasonably represented, whereas in others the sector has more or less given up on the process and is simply going through the motions of taking part. However, the hope in some areas is that the voluntary sector might have a second chance if single outcome agreements are dealt with separately and are not absorbed into the community planning process. The first round of single outcome agreements was tightly constrained by time; however, many councils that admitted that they did not enough time for proper consultation have promised more expansive consultation in the second round.

The voluntary sector is certainly keen to promote its fullest possible participation in single outcome agreements and to monitor both the way in which they are drawn up and their content. To what extent, for example, is the sector's contribution identified in the council's adopted targets? I imagine that it will be up to each council to decide whether its single outcome agreement will simply be a general statement of targets, like a community plan, or whether it will more closely approximate operational service plans.

We are not far enough on in the single outcome agreement process to be clear how councils will fall on that question.

13:30

The Convener: But you are hopeful that, in the second round, you will have an influence on the process. The expectation is that you will have an influence on it, but do you have the capacity to do so in 32 local authority areas? Will your attempting to have an influence result in a diversion of scarce resources?

Stephen Maxwell: You asked whether we are hopeful. Hope springs eternal in the voluntary sector, so in that sense we are hopeful. Do we expect to have an influence? I guess that most voluntary organisations are politely sceptical about how much influence they will have on future single

outcome agreements, just as many of them are sceptical about their influence on the community planning process.

Capacity varies enormously. In some areas, CVSs have significant capacity to participate, and do participate, in the community planning process. I hope that they will be able to transfer that capacity to the single outcome agreement process. In other areas, I am afraid that the experience is less encouraging. There is a degree of Government funding to encourage CVSs in that role, in which they are also supported by the SCVO. As I have said, some councils are more supportive than others. The picture is mixed.

The Convener: I am sure that, as a committee, we would be interested in your ideas about how you could have an influence. We have discussed the issue with colleagues in COSLA, and we would be happy to receive further information and ideas that we could feed into the process, as well as questions that we could ask ministers or COSLA people when they come along.

Jim Tolson: Good afternoon, gentlemen. I want to return to the budget issues. I appreciate your reluctance to give any specific details about the organisations that you represent, and I will not ask you to do that. However, it is important that we examine the effects of the Scottish Government's budget in general terms and local authorities' ability to deliver for voluntary organisations. I am interested to find out about the effects of ring fencing, which I know has been taken away from some areas and retained in others. It would be interesting and helpful for the committee to understand the effects across the sector as a whole.

Peter McColl: If ring fencing is to be replaced by single outcome agreements that dictate how local authorities interact with other community planning partners in delivering services for communities, the first question that arises is what single outcome agreements are meant to be. I have read a number of them—and retained my sanity—and I note that some are operational plans, while others are quite high-level strategic documents. They need to be either one or the other; they cannot be a mixture of both. To be frank, I think that most of them are a bit of a mixture. In fact, some of them look as if they have been produced by councils turning upside down every document that they have, shaking out the figures and slapping them together in one document. That is an unsatisfactory approach to guaranteeing voluntary sector funding.

The single outcome agreements—all of which have been read by me or my colleagues—make hardly any mention of the voluntary sector, of the use of the voluntary sector in service delivery or of the voluntary sector as an essential part of

communities. That is extremely concerning for me and for the sector. We do not want the process just to include the voluntary sector; we want it to write the voluntary sector into single outcome agreements so that we are assured that the voluntary sector will be involved in delivery and will be valued in and of itself as a result. Those are the important issues around the end of ring fencing. Once we crack the nut of single outcome agreements, the funding may well flow. Does that answer your question?

Jim Tolson: A little bit, yes. It is also important to consider that, in such cases, not only the Government but the voluntary sector should play a part. As an umbrella organisation, the SCVO is in a strong position to influence that. I know many segments of the voluntary sector find it difficult at the moment, as they are having to cut staff or cut the service that they provide because of the squeeze on their budgets. However, I also have a lot of evidence that some organisations that have several branches in an area are not willing to work together on their administration and finance functions, far less on their service delivery. Will you comment on the possible need for some organisations within your remit to compromise on that?

Stephen Maxwell: I will amplify the point on ring fencing a little bit. At the moment, we do not have any hard, reliable information about the net impact that the new regime for central Government funding of local government is having on the sector, although we have plenty of anecdotal information from organisations that have lost funding or had it reduced. The SCVO is aware of widespread concern about loss of funding in the sector. There is always some churning of funding—as some organisations lose funding, others may get it—but we do not know what the net impact is and will not really have reliable information on it for another year, perhaps. That slightly handicaps our ability to give confident answers on that aspect.

What was the second part of your question?

Jim Tolson: It was about organisations working together more closely to reduce their overheads.

Stephen Maxwell: In many parts of the voluntary sector, organisations are thinking about rationalising or, in some cases, merging. Voluntary organisations have always considered merging and rationalising functions as far as they can. In a number of cities and towns, such as Inverness, Edinburgh and Glasgow, voluntary organisations have come together to create voluntary sector centres and to share some common services. That process is likely to continue.

In the end, the funders of the voluntary sector are in a position to influence rationalisation within

the sector. If they decide to fund only X voluntary organisations but there are X plus 10 in their area, that becomes an incentive for rationalisation. The voluntary sector representative bodies can do little to rationalise except through promoting the use of shared services. The umbrella organisations have no power to impose rationalisation on their memberships.

Peter McColl: There are examples not only of rationalisation in cost savings but of excellent practice. I am sure that you are aware of the Fife referral service. Different welfare providers in Fife have come together to refer appropriate cases on to one another. For instance, somebody who needs debt advice may have gambling problems and that individual can be referred on to other services. That reduces the cost not only for the service provider but for society as a whole and provides a level of service across the public and voluntary sectors that we have not had before. The voluntary sector and the people in the public sector who have been useful in facilitating the service must be commended for that.

Bob Doris: As a slight aside, I mention that one of my first meetings as an MSP was with a voluntary sector organisation in north Glasgow. I walked into the room expecting one or two members of the organisation, but about 50 of them had turned up. The meeting was all about funding and was a bit of a baptism of fire. One of the questions that I asked them was whether the uncertainty about funding—they were waiting to find out what was coming online—was new and, to a man and woman, they said, “No, it’s aye been this way.”

To substantiate that, I have a briefing from Glasgow Council for the Voluntary Sector for a debate on funding in April. It said:

“The funding situation is not a newly emerging problem. The sector has been facing a range of different issues about funding over the past 10 years; these have grown year on year for most organisations as their grant funding income from public agencies has not remotely kept pace with expenditure, and as public agencies have moved towards procurement and contracting relationships with the sector.”

I do not see that as a party-political—

The Convener: I am waiting for a question, Mr Doris.

Bob Doris: Sometimes it is vital to give the context. I looked at briefing papers that showed a 37 per cent increase in direct funding from the Government to the voluntary sector, yet you are right that funding to different voluntary sector organisations is being cut locally. I see that as coming directly from community planning partnerships. Do you think that community planning partnerships have acted appropriately in how they have phased in decisions to cut out the voluntary sector?

Stephen Maxwell: We are not saying that community planning partnerships cut out the voluntary sector, and certainly not that they did so deliberately. That is not the case. Community planning partnerships are complex, multisectoral, highly bureaucratic, public sector-led processes. We have already referred to the difficulty in ensuring that the voluntary sector and, in many places, communities are adequately represented in those structures.

It is true that there has been an expansion of funding for the voluntary sector. The biggest expansion of funding over the past 10 years has been in the field of social care and care in the community in particular. Voluntary organisations now provide possibly £800 million of care in the community services. However, there is evidence that many of the voluntary organisations that deliver those services continue to be underfunded—they do not get the full cost of the services that they are contracted to deliver. That is not a new problem; it has persisted since the beginning of care in the community.

The problem is becoming increasingly critical from the point of view of the purchasers because the demand for social care services continues to rise when resources at UK and Scottish levels are particularly tight. That means that such organisations have to stretch their resources ever more thinly among their providers, whether in the council or in the voluntary sector.

The new factor that the current economic situation introduces is that those voluntary organisations that have subsidised the public services that they provide through their charitable income are going to be less able to do that as the economic crisis squeezes that income. That is already happening. Traditional fundraising events are being cancelled because commercial sponsors for some of the higher-end charity fundraising events, which depend on businesspeople putting money into the sector, are no longer willing to contribute. We anticipate that, as has happened in previous periods of economic stagnation, the sector's charitable income will take a significant hit within 12 to 18 months of the onset of the crisis. As the public sector spreads its funding more thinly and the voluntary sector is less able to raise charitable income, the funding position of voluntary organisations becomes more and more perilous, which is a genuine worry for the sector over the next two to three years.

Peter McColl: We have grave concern about the transparency of some community planning decisions—for example, the decision of a community planning partnership to exclude community engagement from the criteria for spending fairer Scotland fund moneys. That decision was its to make, but the problem is that

nobody is clear why it made that decision and there has been no explanation. The decision has resulted in, for example, most of the funding being removed from a community newspaper that goes to an area that is so poor that it does not receive freesheets from any of the mainstream publishers. One of the main tools for communicating with the community was removed for no apparent reason, or none that seems to have been explained, other than that there were other priorities.

13:45

Bob Doris: I have a very brief question on consultation, negotiation and being involved at grass-roots policy-making level. The voluntary sector feels that there is not enough of that, but the single outcome agreements could provide an opportunity for consultation with community planning partnerships or local authorities. At what point in the process should organisations such as the SCVO become involved? Should it be before local authorities go to the Government to engage in negotiation? By that point, they already have an agenda and bullet points. Should there be pre-negotiations and discussions involving organisations such as the SCVO before it gets to the stage of the Cabinet Secretary for Finance and Sustainable Growth, John Swinney, speaking to Stephen Purcell?

Peter McColl: I do not necessarily think that the SCVO should be engaged; it should be the sector. I agree that engagement must come earlier in the process. I was concerned that only 15 of the 32 single outcome agreements came out of an agreement with the community planning partners, which means that in only 15 cases is there a built-in engagement with the voluntary sector as one of the community planning partners.

That will change this year because, as I understand it, the single outcome agreements will be signed off by community planning partnerships, so that should be guaranteed. I would be very disappointed if we were to be back here this time next year having found that the single outcome agreements had not been through that process.

It is not just about engagement; it is also about writing the engagement into the single outcome agreement. Many of the local umbrella bodies, or CVSs, have been engaged in the process, but there is no textual evidence of that in the single outcome agreement. That is very important in order to demonstrate the commitment of the local authorities and the community planning partners to the voluntary sector.

Bob Doris: Will those discussions be happening just now?

Peter McColl: Yes, as soon as the single outcome agreement process begins.

The Convener: There is one wee problem there. You are in the same position as some councillors who were not party to the agreements. For example, what you say would not resolve the issue of the criteria for the fairer Scotland money. In my experience, many of the people who are being denied funds to which they have become accustomed—although not necessarily entitled—do not meet the criteria for the fairer Scotland fund, which was worked out between COSLA, and the Scottish Government, and signed off by the council leaders. How do you get to a position where you have some say on the importance of the criteria of the fairer Scotland fund? You can be involved in the single outcome agreement discussions, but that does not change the rules of the game of the finance that flows to voluntary projects.

Stephen Maxwell: There is a feeling in the voluntary sector that, because of the timing constraints and so on in the first round of negotiations over the current three-year budget, there was inadequate opportunity for the interests of the voluntary sector and local communities to be fully presented to councils and the Government. The process was squeezed by the timing constraints, and the sector and many local communities feel that that continues to be a problem. It must be dealt with at the national level through the SCVO, Local People Leading and other bodies that represent the broader local community interest. It must also be dealt with in the community planning or single outcome agreement area.

In many areas, the voluntary sector has well-established structures through which it can make representations if it has the time and opportunity to do so.

John Wilson: Have the CVSs or the SCVO calculated the total value of the voluntary sector? I know that calculations have been done of the contribution of volunteer time to the voluntary sector, but has any calculation been done to compare the amount of money that comes from local authority funding with the additional moneys that come from elsewhere? A couple of weeks ago, I mentioned the Big Lottery Fund and the Calouste Gulbenkian Foundation, which plough a lot of money into the voluntary sector. I speak from almost 20 years' experience in the sector. It would be interesting to know about the pressures on the voluntary sector, not just from potential cuts in local government funding, but from potential cuts in funding from other sources. I know that some local authority funding levers in additional moneys that benefit the voluntary sector. Do the witnesses have any comment on that?

Stephen Maxwell: Local councils are one of the biggest single sources of funding for the voluntary

sector. Much of the money goes into social care, but other moneys go to other voluntary sector activity. Central Government is a significant provider. The money from trusts and grant-giving foundations is a much smaller proportion of the overall sum. I do not have the exact figures, but I think that the proportion of the sector's total income that comes from grant-giving foundations is down at 5 or 6 per cent. We anticipate that the money that is available to grant-giving foundations will suffer in the next two or three years as a result of the loss of value of their investments and the likely hit on their income. Direct charitable donations from the public are a significant source of funding—the figure is about 13 or 14 per cent of the overall amount. We can provide more exact figures on that. Income from business and the corporate sector is a small part. Direct cash donations from business are below 1 per cent of the sector's total income and sponsorship makes up 2 to 4 per cent of the total turnover of the sector.

About 40 per cent of the Scottish voluntary sector's total income comes from one part or other of the public sector. In the delivery of public services, which is where community planning partnerships and single outcome agreements come into play, that element of funding is initially the most critical. The terms on which the funding becomes available have a decisive impact on what the sector can do. If the sector is consistently underfunded for the services that it delivers, it needs to subsidise the public services through other sources of income. If it cannot do that, the quality of the public service that it can deliver begins to suffer. For example, in the social care sector, the annual rate of staff turnover is between 15 and 20 per cent because, on the whole, it can afford only to pay lower wages than those in the public sector and it offers less attractive pensions and other conditions of employment.

Therefore, the failure to pay full cost recovery disables the voluntary sector in offering the quality of service that it feels it has the potential to deliver. It also means that it is less able to contribute to the Government's targets on the provision of high-quality public services. That is why the sector has been so insistent over the years that it should be paid the full cost of the services that it delivers. One new factor is that, for the first time in the history of the sector, we now have a fairer funding agreement with the trade unions, through the Scottish Trades Union Congress and the public service unions. The unions that have public sector and voluntary sector membership have committed to support the voluntary sector's campaign for public funding at a level that will allow voluntary organisations that deliver public services to pay their front-line staff—those who deliver personal care and other services to members of the

public—at an equal rate as their colleagues in the public sector receive, and with comparable conditions of employment.

That does not mean that there would be no competition between voluntary organisations and the public sector. Although front-line costs are a large part of the overall costs of voluntary organisations that deliver public services, they are not the only costs. There would still be competition on quality of service, and on cost of service in the parts of the cost structure that are not attributable to front-line service costs.

Peter McColl: We have a statistical report on the sector that we can send to the committee if it is interested. That contains all the information that you have asked for.

The Convener: That is helpful.

As there are no other questions, I thank both the witnesses for their time and patience. We will try to learn from the experience, so that people, including committee members, are not here for longer than necessary. I now bring the public part of the meeting to a close.

13:56

Meeting continued in private until 14:11.

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