

LOCAL GOVERNMENT COMMITTEE

Tuesday 21 September 1999
(*Afternoon*)

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LOCAL GOVERNMENT COMMITTEE

4th Meeting

CONVENER :

*Trish Godman (West Renfrew shire) (Lab)

COMMITTEE MEMBERS :

*Colin Campbell (West of Scotland) (SNP)

*Mr Kenneth Gibson (Glasgow) (SNP)

*Donald Gorrie (Central Scotland) (LD)

*Mr Keith Harding (Mid Scotland and Fife) (Con)

*Dr Sylvia Jackson (Stirling) (Lab)

*Johann Lamont (Glasgow Pollok) (Lab)

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

*Bristow Muldoon (Livingston) (Lab)

*Mr Gil Paterson (Central Scotland) (SNP)

*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

*attended

WITNESSES :

Mr Jack McConnell (Minister for Finance)

Bill Howat (Development Department, Scottish Executive)

John Irving (Development Department, Scottish Executive)

COMMITTEE CLERK:

Eugene Windsor

ASSISTANT CLERK

Craig Harper

Scottish Parliament

Local Government Committee

Tuesday 21 September 1999

(Afternoon)

[THE CONVENER *opened the meeting at 14:26*]

McIntosh Report

The Convener (Trish Godman): We now enter the formal meeting, colleagues, and I welcome the public who have slipped in quietly at the back.

We are going through the McIntosh report recommendations and trying to group them. At the end of the informal meeting, we finished at recommendation 7. Members will have a copy of the decision—recommendation 7 was the last one on which we decided.

Mr Kenneth Gibson (Glasgow) (SNP): I am sure that we had a discussion on 8.

The Convener: Recommendations 7 and 8 are together.

Mr Gibson: We had the committee report on it—I think that we should go straight to 9.

The Convener: Okay, we will go straight to recommendation 9, which deals with the electoral system. It is the bit that the Kerley committee will examine. How do we see it in relation to our programme?

Mr Keith Harding (Mid Scotland and Fife) (Con): I think that this one should be pulled back for further discussion. The Conservatives believe that unless we can maintain the link between the councillor and his or her ward, we should not change the system. It would be a good idea to wait until we have had the presentations that are scheduled for early October on the various systems that are available before we make a decision.

Mr Gibson: Perhaps I could offer a clarification. We are discussing which recommendations are contentious and which are not. The electoral system is a contentious issue, but there may be aspects of it that are less so.

For example, “in 2002” in

“with a view to legislation which should take effect in time to govern the next council elections in 2002”,

which is the recommendation for a review on proportional representation, is a bone of contention.

I hope that if we decide that there should be a

change in the system, it will indeed be implemented in time for the next elections. Does everyone on the committee agree with that—rather than wait six or eight years? In her letter to the committee, Wendy clarified that we

“were bound by the Partnership agreement to make immediate progress on electoral reform.”

It would be daft if, after we had rushed into this, some people thought that we should not implement any of the recommendations in time for the next elections.

Bristow Muldoon (Livingston) (Lab): It is largely a question of practicality. It depends on what sort of electoral system we eventually agree on. If there was a substantial difference about, say, boundaries within a local authority area, there would probably be a need for some form of boundary review. That can take a considerable time and be quite contentious in each area.

We cannot necessarily come to a conclusion about it, Kenny, until we know where we are going with the form of the local government election system.

Mr Gibson: I cannot agree with that. If we agree on the system by next summer, we could have two or possibly three years to implement it. The boundary changes for the recent elections in May were implemented in a much shorter time. It was done in conjunction with the Scottish parliamentary elections. A boundary review would be seen as a stalling exercise: the system is broadly agreed on.

Bristow or I might not accept it, but we may achieve consensus in the Parliament. It would be ludicrous for us to have to wait another eight years before implementing this reform.

Mr Gil Paterson (Central Scotland) (SNP): I understand Bristow's point, but Kenny is saying that if we reach a conclusion there is no need to hold back. That principle would apply everywhere. It would mean our moving on instead of putting the issue on the back burner, as we have done in the past.

14:30

Mr Michael McMahon (Hamilton North and Bellshill) (Lab): It is always a good principle not to put the cart before the horse. We might not be able to say for certain that the electoral system that we choose can be implemented within Kenny's preferred time scale. I would like to have a new system in place for the next election, but saying that we have decided to work towards that before we have examined the electoral system and taken consultation—so that we know what the implications of any change are—is to put the cart before the horse. There may be practical

difficulties in the way of changing the electoral system in time for the next elections. We should take our time and make the right decision.

Johann Lamont (Glasgow Pollok) (Lab): Time scales should not be an issue when dealing with matters of principle. Any change should be implemented in the time it takes to implement it effectively, ensuring that all factors have been considered.

I suspect that I am not in a majority on the committee on this question—perhaps all the contention lies with me. However, I would not want us to spin this issue out—if I kept talking for long enough, we would not get a decision by the next election. If a consensus is building around a particular electoral system and it is feasible to put it in place, that should happen. However, it is unnecessary and unhelpful to have a preset timetable for that. We should agree the principle before implementing it in the most effective way.

I want to return to some points that were made previously. I suggest that the electorate's ability to hold a member to account—in other words, to be able to remove them—should be added to the criteria set out in the bullet points on page 5 of the report. There is a reference to the councillor-ward link, but a councillor may hold his or her position by virtue of being on a party list. That means that if the council is doing one thing and the local community wants it to do something else, the member can disregard the community because, under the proportional system, it is not the community but the party that decides. Accountability, along with proportionality, is one of several issues that have to be balanced.

It has never been clear to me what is meant by fair provision for independents. Independents should have representation that reflects their share of the electorate.

We spoke before about the importance of the coherence of electoral systems. We must make a pragmatic judgment about whether different electoral systems operating at each level of government will enhance or damage our democracy. We may decide that that enhances and enriches democracy, but equally we may decide that it increases disaffection.

We must recognise that this is the real world and that we cannot simply pick the system that we like best or that is in our party's best interests. We want an electoral system that will enhance local democracy and make it more likely that people will participate. We need to study the impact of having different electoral systems—even if they are all proportional—for European, Westminster, Scottish and local elections. That is not to say that we should not change the electoral system, but the issue needs to be addressed with the people who

are promoting particular systems.

Donald Gorrie (Central Scotland) (LD): With regard to the time scale, I would have thought that we could reasonably say that any change should be introduced without avoidable delay. We all know that the system can delay things endlessly. I understood that Kenny was saying that we were strongly against that, and that there should be vigorous progress.

I agree that it would be a mistake to tie ourselves to an arbitrary date. If we choose a system that involves lots of boundary provisions—which the system that I have suggested will not—we should allow time for the boundaries to be properly drawn. Last time, the boundaries were not properly drawn. In my view, the boundary commissioners for Scotland should all be put in jail.

With regard to Johann's remarks, I am not sure where we stand. I presume that the Kerley committee has been told to go ahead on these five bullet points. Some of the points that Johann made were quite fair, but a single transferable vote gives the voter more power to throw people out and a fair deal for independents. This is not the time to argue such points specifically; my point is that I am not quite sure where we stand if we adopt criteria that differ from what the Executive and the McIntosh commission have given the Kerley committee.

The Convener: You are right: that is not in the bullet points and there was no such comment by McIntosh. On the other hand, we are examining the report and, if we agree, part of a recommendation could be that we hold members to account in a way that is over and above the system of proportional representation.

Colin Campbell (West of Scotland) (SNP): We will be accountable at the next general election. That might not come soon enough for some of the electorate, but it will always be hanging over us in one way or another.

There is a great deal of meat in this issue, and we could talk about it for a long time. We have the five bullet points, and it would be interesting to know if there is anything there that is contentious in principle. Michael said that he wants to keep the councillor-ward link. I do not think that anyone disputes that in any way, shape or form, although there might be other ways of approaching the issue, Johann. Does anyone have a problem with proportionality?

Johann Lamont: The debate is really about competing principles and priorities. We all have the election ahead of us—you are quite right. However, as Kenny said in an earlier meeting, the people who determine whether a list candidate stays or goes are those in that member's own

party. In any electoral system, a poor turnout and electoral disinterest put more power in the hands of local parties. Even in a hugely active democratic process, a list system, if there is one, is determined by the parties and it is far more difficult to shift somebody.

I am not saying that that is the principle by which, above all else, every electoral system must stand or fall. Nor would I say that proportionality is the one principle by which we must stand or fall. When we are discussing electoral systems, as well as the principles we must examine the practicalities of how it pans out and what is delivered locally. No one would say that it is a matter of right and wrong: this is good, this is bad. There will be strengths and weaknesses in every system, and I would be interested to hear more of the argument about what the single transferable vote can do.

Colin Campbell: When I was a councillor, my party put me on the list and the people had no choice about whether they would get me or somebody else as their council candidate. There is a similarity between that and the position of people on the list. With the best will in the world, a candidate could be in a list and not get elected because the people in a particular area did not want that candidate. I understand what Johann is getting at, but I do not altogether agree.

Mr Gibson: Before a candidate even gets on to a list, they must get past the party's interview panel. We can argue over the democracy of that. The Dennis Canavan situation is the one with which people are most familiar.

We are not supposed to be rewriting the McIntosh report; we are supposed to be considering what areas we can agree on. The McIntosh commission took more than 700 submissions. Having considered those submissions, it seemed to think that there was no reason why a new system could not be in place by 2002.

If we want to achieve anything, we should aim for that date. The referendum on the Scottish Parliament was held in September 1997 and we managed to hold elections under a completely new system 20 months later. We are talking here about elections that are 32 or possibly 44 months away. I see no reason why we cannot implement the changes by the necessary date.

Bristow Muldoon: Should we deal with that now or should we wait until we have the Kerley report, which will include evidence from a range of sources and consider all the questions about the review of local government and what sort of electoral system should be brought in?

The Kerley report will contain the views of all the political parties and it will undoubtedly express

views on all the criteria set by the McIntosh report. It will also produce recommendations and estimates on how long the introduction of a new system should take.

We could discuss those issues, but much of that discussion could be wasted depending on what the Kerley report says. We will not have to wait very long to see the report. I think that everybody agrees that once we have agreed our position, we should implement it as soon as possible. We need not necessarily set ourselves arbitrary targets at this stage.

I accept Kenny's point about the changes for the Scottish Parliament elections, but the changes made to that system did not involve boundary changes. The Westminster boundaries were used for constituency members and the European constituencies were used for list members. That was straightforward. There could be a need for significant boundary changes depending on the system adopted for elections to local government.

Whatever we say now is just warm words until we have seen what the Kerley report recommends and what arguments have been put forward from the various corners.

Mr Gibson: I must apologise—I was just looking for agreement with a view to legislation being introduced for the next elections. I was not trying to open a debate on the subject. I would say, though, that the boundary changes required for the previous local elections were made in less than three years.

Bristow Muldoon: As Donald says, those changes were problematic.

Dr Sylvia Jackson (Stirling) (Lab): We are in danger of making heavy weather of this exercise. In referring to what I said previously—is distinguishing between contentious and semi-contentious the best way to proceed?

As Keith mentioned—and as I have said—we must go briefly through the main points if we are going to gather information on a subject such as this. We can then move on, knowing that we will return to certain issues for fuller discussion.

The Convener: I agree, although I was enjoying the discussion. We were beginning to get our teeth into something and I did not particularly want to stop members.

Another reason for doing things that way is that Eugene, I and others must produce a programme to present to members of who and when we visit and of who visits us. That programme is quite loose, but it allows us to go through all the recommendations, and that is not a bad thing.

I accept the points that members have made. This is not the right place for that detailed

discussion. Donald's point is favourable—that we should implement recommendations without avoidable delay when we have all the information. We will listen to other groups.

I take it, then, that we can say that recommendations 9 and 10 are contentious.

I suggest that recommendation 11 in annex A is also contentious. Some electoral systems are included there, but we have added to those the first-past-the-post system. We should add any others that members can think of. We will invite people to come and speak on that subject, unless members feel that it will not be contentious.

Colin Campbell: I think that there will be considerable discussion on that point.

The Convener: There will.

Recommendation 12 says:

“The legislation governing the Local Government Boundary Commission should be reviewed with a view to providing greater flexibility in determining ward boundaries.”

We have said more or less the same thing today.

Bristow Muldoon: I do not think that the proposal is controversial; most people will agree with it.

The Convener: Do Keith and Sylvia agree?

14:45

Mr Harding: I agree—I do not think that a review of the legislation would be contentious.

Colin Campbell: Although the boundaries themselves might be contentious, the principle that they should fit communities better is not.

Johann Lamont: It would be contentious—although not necessarily bad—to start to redraw authority boundaries.

Mr Gibson: I do not think that that proposal is on the agenda.

The Convener: So we agree that there should be a review.

Dr Jackson: Before we move on, I want to return to the previous meeting's minute on the report's third recommendation. We seem to be discussing more and more the Scottish Executive's relationship to the committee. At the previous meeting, we made the point that any agreement should include the Local Government Committee as well as the Scottish ministers. However, that point was not included in the minute.

The Convener: This is just an outline. The preceding recommendation about the standing joint conference was made in principle and we

thought that we should be on that as well.

Dr Jackson: I am just alluding to the minute.

The Convener: We will put that point back on the minute.

The 13th recommendation concerns the conduct of council business.

Committee members are agreed on that.

If everyone turns the page, do they find that they have recommendation 28 instead of 14?

Mr Gibson: No, because we photocopied the missing page.

The Convener: Very smart. For all of us?

Mr Gibson: No. We thought it was a conspiracy against us, because Colin had a copy by Gil and I didnae.

The Convener: The 14th recommendation says:

“Councils should give particular consideration to formalising the political leadership as an executive, but should also be able to consider other options.”

Mr Gibson: We were not happy with that proposal at the start, but the fact that other options can be considered opens the issue. We think that local authorities should decide on what is best for them, so we do not have a problem with the proposal.

Johann Lamont: It would have been helpful if the proposal said that. As worded, the proposal demonstrates a clear preference for one kind of organisation, even though other options can be considered. The Local Government Committee could point out that the committee is not as prescriptive as that. Local authorities should be able to make their own decisions if they can justify that a certain organisation is best for them, that it works and that it is transparent.

Donald Gorrie: I took the proposal as being non-prescriptive, although McIntosh expresses a preference in the report. I am not unhappy with the recommendation, as long as councils are not heavily leant on to do things to which they are averse.

The Convener: This is not a particularly contentious issue. However, when Neil McIntosh comes before us again, we can clarify what was meant by the recommendation and by paragraphs 106 to 110 of his report.

The 15th recommendation says:

“We do not consider that it is necessary at present to legislate to permit delegation to a single councillor nor direct election of a council leader; but we consider that the latter option should be kept in view, in light of developments which may take place elsewhere in Great Britain”.

Bristow Muldoon: There was a consensus among the people who gave evidence to McIntosh

that there should not be directly elected council leaders. I support that view. Broader-based election is a very healthy concept and should continue. Although I agree with the first half of the proposal, I am not so sure that I want to keep the option open.

Mr Gibson: We discussed that at party level, and we were unanimously opposed to the idea of directly elected provosts. The only person I know who is really keen on the idea is Frank McAveety—I am sure that that was the case on Glasgow City Council when we discussed the matter there. I see no reason why we cannot keep the matter in view as there will be directly elected mayors in England. We do not have a problem with number 15 as it is worded here.

The Convener: Does anyone have a problem?

Mr Harding: We support the recommendation, because it was one of our manifesto commitments that where people want directly elected provosts they should be allowed to pursue that course. So there is someone else, apart from Frank, who supports the idea.

The Convener: Do not tell him that.

Mr Gibson: No one at the Convention of Scottish Local Authorities meeting where it was discussed—apart from Frank—advocated it, that is for sure.

The Convener: We move on to recommendation 16, which reads:

“The political parties should review their advice to local parties on the application of the party whip to council business, so as to ensure that it is not applied inappropriately or indiscriminately. Councils should incorporate in their standing orders rules to the effect that where whipping is applied in council business it should be declared at the commencement of the relevant discussions and minuted for public information and record.”

All the ex-councillors say no. [*Laughter.*]

Mr Gibson: We do not disagree with the sentiment.

Colin Campbell: It is unenforceable.

Mr Gibson: We agree with the philosophy behind it, but you could say, “There is no whip” and then, coincidentally, all the members of one party could vote the same way. There is a difficulty there.

Johann Lamont: Depending on the electoral system, this issue might be important for the freedom of local members to represent their communities and the ability of local communities to put pressure on their representative. I am not so naive as to think that there can be a system without whipping—a political party requires that—but there needs to be a space for councillors who represent communities that are so small that it is

possible to be accountable at that level.

If there is sensitivity about how the whip is applied and parties are encouraged to discuss openly how they manage their business, that will be a good thing for the public interest. Local members will have the space to respond to local people and, perhaps, some of the cynicism that arises when a whipped representative has been lobbied but cannot do anything will be dispelled. Being in favour of the recommendation in principle is about right; recognising and managing it is more complex. Nevertheless it is useful to have that kind of discussion.

Bristow Muldoon: All parties could learn not to apply whipped votes as often as they do. Many local government issues are not necessarily matters of contention between the parties. Each party could reflect on that. Declaring the application of a whip is not a bad idea: it would give the public an idea whether a councillor is voting a particular way because of a party political decision or a personal decision. That would add to a community's information by which to judge the performance of their elected representatives and whether they reflect the views of that community.

The recommendation is correct. I recognise what has been said about the principle being in the gift of the political parties to deliver, but the parties should take these messages on board. There is undoubtedly a lot of cynicism about the way in which local authorities take decisions. If we are to build up their reputation, this recommendation is a good step forward.

Donald Gorrie: You cannot legislate for what people do in private. I am sure that we all have our own anecdotes. I remember one occasion when a gentleman in another party seconded a motion. When he went to the loo some colleagues went with him, and when he came back he voted against the motion that he had seconded. [*Laughter.*]

You cannot honestly legislate for that. You can, however, minute the occasions on which whipping occurs, as it says in the second sentence. Also, it would help if all party groups' standing orders were public documents. That would give some protection to the sort of councillor that Johann was talking about who is fighting for his or her local people. It could give such a councillor some support in standing up to any over-enthusiastic whips in their party.

Mr Paterson: A lot of people here are talking like old party hacks—

Bristow Muldoon: In the nicest possible way.

Mr Paterson: In the nicest possible way, of course.

Some of us who have a few years behind us

know that whipping in local government is a fairly new phenomenon relative to 30 years ago. In different parts of Scotland whipping was not the norm; it was abnormal. I do not see why we cannot produce directives to make the situation more transparent. I have been a councillor—there are one or two other former councillors around this table—and woe betide you if you go against the party whip. What I like about the suggestion about minuting when whipping occurs is that the public would have the opportunity to question the party leader and the councillor. On such occasions, councillors may be voting against the wishes of the community or of the whole council.

Mr McMahon: As someone who does not come from a local government background, I always used to assume that there was a whipping system in place. If one assumes that, one's judgment is based on that assumption. We are talking about moving from the status quo to something else, which might cause confusion. It is obvious that there is a whipping system in local government when party organisations are at work. Is the recommendation going to be as effective as people would like? How decisions are arrived at is fairly clear at the moment. Another system might cause confusion and people would have to have access to more information than they do at present. How can that information be guaranteed?

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Just anecdotally, I come from a council and have some years of experience in which whipping was unknown and impractical; trying to get any decisions through the Highland Council was like herding cats. That poses questions about democracy and the role of officials, which are issues the committee may want to consider.

I have one underlying concern that I want to flag up at this stage. The bullet points give indications to local authorities, and whether or not we agree to the recommendations they will go through. Who is the watchdog? We give these indications, but who is going to look at authority X and authority Y and say, "They're not doing what we recommended about whipping or elected areas"? You will recall that the Local Government etc (Scotland) Act 1994 said that there will be a scheme of decentralisation within the 32 authorities in Scotland. Who has ever looked at that scheme and what it does in different authorities? I just caution at this stage—I know that it is an overarching point but we need to bear it in mind. I do not want to use the word police because that gives entirely the wrong message, but who reviews it? Who goes back to see what is happening?

Dr Jackson: Following on from Jamie's point, while there are procedures that one would want to see being used, many of the bullet points here

relate to flexibility. It is important to distinguish between those two things. We said at an earlier meeting that we would try to examine authorities with best practice, which should include ensuring enough flexibility to meet particular needs, such as size and geographical area.

On whipping, while openness and transparency are important, the other big issue is consensus, which can lead to further discussion that would allow us to hear different points of view. Taking whipping away may mean more agreement. The whole idea behind McIntosh is to move towards a more consensual approach. Perhaps Gil can tell us whether he found that there was more discussion and agreement when there was no whipping.

15:00

Mr Paterson: Before I was elected, I was used to independents, although most councillors attached themselves to a political party. Everyone on the borough council, as it was then, worked for the community, not as a political force. What is invidious in the present system—Michael alluded to this—is not strictly the whipping, because some form of whipping will always take place, but the part played by the Executive's policy and resources behind doors, which has a knock-on effect on back-bench council group members. That is downward pressure from the people running the council on to ordinary councillors. Whipping becomes unbearable when it leaves no room for ward members to be flexible.

Johann Lamont: We must remember that political parties arose out of a recognition that independent people of good will do not necessarily deliver the change that is wanted. Over time, many things have been run by independents. However, they did not necessarily promote the interests of the people whom I, for example, would want to support.

The fact that there are issues about whipping does not mean that we are arguing that political parties should not operate inside local government, which is somehow nicer, more consensual and safer than other aspects of political life. In a lot of cases, local government is a lot harder, because people are making difficult decisions that have a direct impact on people's lives.

I have made the case for people being more relaxed about how whipping operates on individual issues. However, it is legitimate for the electorate to have a general expectation that the person whom they elect, who purports to be part of a political party, will pursue the political programme of that party. If there is no whipping, people could use the party ticket. We do not know what people

will do once elected. Everybody could be done a disservice. That is the other side of the argument.

It is incumbent on groups within the political process to ensure, as was pointed out earlier, that individual members of a party have the freedom to participate in decisions. The only gain from being in a political party should not be that members are whipped, but that they are involved in the political decisions that define what the whip will be. The politics of the situation need to be opened up.

On monitoring, we said early on that we did not want the Scottish Parliament to operate as some kind of police force or judge of local government. We are setting up structures for debate and dialogue between layers of government. The hope is that bodies will share the role of monitoring what individual local authorities do, through a joint covenant, a standing committee or another forum. We do not want to end up in a position where one sits in judgment of the other. The responsibility must be shared.

Mr Gibson: Johann's point, which follows on from what Jamie said, is important. We must emphasise that there is partnership between the Parliament and local government. This is not a case of "Big Brother is watching you".

As Sylvia said, best practice is important. When I was in Glasgow, if there were 18 items on the agenda, we would probably agree with the administration on 16 or 17 of them and would only argue over one. There is probably a lot more consensus in councils than the public realise. If there are strategic issues to debate, a meeting may last two hours, but at other times there is broad consensus and agreement can be reached within a few minutes.

Whipping is important, because we do not want a situation such as they have in America, where everyone effectively represents their area rather than their party. They have a lot of pork-barrel politics, as it is called. That is why what Johann said is important. At the same time, we do not want the farcical situation that arises when a school faces closure and the local councillor abstains on the vote while everyone else votes for the closure. Then, when the next school comes up for consideration, the person who has abstained on his own school closure votes for that closure while the local councillor abstains. That makes the system ridiculous. We are just looking for a correct balance.

The Convener: I am happy to hear a more detailed discussion, but that is the sort of matter that we will have to examine when we visit councils, because best value is involved and questions will arise on how individual councils conduct such matters.

For example, on the regional council and on

Glasgow City Council, my concern was about an executive which met, made a decision and was then tied to that vote. We never knew whether an executive of 17 had voted 9:8; we did not receive that information. That situation can be difficult if you are unsure about the matter or feel that you do not have enough information. There are issues around that that can perhaps be examined.

On Jamie's question about who is the watchdog, Johann is right. The covenant, the joint conference and the leadership forum are involved, over and above the Convention of Scottish Local Authorities, which should really be looking at the matter as well. There are also the formal positions of bodies such as the Accounts Commission. Again, people do not want to feel that all those groups are watching their performance.

Many such questions will arise once we start to visit councils or when council officials come to our meetings and we hear how they conduct their business in terms of whipping. Recommendation 16 is difficult because political parties take their own positions on it. I do not think that it will be terribly contentious, but we will probably want a bit more information and debate about how councils deal with the matter.

Does anyone have comments on recommendation 17? I do not need to read it out, because members all have a copy, thanks to Craig Harper. Members of the press do not have a copy, but they look as if they do not care.

Mr Gibson: I certainly do not have any disagreement with it, which is what we are supposed to be talking about. It recommends

"organising the business so that a wider cross-section of the community could realistically consider taking on the responsibilities of council membership"

and that is very important. If you ask 100 members of the public what the council does, you get 100 different answers and, probably, very few of them are right because there is an education problem. There is no reason why someone should not visit a school for an hour, once a year, to talk about what the council, or the Scottish Parliament, does. Civic education does not have to be time-consuming. Such visits could try to generate interest and let people know about what they are expected to vote for for the rest of their lives and about the organisation that gathers in their council tax and so on.

Colin Campbell: With regard to

"taking on the responsibilities of council membership"

and altering the set-up so that a wider cross-section of people can become involved, we have to accept that some people are prepared to make financial sacrifices while others are not. It would be quite helpful if council meetings took place at a

time of day that allowed people to do a bit of their job and then attend the meeting.

The council that I came from held all its meetings during the day, so unless people were retired, self-employed or paid by a very understanding employer, they could not be councillors. The council's physical organisation discounts large numbers of people. The counter to that was that evening meetings would be difficult for the officials, but time off in lieu, or flexitime, is a possible solution. If we want more people to become involved with the councils, we have to be a little less prescriptive.

Bristow Muldoon: The solution to that problem does not lie solely in the way that councils organise their business. The problem should be dealt with by giving people greater rights to be elected councillors. Moving the meetings to the evening is not necessarily the answer, because that would solve problems for some people and create problems for others.

Some sort of basic civic rights should be included in legislation to enable people to take part by being councillors. By and large, such rights have been eroded during recent years. In the past, people were more able to take up such roles, but gradually the role of the councillor became more demanding and the number of organisations that would allow people to become councillors became smaller all the time. We need to examine the whole question and not just put the onus on the council to hold its meetings at a time that allows people also to keep a job.

Mr McMahon: I do not think that recommendations 17, 18 and 19 can be taken in isolation; they are all interconnected. Best practice may be in place regarding the timing of meetings, but if the level of remuneration to councillors means that professionals are not attracted to the posts because they would be financially disadvantaged, the exercise is wasted. A job description must include indications of the time that must be committed to doing the job of a councillor effectively. If there is not a decent remuneration package accompanying that, it will not be possible to encourage people to stand for election.

Mr Stone: The backdrop to this is that the reform of local government—when we created all-purpose councillors—set the system back. The responsibilities of councillors, whether district or regional, doubled as a result.

Michael is right to say that those three points are interrelated. When I changed from being a district councillor to being a unitary councillor in the Highland region, I had a tremendous amount of responsibility. I also had a big area to cover. We had almost to become latter-day medieval princes

in that we ruled a chunk of land that was so big that decisions were often delegated to the councillor.

The poor pay that went with that resulted in the general public becoming even more discouraged from entering local politics. Single mums, people whose employers are not helpful about employees standing for council, sole traders and shopkeepers are discouraged.

I have seen blokes with welding torches on oil-rig construction yards whose employers paid lip service to supporting those employees who wished to stand for election to the council. However, they could not stand for election because there was no flexibility in timing of meetings, which is vital.

I have heard officials say that they would not attend meetings in evenings and that that would be out of order, but flexitime is the right approach.

Colin sent out a strong message about that. The longer that people are discouraged from standing for local government, the more a basic part of local democracy will be undermined.

Donald Gorrie: I accept the excellent point that recommendations 17, 18 and 19 be taken together.

If, as I hope, the pay and conditions package indicates that it is possible to become a full-time councillor and to receive due remuneration for that, that it is also possible to be extremely worth while as a part-time councillor, it will be necessary to produce two job descriptions. There would be one for full-time councillors so that they could deliver that for which the public is paying, and there would also be a description that would explain what is expected of part-time councillors.

Johann Lamont: As a member of the Scottish Parliament I hesitate to sit in judgment on anyone's ability to be flexible and to participate. We have high ideals about the Parliament being family-friendly, but I am not sure if that is being delivered, as a result of the pressure to be seen to be committed and hard-working. Perhaps that is a personal view, but I think it is an area that should be explored.

15:15

A clear tension is now developing over what we want locally. There is a drive towards a kind of professionalism and huge responsibilities in some of the jobs that we are asking some of our council people to do. We are asking them to make immense decisions that have a huge impact on people's lives. If they are to be a match for, and able to work with, the officials, they must be briefed and given huge amounts of time.

That is only one side: the job descriptions and pressures. On the other side, there should be an opportunity for people who are working to participate in local government, partly because they bring a different view from that of professional politicians. One of the strengths of a professional politician is that they have a lot of time in which to address what they think is important. They do not necessarily have a nodding acquaintance with what the rest of the world feels, however. If someone is working and acting as a councillor, that feeds and strengthens the decision-making process. The difficulty arises when folk are working and are trying to manage that as well. I should here declare an interest, as my husband is a councillor.

One way in which we could deal with that problem would be to have meetings at night, although that would go against any family-friendly conditions that we might want to promote. There is no easy answer. I have often heard councillors say that they have organised a meeting for half-past 11, at which time people cannot participate. Equally, if meetings are during the day, others are excluded and that important voluntary aspect of being a councillor is denied. That is something that we might want to explore further with councillors.

We might also consider whether councillors have experienced a drive, locally, towards people being forced to give up that kind of work full time, and whether measures have been taken to include people who are holding down full-time jobs at the same time.

The Convener: Yes. We are dealing with the three recommendations together—fair enough. However, we have more questions to ask, and we need more information. Within those three areas there are specific comments to be made.

All councils should produce a job description for members. I agree with Donald that there should be a full-time job description and a part-time one. That may also link to the next recommendation. It says:

“Remuneration for councillors should in future be subject to independent review.”

People who work full time would get a different salary from that of those who work part time. We agree with that, in principle. That kind of thing will come up again in discussions with councillors. There is a lot of talent out there that councils could use, but those people cannot participate because of work commitments or because, as Jamie said, the times of meetings are wrong. We will come back to that, and will get more information about it when we visit councils.

Let us move on. Recommendation 20 states that

“Scottish ministers and COSLA should jointly address the issue of the provision and resourcing of future

arrangements for member training and personal development”.

I take it that that means councillors. Does anybody have any objection to councillors being trained?

Mr Gibson: It is like any other job: people should undergo an element of training. I hope that political parties do that before the elections; we certainly do. Such training should be flexible, as it is not always easy for people to travel around the country for it. Most training might have to be in-house or brought in from outside, especially as there might be specialised training. Such training should include some of the things that other councils do, so that councillors are not focused only on how things are managed in their own authority.

The Convener: Recommendation 21 suggests that

“COSLA should draw up a mutual protocol of understanding, governing the relationship between elected members and officers.”

Do members have any problem with that?

Mr Stone: I am now going to elaborate my point about independent councils in which there is no whipping. The danger of not having whipping is that over-mighty officials can end up steering through policies and procedures that are official-driven rather than member-driven. The formalisation of the relationship between officials and members could clear the decks and get rid of some practice that is close to the wind.

The Convener: Is everyone happy with that?

Johann Lamont: It would need to be done in conjunction with bodies representing the officials.

Mr Stone: Yes.

Johann Lamont: It does not say that.

The Convener: It needs to be said.

Recommendation 22 states:

“Subject to appropriate safeguards, employees other than the most senior and those in politically sensitive posts should be permitted to stand for election and to serve as elected members.”

It does not say “stand for election in another council”, so one can assume that it is referring to the council for which employees work. Are there any comments?

Bristow Muldoon: This is one of McIntosh's more important recommendations. The exclusion of people from standing for election to local authorities has been damaging to local government in recent years. I recognise that the director of a department should not be allowed to stand for election as a member of a political party. However, the fact that no one who works for a local authority can be elected to it prevents a huge

swathe of the population from standing. In most areas of Scotland the local authority is the biggest employer by some margin; to place thousands of people in each local authority area outside the democratic process is fundamentally wrong. We have to set a cut-off point, but it should be fairly high up in the policy-making process.

Mr Harding: Is there not a conflict of interest if an employee is working for the council for which he is standing? We do not believe that the case for a relaxation of the rules has been made.

Colin Campbell: Contention.

Mr Stone: I will ignore that red rag. Perhaps we need to add that each local authority should have a code of conduct, which would stipulate that if, for example, an employee worked for the education service, they could not serve on the education committee. I seek guidance on this—others may be able to counter the point that I have just made. Do members see where I am coming from?

Bristow Muldoon: The rules could exclude people from sitting on a committee that was setting out their pay and conditions or dealing with other matters that related to their work.

Keith said that the case for a change to the rules had not been made. He would say that, because his party is responsible for the current situation. Under the old system, people could still take part in the democratic process by standing for a district council if they were employed by the region, or vice versa. With unitary authorities that is impossible, because the majority of people live in the area covered by the authority for which they work. That is the case for reform.

Mr McMahan: This is not a direct question to Keith Harding, but one aspect of the rules should be clarified. We have just talked about partnerships in local government. Local businesspeople can deliver services on behalf of a local authority. It is possible for a local businessperson whose work is mostly for a local authority to stand for election, even though a janitor at a local school who is totally reliant on the authority for his income cannot. Why are local businesspeople allowed to make money from local authorities and stand for election, whereas local authority workers cannot?

Mr Harding: Under the existing legislation, a businessman would have to declare a financial interest, but would not be allowed to vote in the council.

The Convener: On the budget. He would be allowed to vote on other matters.

Mr McMahan: Why could not a local employee declare an interest?

Mr Harding: It would affect every part of his

working life, so he could not participate fully, could he?

The Convener: I will move on. I will ask Johann and then Gil to speak.

Johann Lamont: I also believe that this is an important issue. We sometimes concentrate on what might happen to people in the professions who might want to stand for councils but who cannot because they are employed. However, there are instances of people working for one authority and being an elected member of another. There is far clearer discrimination on the grounds of class and gender. Women are more likely to work in the public sector and in low-paid jobs. They are less likely to be able to travel to another authority to work in order to be a councillor in their locality. We should legislate against such discrimination.

We will end up excluding people from participating in local government because they happen to be in low-paid jobs and are more likely to seek work in the public sector. Their voices are as valid as any others and are of great significance to the local community.

It is not a matter of letting anybody stand. There would have to be a code of conduct. People would have to declare interests and so on. The current system discriminates and weakens the ability of local authorities to represent the broad spectrum of local opinion in a local community, even at the simple level of making it easier for women to participate in the democratic process.

Mr Paterson: It has seemed strange to me recently that one part of society is taken out of the equation, particularly in rural areas, where, to square the circle, people would need to be paid full-time wages to be a councillor. I would like to see that happen, but frankly I doubt that it will.

Discrimination on the basis that someone works for the council is a silly situation that should be rectified soon. It could be a janitor or a teacher, who might have a standing and a role to play, but who, despite being of service to the community, is excluded. Many people in professions such as teaching give so much to the community, and to discriminate against them is wrong. That must be corrected.

Donald Gorrie: The argument that teachers, social workers, cleaning ladies or janitors would somehow falsify the council's position or develop their own career at the council's expense is ludicrous. However, there has to be a bar against those in the most important or sensitive positions taking part in the council, and there should be a code of conduct.

It is far better to have these matters in the open. If it is known that councillor X is a teacher, it is

known where he or she is coming from. It is more insidious when there is gossip, when people say that so-and-so got the job as a janitor because he is friendly with such-and-such a councillor. Such a demoralising allegation of corruption could be made. If the matter is open and above board, allowances can be made for what the councillor says.

In the large rural areas, the present system removes a large percentage of the potentially politically interested group. That is extremely damaging to democracy, and we should strongly support recommendation 22.

Mr Gibson: I add my weight to what has already been said. We have discussed big rural authorities, but let us examine small rural authorities. Orkney, with a population of about 20,000, has a high proportion of people working for the council. I phoned the SNP in Orkney a year ago to ask how we were doing with the selection of candidates. I was told that we were not fielding any candidates. When I asked why not, I was told that we had 60 members, 50 of whom worked for the council. The rule excludes a colossal proportion of people who know and care about local government. It is insulting to suggest that those people would be corrupt or mismanage affairs.

15:30

Local government employs 294,000 people across Scotland. A huge pool of experience and expertise is being excluded. That is undemocratic and a breach of human rights. The situation is ludicrous and cannot be defended any longer. That is why I agree with the proposed change. We have said much about enticing people into local government. The people who are most interested in it are those who have worked for local authorities for 10 or 15 years.

The change would also stop the jiggery-pokery of teachers who sit on one council being offered jobs in a nearby authority of the same political persuasion, so that they can remain teachers. That discredits local government more than a change in the legislation would.

The Convener: Kenny is right. Many of the officials who work for local councils have an absolute commitment to public service—in some instances, greater than that of elected members.

The next section is headed, "The voice of the people". We will take recommendations 23, 24, 25 and 26 together. The final section is entitled, "What should happen next". I expect that we will finish that in time to take a five-minute comfort break, when we can stretch our legs or run round the block, as Kenny did last time. We will then reconvene to hear the Minister for Finance.

Jamie, you wanted to say something?

Mr Stone: When you are ready, convener.

The Convener: I thought that you were going to sing or something.

Mr Stone: I will if you want me to.

The Convener: No, we will have that in the break.

Recommendations 23, 24, 25 and 26 deal with community councils. Recommendation 23 states:

"The system of community councils should be retained and should be regarded as a valuable asset to the democratic life of Scotland."

Recommendation 24 states that there should be a review of community councils and suggests that local councils should provide them with different types of support. Are there any comments?

Mr McMahon: I welcome the call for a review, because I am not convinced that community councils should be given such a prominent role. They can be valuable where they are effective, but in all too many cases they are neither effective nor representative. The relationship with local government of community councils, local voluntary groups and tenants and residents associations must be examined in its entirety. I am not convinced that community councils are the best way and should take the lead. I am not saying that that is not the case, but it is important that they should be reviewed.

Colin Campbell: I came into politics through parish-pump politics and community councils. When I was first elected to a community council, in Kilbarchan, we actually held a ballot—with ballot boxes—because we had managed to get sufficient nominations to need a genuine election. That set us up on a democratic footing.

There is much to be said for community councils, which make an important contribution to people's political education. What has happened to community councils over the past 20 to 25 years—since their inception—is that the amount of power available to them has diminished incredibly. As a result, people have become disheartened and walked away.

I was lobbied at a filling station before the previous election by somebody who knew who I was—even though I did not know who he was. He was a member of a community council and was upset about the fact that the amount of money that was available to it had decreased steadily over the years. The only money that the council had to spend was that which it had raised itself, which made things difficult.

Community councils are about the devolution of power and responsibility from local councils. I

know that they are not all perfect and that they are sometimes made up of the same wee cliques of activists who pop up in every organisation in an area. We know the people who are like that.

However, the best community councillors are underrated; and we should look at rectifying that throughout the country. Importantly, it would suck people into the democratic process.

Mr Stone: I agree with what Colin says—I, too, came up through community councils all those years ago. He is right to say that many examples of best practice are not recognised.

Michael rightly referred to other community groups and I accept his well-made point, but it is worth remembering that community councils are enshrined in legislation and have been—if my memory serves me correctly—since 1973.

The suggestions in the bullet points on the paper would help to underpin community councils. I would like to flag up consideration of electronic and postal voting.

There are self-perpetuating oligarchies which represent the worst practice in councils. The same bunches of people vote themselves back on to the councils each year. They often see themselves as a sort of kangaroo court, which is there periodically to hammer to a stake and burn the local unitary council member.

One way round that would be to give community councils more responsibility. Those powers should not be prescriptive but should allow the councils to buy into some sorts of service provision. I have seen examples of community councils taking over landscaping and looking after flower beds in remote rural parts of the Highlands, for example. Often that has been cost-effective and the relevant authority has given financial support.

Community councils can apply to local enterprise companies and can buy into other methods of fund-raising. Many small communities throughout Scotland have town-centre flower displays that are maintained by community councils. There are other opportunities—community councils can look after public toilets. Some of our 32 authorities have hard-pressed revenue budgets.

I take issue with what Michael McMahon said—the point of community councils is that they are, by law, the bottom level of democracy, but I have seen some imperfect examples and we should recognise that the system is by no means perfect.

Perhaps other members will not agree and will shoot at me for this, but I will test the water and say that I feel that the McIntosh report is slightly weak on whether community councils could buy into some form of service provision. No steer is given for that.

The Convener: You made an interesting point about toilets. When all the public toilets were closed in Glasgow, offering community councils the chance to manage them was not considered.

Mr Stone: It is horses for courses.

The Convener: Yes, but the idea was not considered, which would have been helpful.

Dr Jackson: I would like to follow on from what Jamie said. The paper says quite a lot about having more meaningful consultation. It mentions resources but perhaps does not go as far as it should in specific areas, although the sentiments are right.

Other forums are not mentioned. We all know about the emphasis on community councils, but there is no mention of area forums, civic assemblies or citizens juries and the roles that they could play. We need to extend our consideration to the whole civic scene if we are to hear the voice of the people.

Mr McMahon: In case members think that I was trying to come down on community councils, let me say that that is not the case. There are good community councils, and where they are effective they should be welcomed. However, there is a perception that that is not always the case.

In some areas, tenants associations, residents associations and strong voluntary groups provide the most effective way of doing things. It is not right to assume, as the McIntosh report does, that community councils are the most effective way to do things, although, as Jamie pointed out, they might be enshrined in legislation.

Legislation could be widened to put other organisations on the same footing as community councils, so that people could be represented in that way. We should not assume that community councils are the best system. I was not having a go at community councils but was emphasising the review.

Mr Stone: I accept that. Henry McLeish has done good work on the youth parliament, and I am surprised that McIntosh said nothing about it.

Johann Lamont: The role of community councils will be different in different areas, but they can play an important role. I am not convinced that they represent the lowest level of political participation: they often agitate for specific things, but they do not always pull people into the democratic process. I do not know whether McIntosh was naive, misguided or just optimistic, but I cannot see how we will engage with disaffected young people by giving them a vote in community council elections. There is an argument for them being given the vote, but I am not convinced that that would make a difference if it were only at community council level.

Perhaps the first stage in engaging with young people would be to give credibility to organisations that they have organised or to give them support in developing structures that would give them influence at local level, whether that was youth committees in local authorities or youth parliaments. They would not be brought into the political process by being bolted on to a community council structure that saw them as a problem. One of the items on the agenda of community councils is discussion of the problems that young people pose for them.

We must be imaginative and ask young people which resources and support would allow them to engage in the democratic process. Giving them a vote in community council elections seems to be a rather mechanistic solution and would not work.

Mr Gibson: I cannot think of anything that I would like less than to go to my local community council meeting.

McIntosh emphasised the fact that the role of community councils should be considered in a wider context. One of the criticisms of McIntosh in the press was that he put too much emphasis on this section of the report. However, I believe that he is trying to get us to focus on revitalising the sector.

The difficulty in Glasgow was that many community councils were allowed to plod on for years. When the council put much effort into trying to make the community councils in Glasgow more sustainable, the number dropped from 109 to 65, not because the council was unsuccessful, but because it was successful: many community councils that did not produce minutes or meet regularly were wound up. The ones that were left were given more training and support—not as much support, at least financially, as they would have liked, but it was a good first step.

McIntosh was trying to build on such a process by thinking of ways to encourage local participation, which can lead to other stages of political involvement such as joining a party or standing for election. He was not being prescriptive or suggesting that community councils were good and voluntary groups or tenants associations were less important. He was highlighting the fact that community councils are statutory bodies and that that should be taken into cognisance.

Johann Lamont: Having a connection with community councils is important, and they could play a greater role in the political process. However, we should remember that other organisations operate at local level; we should respect them, too. It is dangerous to think that there is only one way to regenerate the democratic process, as that might exclude people who are

working in non-statutory areas. That is not McIntosh's intention, but it is the danger.

I once lived in an area where there were elections to community councils, which is not necessary in many cities because of the level of participation. Theoretically, community councils can make people interested, but that is not the case in many places because people choose other methods. We can generate local community interest in a variety of ways, not just through the formal structure of the community council.

15:45

Mr Gibson: I do not disagree with the convener's comments about community councils, but it seems that other things have been missed out. I am sure that we broadly agree with many of McIntosh's comments about community councils.

The Convener: It will be interesting to engage with community councils and to ask councillors about such bodies. McIntosh has probably zoned in on the point because a legislative process is involved. At one point in my area, there were five community councils—although that figure has since dropped to two—and the thought of a 16-year-old having a say would have made the councillors faint. They dealt with building applications and if anyone asked about the people in those buildings, they said that that was nothing to do with them. They also thought that the council was a running surgery, but I soon sorted them out on that.

Community councils have great potential for involving other community groups such as tenants associations. Kenny is right to say that opening out involvement will give people the notion of doing something political, which can only be good. No doubt committee members who have not been councillors will be really interested in this subject.

Colin Campbell: They will be going to meet councillors.

The Convener: Yes, and ex-councillors will not.

Dr Jackson: The McIntosh report refers to other groups such as area forums. However, apart from saying that there should not be conflict between groups, the report does not sufficiently emphasise that the roles of those organisations should be examined. When we set up organisations, we think that good things will just come out of happy chatter. Such organisations will take a long time to evolve; what is important is the relationship between the community council and other civic forums, including the groups that Michael McMahon mentioned. There might be examples of good practice in the areas that we can examine.

The Convener: The time is now 3.45 pm and Jack McConnell is due in the committee room at

4.15 pm. It might be best to stop at 4.05 pm to stretch our legs for five minutes and think about what we will ask—or not ask—Jack.

Recommendation 27 states:

“Parliament and local authorities alike should give further study to the development of civic education”.

I do not think that that proposal is controversial.

The next section of the summary covers McIntosh's comments on how we should pursue the implementation of his proposals. He recommends that councils should be committed to the self-review process by 1 January 2000 and should have completed their reviews by the end of that year. Councils seem to have no difficulty with that proposal and are keen to sign up to the joint conference within the suggested time scale. It is up to councils to take the initiative.

What about recommendation 29?

Donald Gorrie: Will recommendation 29 be implemented by existing organisations, or will it require a new organisation?

The Convener: That is a good question.

Donald Gorrie: If a new organisation is required, can we have a say about its membership?

The Convener: On first reading, it sounds as if a new organisation will be required. The recommendation states:

“The panel should include strong representation from local government, both elected members and officers, and a strong independent element”.

Nothing like that has yet been set up.

There is a panel with local government and independent representation, but not with members and officers. Would Donald like us to find out what the Executive thinks about that? Perhaps he could ask Wendy Alexander about it.

Johann Lamont: How the panel operates is important. Everyone agrees that councils cannot say, “Ach well, we reviewed ourselves and we are great,” and leave it at that. That would not be in the spirit of the recommendations. However, there is the question of the authority of the panel, who the members are and what their agenda is. Will they believe in local authorities being allowed to do their own thing within the parameters of good practice?

The recommendation implies that the councils are sitting a test and are either validated or are not at the end of it. I hope that it will be carried out in a spirit of co-operation and with the belief that councils are capable of carrying out a self-review. The panel should be a support service rather than an examination board. I should like to know how we define “a strong independent element” rather

than somebody with a line to punt.

Mr Gibson: Perhaps we should set up an advisory panel to examine all the advisory panels.

The Convener: Do members want to pursue that or to wait until Wendy Alexander comes, when they can ask her?

Johann Lamont: You should pursue it, and if we are not satisfied with how you have pursued it, we can ask Wendy.

Colin Campbell: The recommendation states:

“a panel of advisers should be appointed, by Ministers jointly with COSLA and subject to the approval of the Parliament”.

That is interesting.

Mr Gibson: McIntosh did not know that there would be a Local Government Committee. If the commission had known, I am sure that that recommendation would have included the parliamentary Local Government Committee.

The Convener: McIntosh says at one point that he does not know whether a local government committee will be formed. He would have refined his recommendations if he had known that there would be a parliamentary Local Government Committee. Frank McAveety is coming next week, so we can ask him about the matter.

Donald Gorrie: The underlying issue is whether we are best judged by our peers or by an independent person who knows nothing about local government, as if they were from outer space, but who is wise and sensible. I choose judgment by our peers, as a good cross-section of forward-looking councillors and officials would judge their colleagues well. Somebody might know all about running airlines, but not understand local government.

The House of Commons is littered with people who are whizzos in their own policy area but have made a hash of things as politicians. If someone is used to an area where they say jump and everyone jumps, it can be a problem to come into local government.

Dr Jackson: If we liken this to the monitoring in higher education, there is always the first stage of deciding what to monitor. Johann mentioned the operational aspect. The document states that the scrutiny should be done sensitively, but that does not come across in the recommendation. One of the worst things that could happen in terms of moving forward in partnership with local government would be if the panel seemed like an external body that made its assessment in the worst kind of way.

The Convener: We will discuss the issue with Frank.

The last recommendation is that we take McIntosh as a package.

Mr Gibson: We agree with that, but it is undoubtedly contentious.

Johann Lamont: It would have saved a lot of time if we had said at the start that we had to take it all as a package or reject it.

The Convener: Would anybody like to comment on what we have just discussed, or on any other issue?

Mr Gibson: Colin, who takes longer to get to the bathroom than the rest of us, is advocating a longer interval.

The Convener: I will suspend the meeting for about 10 minutes.

15:56

Meeting suspended.

16:14

On resuming—

Evidence

The Convener: I would like to welcome Jack McConnell, the Minister for Finance, and his officials. I have spoken to committee members and have decided to allow them to ask one question each after the minister's eight to 10-minute presentation. Members may then want to pick up on an issue in supplementaries.

The Minister for Finance (Mr Jack McConnell): It is a pleasure to be here. I will try to keep my introductory comments brief to give us a good chance to have a question and answer session afterwards.

I hope that the detailed background report that members received in advance of today's meeting was helpful. With me are Bill Howat and John Irving who will be available if the questions get too complex or detailed. If it would be helpful for the committee or individual members to have more information about things that arise during the discussion, I am happy to accommodate that.

As an Executive, we want to see strong local government in Scotland. As an individual, I, too, take that view strongly. Local government finance must fit into the overall financial management of public expenditure in Scotland, but it is important that local government finance is strong, stable and that there is some consensus among local authorities on the arrangements that are in place. That is the approach that was taken by the Scottish Office after the 1997 election and we are keen to maintain it.

Partly because local government accounts for such a large proportion of public expenditure in Scotland—some 40 per cent of the assigned budget—decisions on local government funding have a wide impact on the Executive and the Parliament's services and activities. The briefing paper does not cover housing, which has always been treated separately and which is the distinctive responsibility of Wendy Alexander. However, despite the fact that the housing remit lies elsewhere, I am sure that the committee will want to examine it in the context of local government at some stage.

We are committed to modernising and reinvigorating the system of local government finance, as well as local government generally; we do not want to see the system as one where only stability is important. We do not want to be conservative in our approach to local government finance and the system that governs it.

The system of finance is in good health. Over the next three years, there will be substantial increases in funding—the first real-terms increases for a long time. The three-year planning introduced by the comprehensive spending review will be helpful for authorities and for the system as a whole. The fact that we have not abolished controls on capital and revenue spending—which were important in the public interest—but have relaxed them is good for local democracy, local government and local services.

I suspect that one of the committee's main interests will be the report of the McIntosh commission and the recommendation for an independent review of finance. It may be helpful for me to make some introductory comments about that, although I am sure that the subject will come up again in questions.

The Executive has taken the firm view that now is not the time for an independent review of local government finance for a variety of reasons, not least of which is the existence of this committee and of the Parliament. An independent review may have been appropriate in the pre-devolution days when issues relating to local authority finance would never have received the attention that they will receive in this committee, in the Parliament and in the Executive. The existence of the committee and of the Parliament gives us an opportunity to discuss local authority finance issues over the next year or so and to move forward the debate about whether there should be an independent review and whether McIntosh should ever have had the remit to consider local authority finance.

When McIntosh refers to an independent review of local authority finance, he means a review of the balance between local and central funding—not a review of the existence of the council tax, of

the total amount of money in the system, of what is being spent or of the guidelines and controls that are applied from the centre. At the moment, a review of the balance between local and central funding would be inappropriate for two reasons.

First, I reject the argument that local authorities in Scotland are not democratically accountable because they do not raise the majority of their revenue themselves. If that were the case, this Parliament would not be democratic and would have no mandate for the decisions that it makes.

Secondly, there are several ways in which the balance between central and local funding could be altered significantly. We could transfer large services such as education from the control of local government to that of central Government. I recognise that there might be some support for that in the Parliament—I have heard Mr Monteith propose it—but the Executive does not favour such a policy.

We could also reduce central Government support for local authorities and permit substantially higher increases in council tax than might otherwise be required or accepted. However, I do not think that that would be a good move at this time because it would introduce instability into the system, as well as threaten the assigned budget of the Executive and the Parliament.

There would need to be serious long-term debate before the third option—returning business rates to local control—could come back on to the agenda. This winter we face a revaluation of non-domestic rates, which will introduce instability into the system. A large number of businesses will find that their rates bills move up or down. The rate poundage in Scotland is likely to be set at a figure different from that in England, breaking the link that has existed for several years. In those circumstances, it is inappropriate even to toy with the idea of changing the system of national non-domestic rates, although I do not close off any options for the medium or long term.

Other issues to do with local authority finance—the idea of a local income tax has been mentioned—are policy matters that should be debated here rather than dealt with through an independent review.

I wanted to spend some time on that issue, but I will now discuss the reviews that are currently under way. It is important that the system remains needs-based, that it is seen to be fair, that it has the support of most local authorities, that it is stable and that the balance between central and local expenditure—particularly in the short term, when local authorities have some indication of what money they may be getting from central Government—does not change dramatically.

Reviews of the distribution system take place all the time through the distribution committee, which includes representatives of ourselves and the Convention of Scottish Local Authorities. Progress reports on those reviews are available at any time, and I hope that this committee will become a forum for regular discussion of distribution and related issues. Over the summer, we agreed that we would conduct a review of poverty and deprivation as factors in the distribution process. We are keen to agree a remit for that review with COSLA early in October and to make progress with it, so that it can influence the distribution settlement that arrived at this time next year.

We also constantly review the capital allocation system, which has changed again in the period of the comprehensive spending review. The fact that we have abolished compulsory debt redemption and are now examining gross allocations, including receipts, in a flexible manner is a strong boost for local government and will lead to an improvement in its financial position. However, we need to keep the formulae for distribution of capital allocations under review to take account of new circumstances.

We are conducting an on-going review with COSLA of shared priorities in the areas of police, social work, fire and education. It is important that we do that to ensure that we still have the same priorities and that both sides are happy that the system is working and that money is being spent on the priorities to which additional finance has been allocated.

We have asked COSLA to discuss with the business community the opportunities for closer links between businesses and local councils. Business improvement districts would allow businesses in the cities to support financially—through an increased rate poundage—an improvement that might benefit them commercially, as well as the area. This idea is being debated in England, and we felt that authorities and businesses in Scotland should be allowed to consider it before coming back to the Parliament and the Executive with their thoughts. They have welcomed that opportunity, and we hope that they will pursue it in the months ahead.

Wearing my other hat for a second, I am particularly keen to examine how we can develop not just joined-up government in Scotland, but joined-up financing of government. Given the momentum of Parliament and Executive, and the momentum of the new councils following the May elections, I see no reason why, over the next few years, we should not be able to pool funding streams between central Government and local government. In that way, we can make better use of our resources together, rather than always do things separately.

We hope to have further productive discussions with COSLA in November, to announce in December initial allocations for next year and to have them agreed early in the new year. We expect the overall local government settlement to be announced as part of the expenditure statements that are due in October and will come before the Parliament for consideration at that time.

I want to put on record my admiration for councillors, who do a tremendous job in an almost voluntary capacity and who manage large budgets—at times, more effectively than other parts of the public sector do. They have gone through many trials and tribulations over the past 20 years as they try to balance those budgets, and we can learn from them as much as they can learn from us. That is the approach that I have taken in both of my capacities, and I intend to continue on those lines.

I also want to express my admiration for the day-to-day work of local authority staff, who over the past 20 years have had to be innovative in their use of resources to ensure the best deal for local people. I believe that the vast majority of people who work in the public sector do so not for the financial rewards, but because they are committed to what they are doing and to the services that they provide.

The immediate future will be interesting and challenging. I want to involve this committee as often as possible in debates about the way ahead for local authority finance in Scotland. I look forward to many more meetings with you in the months and years to come.

The Convener: Thank you. If members will indicate to me that they want to speak, I will call them and say who is to speak next. Do not tell me that there are no questions.

Donald Gorrie: Minister, you said something about the possibility of an independent review. Could you expand on why, when everyone else who is involved in local government seems to think that an independent financial review is a good idea, the Executive does not? Why is it against considering a long-term change such as the introduction of a local income tax or land-value taxation, or altering business rates so that they bear less heavily on small shops? Why is it all right to have new taxes in the form of road pricing or road tolls, but not in other forms?

16:30

Mr McConnell: A difficulty with the demand or request for an independent review of local authority finance is that, although there seems to be a consistency of approach among the people who are suggesting such a review, almost all of

them have a different reason. Perhaps that in itself is a good reason for having an independent review. However, we have a new Executive, a new Parliament and a new Local Government Committee, and I hope that we would think carefully before going down the road of having an independent review of local authority finance. I hope that, as an Executive and as a Parliament, we would make a specific decision to consider the policy options that this committee has mentioned, because a full-scale review would have to do that.

The problem in responding to the McIntosh report is that it specifically refers to an independent review in the context of the balance between central and local funding of local government services. There are only three ways to change that balance—the three that I outlined. I do not think that any of them commands majority support in the Parliament.

The Executive agrees that it would be better, in the short term, for us to improve the distribution system and the capital allocation system; it would also be better in the short term to get through this winter's non-domestic rates revaluation—and the kind of instability that such revaluation has caused in the past—and through the period of increased resources resulting from the comprehensive spending review. Then we could perhaps consider whether we wanted to review the whole system, because by that time this committee will have had many debates, the Parliament will have had debates, the local authorities will have had some stability in their finances and the distribution system reviews will have started to bed in.

The Executive believes that it would be wrong to introduce the potential for instability in the short term, as would be caused by the suggestion that we might be considering either a dramatic change in the non-domestic rates system or a significant shift that would take one of the big services away from local government and put it more directly under central Government control. That is the thinking behind the announcements that were made this summer and, in particular, behind the response to McIntosh. The announcements have been a response to McIntosh's recommendations rather than to a theoretical demand for an independent review, which would be for the longer term.

Mr Stone: My question arises from what you said about capital allocation. The section 94 rules mean that a council with a common good fund that would generate capital from current revenue has to spend that revenue within that calendar year. Does the Scottish Executive have any plans to relax those rules—to relieve the section 94 problem—thus enabling a fund for a particular project to be gathered over a number of years? Some people might call that creative accounting,

but it could be workable and it would not affect the public sector borrowing requirement.

Mr McConnell: I am looking hesitantly at Mr Howat on my left, who is the chair of the capital allocation planning committee, which is a joint committee with COSLA. I am not aware of any discussions on changing the rule at the moment.

Bill Howat (Development Department, Scottish Executive): We are aware of a number of different approaches by different councils, and if Mr Stone's proposal were to be put to us in a worktop way, I do not see any reason why it should not be considered. However, it would be for ministers to consider that proposal both in the context of the present allocation system and with due regard to the impact in the longer term of public expenditure in relation to the comprehensive spending review settlement.

Mr McConnell: We are opposed to a major reorganisation of the boundaries and sizes of authorities, and to any further splits in authorities like the ones that occurred during the recent reorganisation. However, I am acutely aware that many smaller authorities have difficulties with large-scale projects—because of their size, their revenue base and the size of their capital allocation, which is based on their population and other factors. Mr Stone is presumably referring to examples in the Highlands. I am aware of difficulties in the Borders with, for example, the financing of schools projects. In some small authorities, the move towards private finance initiatives can be difficult for commercial reasons. I would like it to go on record that I am willing to consider creative options to solve some of those problems; but we have to bear in mind the need to agree systems with COSLA that are fair to all authorities and that properly share out the cake in any financial year.

Mr McMahon: On the subject of stability in local government finance, it has been mentioned to me a few times that local authorities feel constrained by the current annual budget reviews. The system prevents them, not necessarily deliberately, from acting in the medium term—they have to consider only short-term budgetary matters. Would you like to say anything about that perception? Can the Scottish Executive do anything to address that situation?

Mr McConnell: The comprehensive spending review has given us the opportunity to indicate at least what the overall cake might be over a three-year period. The guideline system gives us an opportunity—given that there will be no dramatic changes from year to year—to indicate to authorities where they might stand in relation to that.

I am keen to ensure the maximum stability in

long-term local authority budgeting, as I am keen to develop our own budgeting. The only caveat that I would add is that we will always be in the situation—certainly in the short term, in this Parliament—of agreeing an annual budget. The Parliament could, from year to year, change a figure that had been allocated to local authorities as the overall settlement for that year—that option will always be available to the Parliament. I see no reason why we cannot indicate two or even three years in advance what the resources might be and how they might be shared out. If we can move in that direction, that would be welcomed by councils and it would also be good for us.

Local authority expenditure, because it makes up a large proportion of our overall expenditure, can seem to be an easy target when the Parliament wants to spend money on something else. If one of the other committees wants to spend extra money on transport or something, the easiest pot of gold to raid is the local authority budget, as that committee does not have the responsibility for spending that money. On the other hand, there will be constant pressure from individual members of the Parliament asking for their local authorities to be treated as special cases or for the formulae to be tweaked to allow certain projects to go ahead. Therefore, long-term stability would be in everybody's interests—the Parliament's as well as the local authorities'. We are keen to consider that, but there are no short-term easy answers.

Bristow Muldoon: I am interested in the funding of long-term care of the elderly, particularly in the potential for more overlap between health service budgets and local authority budgets. I am aware of many problems throughout Scotland; in many cases, there seems to be a turf war between the health service and the local authorities over who is responsible for funding the services. Do you or your colleagues, Susan Deacon and Wendy Alexander, intend to improve the way in which services are delivered by pooling those budgets or by bringing them closer together?

Mr McConnell: Yes. That is one example of how it could be helpful if central Government agencies and local government worked more closely and pooled resources. I would welcome any such ideas and initiatives, and I would encourage health boards and others to work closely with local councils, sharing resources and ensuring clarity about where responsibilities lie so that there is no duplication.

Those of us—I say us, as I still think of myself as having a local government connection—who have been involved in local government over the past 20 years regularly spoke, in pre-reorganisation days, about links between housing and social work

or between leisure and education and so on. I hope that the new single-tier councils have helped to secure those links. I am sure that we can all think of ways in which local authority services and Government services can work more closely together.

We should also be creative and think about areas in which the services are not closely linked. There should be no reason why local authorities and central Government cannot share the same buildings or administrative resources, making use of slack resources at different times of the year. There should be more secondment between the officials of both tiers of government, so that experience and best practice could be shared. The links and co-ordination could be improved, and examples of best practice—in budgeting and financial management, for example—could be shared among services that have no connection as well as among those where a close connection exists.

I am very positive about that whole agenda, but I take it in its widest possible sense. I would even go so far as to say that we should not restrict ourselves only to the services for which the Executive is responsible and for which local government is responsible.

Three quarters of the civil servants who live and work in Scotland are employed by reserved departments at Westminster—the Inland Revenue, the Department of Social Security and so on. In the longer term, we will need to look at them as well, but that may be a discussion for another day.

Mr Harding: I was delighted that, in his opening remarks, Mr McConnell said that he would be conservative in his approach to local government.

Mr McConnell: I had a good teacher, Keith. *[Laughter.]*

Mr Harding: That apart, I know that you are looking at next year's budgets. Has a decision been made as to whether local councils will again be expected to finance pay awards from efficiency savings?

Mr McConnell: No, a decision has not been made. I expect to clarify the position when the expenditure settlements are announced for next year. It is only fair to say that, in a number of detailed areas, it is important that our joint discussions with COSLA should be given their proper place. I would certainly be happy to come back to the committee once those discussions have taken place.

Johann Lamont: The minister said that the problem would be that people would be punting for their own areas. I will try to put this in a political context without seriously punting for Glasgow—

Mr McConnell: I did not say that that was

wrong.

Johann Lamont: Glasgow is an illustration of the problem. The minister said that local government finances were in good health and that there was stability—the document that was distributed talks about the benefits of pooling business rates to give that kind of stability. Does he agree that exactly the opposite case could be made for a place such as Glasgow, where infrastructure is developed to support businesses but the business rates are distributed across the country, so that businesses do not benefit from that money? The services that the rates provide go far beyond Glasgow itself. The flight from the cities, which is to some extent due to the financial system, results in a smaller tax base to meet intense local need.

If there is not to be an independent review of finance, in which such things could be explored in more detail, what is the minister's attitude to the debate about metropolitan status for cities such as Glasgow? Figures suggest that, by 2001 or 2002, the majority of people who work in Glasgow will live outside the city and will therefore not contribute through council tax. Is there some way of recognising the role that a city such as Glasgow plays in the broader cultural and economic life of Scotland?

Mr McConnell: There is a whole range of points worth mentioning on this subject. First, although the current system of the minority of local government expenditure being raised by council tax and the majority effectively being raised by national taxation might seem an imbalance, it allows those people who, as is the case in Glasgow, live outside the city but work in it every day to pay towards local government services in the areas in which they benefit from them.

16:45

Part of the justification for the current system is that national income tax and other taxes make a contribution; it is not all down to those who live in an area to pay their way. At least for the short term, it is also true that the distribution system—which is in theory, and largely in practice, based on needs—should take account of two factors in relation to places such as Glasgow. The first is the fact that Glasgow has a wider status; people who do not live there use the city every day and night. The second is deprivation factors, of which Glasgow in particular has pressed for a review. There is an assumption that councils would benefit directly if deprivation factors were to be given a slightly higher rating in the distribution system. That is true of Glasgow and of Dundee, where the problem of people using the city every day but not making a contribution to the cost of local services via council tax, or other ways, may be even more

acute than in Glasgow.

It is important that we get the distribution system right and the needs assessed correctly. It is also important that those needs include deprivation factors and the wider city status that pulls people in every day, thus increasing the use of services and the cost to the local authority. Particularly in cities, the idea of local businesses agreeing with the council that they and their employees benefit directly from a certain service—or could benefit from a service or infrastructure improvement—and of them paying for that service, should be of interest to local authorities and to the businesses. I am not referring to business improvement districts exactly, because we cannot always take an idea from elsewhere and use it in exactly the same way in this country. It is possible that we could reach some agreement on that over the next few years.

Some of the services provided by Glasgow are not just Glasgow-wide, or even greater Glasgow-wide, but Scotland-wide. The status of cities such as Glasgow, and the services that it provides, should be recognised in other parts of the Executive's budget, in relation to grants awarded for specific services or the delivery of our own services in those areas. Many different factors are involved, but it would not be inaccurate to say that I sympathise with the position, particularly in Glasgow and Dundee, where there is a gap between the local taxation base and the number of people who use the cities' services every day. We cannot change dramatically, or overnight, the system of local authority finance to cope with that, but the distribution system should be sensitive enough to try to deal with the problem.

Colin Campbell: Jack, it will not surprise you that the Scottish National party favoured an independent review as part of the overall McIntosh package and therefore is not particularly happy with the Executive's decision. Do you agree—you probably will not, because you are a politician to your fingertips—that the fact that we will not have an independent review will make the public less easy about the outcome and the solution to financial affairs in local councils? In the present context, if the Executive and the Parliament make the decision, that gives it a heavy political overtone, whereas the public would feel a lot happier with an independent review.

Mr McConnell: That depends on what we do. If we respond to public concerns, particularly on the points raised by Johann Lamont and others, and if we are seen to be responding promptly, that would be welcomed by those who elect local authorities and who elected us. That is one of the things that the Parliament should be seen to be doing. We should not, as was always feared, distort the relationship between local authorities and central Government or shift the balance of power, but

secure improvements. Even if those improvements are just adjustments to the system, people can see the effects in their everyday lives. If, as a Parliament and as an Executive, we can be seen to deliver those improvements, whether one party or four parties supported them, that would be a good thing and people in Scotland would welcome the fact that we had taken that action. It is down to us at the end of the day and if we do the right things, respond sensitively to legitimately raised concerns and are seen to be making sensible choices, that will be a good thing.

Although the system of local authority finance is broadly accepted by people in Scotland, and the council tax is remarkably well accepted given the controversies that surrounded its predecessor, in the past it has left a lot to be desired in terms of transparency. That was a consequence of the nature of Westminster Government, and the Scottish Parliament and Scottish Executive can improve the transparency of decision making: we can explain the nature of decisions and grant allocations; we can debate the guidelines and controls, or the lack of them, and put forward different points of view.

One of the beauties of devolution is that the framework within which local government in Scotland operates will be open to more democratic scrutiny. That is what we are here for and, in the early stages of the Parliament and Executive, it is what we should be doing. In the longer term, there may well be a case for independent review but, in the first year or so of the Parliament, we should take that responsibility ourselves.

Dr Sylvia Jackson: It says in the paper on why the Executive has rejected an independent review of local finance that the modernising agenda for local government finance will be brought forward with COSLA and third parties. Which third parties are being considered, and, moving on from that, what examples are there of pooling funding streams? That is an area that a lot of people have talked about and that could move us on significantly.

Mr McConnell: The third parties would vary according to context. In relation to business improvement districts or ideas like that, representatives of business organisations in Scotland could play a role. There should be discussions with the voluntary sector and with other parts of the public sector. We should be taking a flexible approach to trying to improve what we do.

I said earlier when Dr Jackson was not in the room that I am keen that we share best practice and experience and swap skills between central and local government in Scotland, and perhaps with the departments at Westminster with responsibility for reserved matters. We could

deliver local and Scottish government services in a more joined-up way and, in the longer term, we could do the same thing with the reserved areas. Sharing resources, cutting out duplication, making best use of good practice, swapping management skills and making more flexible use of direct service provision should all be on the agenda, but we need to do things sensibly and take a long-term perspective.

Mr Paterson: Jack alluded to the prospect that the rate poundage will change and there may be a disparity between Scotland and England. The last time that happened it was a horrendous experience for householders—although that would not happen again—and businesses in Scotland. He said that the upheaval created by revaluation was a reason for not having a review. However, if the five-year revaluation is coupled with the fact that, as Jack also pointed out, councils only raise 20 per cent of their budget, which makes them unaccountable to the public for their spending, that makes two good reasons for looking again at the financing of local government.

Mr McConnell: I want to be absolutely clear on two points. First, I do not accept that the fact that local government in Scotland raises about 20 per cent of its own revenue leads to councils being unaccountable; they are accountable. If we were to use that formula to measure accountability, local councils would appear to be more accountable than us. None of the members around the table raises their own revenue and we should bear that in mind. However much Gil might want that to be different, that is the position.

Secondly, and more seriously, the difficulty with the business rate revaluation this winter is that the valuations of property on which that revaluation will be based are obviously based on valuations made several years ago in England and Scotland, at the same time. The relative economic performance of both countries—and of different regions in England in comparison with Scotland—will have changed in that time; therefore, it is theoretically possible that we could end up with exactly the same rate poundage in Scotland to raise exactly the same amount of money in percentage terms as the English valuations would. It is more likely, however, that there will be a different rate poundage at the end of the revaluation exercise. The rate poundage in Scotland could be slightly higher or lower than that of England.

The most important thing is that the amount of money raised in Scotland and England, in relative terms, would remain the same. Scottish businesses, in terms of what they pay to us in non-domestic rates, would not pay a penny more than their counterparts south of the border. In my view, they would not pay a penny less. It is vital that the

nationwide—in the UK sense—system of non-domestic rates provides a level playing field. I want to reinforce that point. I have had a series of discussions with business organisations to try to minimise the turbulence that would be created by a possible small adjustment up or down in the rate poundage. There is a perception that that might affect the take, but it does not. The poundage will change if the valuations have changed.

Mr Gibson: I welcome Jack's comments regarding metropolitan status for Glasgow and the sympathetic view that he will take towards the distribution formula, particularly for areas such as Glasgow and Dundee. Given the fact that the Society of Local Authority Chief Executives and Senior Managers, the Convention of Scottish Local Authorities and Unison are continuing to press for an independent review—that pressure will not go away—and the fact that the public is concerned about increases in taxation, or at least the possibility that it will not be decreased, would not an independent review strengthen the Executive's position?

We understand that there are pressures on the consolidated fund, but the outcome of an independent review might reveal practical alternatives that are not dissimilar to those that are being implemented at the moment. Would not that add stability to the system, rather than having a spectre of an independent review a few years down the line?

Mr McConnell: I welcome any attempt to be helpful. It is much appreciated and will be remembered—and quoted back regularly.

Mr Gibson: I do not like the sound of that. I know where you live, Jack.

Mr McConnell: I think that Kenny is suggesting something that may be true, which is that the independent review may come out in support of the current system. From that point of view, I think—and my view is shared by my Executive colleagues—that, in the first two years of the Parliament, we need to be seen to be making changes as a result of the improved democratic scrutiny offered by the Parliament and Executive.

One of the areas in which that can happen is in improved democratic scrutiny in committee, in Parliament and in the Executive, of the financial arrangements—their transparency and logic. Where it is sensible and prudent to do so, we should adapt and adjust those arrangements to deal with short-term and long-term difficulties.

17:00

We start from a very strong position. The comprehensive spending review has produced real-terms increases in revenue expenditure for

the next three years. The relaxation in capital controls has increased the availability of capital expenditure. The stability in the system in longer-term planning—it is not absolutely guaranteed year on year, but is at least indicated for three years—allows councils to plan ahead. The guidelines give us stability and transparency that we did not have under the capping regime.

In all those areas, this committee and the Executive have an opportunity to consider how best to adjust the system of local authority finance so that it continues to be allocated on the basis of need and is best spent across Scotland. We must ensure that we use public resources, locally and centrally in Scotland, to the best possible effect. We will do that by taking actions and proving that we can do it.

In the longer term, there may be a case for a wider review. This Parliament may consider that later in the session. In the short term, if we are seen to be taking those actions, we will all get the credit. The Executive and the Parliament are not in different corners: we are all in this together. We must use the committee structure of the Parliament to consider solutions, as well as to keep the Executive under scrutiny.

The Convener: Thank you, Jack. It is now 5 o'clock and we have been here since 2 o'clock. I will not abuse the convener's role by asking a question now, but I will say that I was pleased by what you said about the progress of the distribution. I was pleased to hear that you would welcome that matter coming back to this committee. I think that this committee will want to keep its eye on that.

As an ex-councillor, I am delighted by the idea of a three-year spending projection. I am thinking of the budgets not only for local authorities, but for voluntary organisations and other funding bodies. The idea also links in with what Bristow said, as once it has been established clearly whether it is the local authority or the health board that looks after the patient or client, it will be helpful to have an idea of funding.

You have been here for 45 minutes. It will not be your last 45 minutes before this committee; you will be back. We hope that Eugene Windsor and your diary secretary will make arrangements so that you will be here for longer next time. That will allow us to pursue some of the issues that we opened up this afternoon. On behalf of the committee, I thank you and your officials for attending. Your officials were not put on the hot spot, but they should not hold their breath next time.

Mr McConnell: Thank you. We have had a good discussion. It has been a chance for both sides to spell out a few ideas.

I want to record that we will probably make the initial announcements about next year's allocations in December. The final decisions will go to the Parliament for decision making in February or early March. Therefore, a very important meeting of this committee might be some time in January to consider those provisional allocations. That meeting will give the committee the chance, in the interests of transparency, to hear an explanation of how the decisions are made and the logic behind them, and to comment in the margins on some of the allocations and on whether the system has been handled in the right way. We can look forward to that discussion.

The Convener: Thank you. Members can go home now.

Meeting closed at 17:04.

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