

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

Wednesday 8 October 2008

Session 3

£5.00

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RURAL AFFAIRS AND ENVIRONMENT COMMITTEE

18th Meeting 2008, Session 3

CONVENER

*Roseanna Cunningham (Perth) (SNP)

DEPUTY CONVENER

*John Scott (Ayr) (Con)

COMMITTEE MEMBERS

Karen Gillon (Clydesdale) (Lab)

*Liam McArthur (Orkney) (LD)

*Alasdair Morgan (South of Scotland) (SNP)

*Elaine Murray (Dumfries) (Lab)

*Peter Peacock (Highlands and Islands) (Lab)

*Bill Wilson (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

*Rhoda Grant (Highlands and Islands) (Lab)

Jamie Hepburn (Central Scotland) (SNP)

Jim Hume (South of Scotland) (LD)

Nanette Milne (North East Scotland) (Con)

*attended

THE FOLLOWING GAVE EVIDENCE:

Gavin Corbett (Shelter)

Richard Lochhead (Cabinet Secretary for Rural Affairs and the Environment)

Ross Scott (Scottish Government Finance Directorate)

Richard Wakeford (Scottish Government Director General Environment)

CLERK TO THE COMMITTEE

Peter McGrath

SENIOR ASSISTANT CLERK

Roz Wheeler

LOCATION

Committee Room 5

Scottish Parliament

Rural Affairs and Environment Committee

Wednesday 8 October 2008

[THE CONVENER *opened the meeting at 10:03*]

The Convener (Roseanna Cunningham): I welcome everyone to today's meeting of the Rural Affairs and Environment Committee. Before we start the substantive part of proceedings, I remind everyone to switch off their mobile phones and to put their BlackBerrys et cetera into flight mode so that they do not interfere with the sound system.

The main purpose of the meeting is to take evidence on the budget process, but we will also take evidence on rural housing from Shelter, consider a petition and examine what the Crown Estate commissioners did in Scotland last year.

I have received apologies from Karen Gillon, who will be a long-term absentee from the committee as she has just had a little girl. Rhoda Grant, who is Labour's substitute member on the committee, will be a long-term substitute—I am not sure that we have a term for that. For the record, can you confirm that you are attending as a substitute?

Rhoda Grant (Highlands and Islands) (Lab): Yes, I am.

Interests

10:04

The Convener: Agenda item 1 is the declaration of interests. As well as a substitute member, we have a new member. I welcome Elaine Murray, who is replacing Des McNulty, who has moved on to the Transport, Infrastructure and Climate Change Committee. I invite Elaine Murray to declare any interests.

Elaine Murray (Dumfries) (Lab): I am a member of T&G Unite—I do not know whether that is a relevant interest. I am also a member of various animal charities. As that involves me paying them rather than them paying me, I do not know whether it counts as an interest, but perhaps I should put it on the record anyway.

The Convener: Rhoda?

Rhoda Grant: I do not think that I have any interests that would have a bearing on the committee's work, but I refer people to my entry in the register of members' interests.

Budget Process 2009-10

10:04

The Convener: Agenda item 2 is the budget process 2009-10. As ever, I welcome Jan Polley, who is the committee's adviser on the budget process. She has been with us for a few weeks now. I also welcome the Cabinet Secretary for Rural Affairs and the Environment, Richard Wakeford and Ross Scott.

We will go straight to questions. I advise the witnesses that the session will last until roughly 11.20. John Scott would like to kick off.

John Scott (Ayr) (Con): Good morning, minister. Officials have confirmed that because of the delayed start to the rural development programme, there was a significant shortfall in spending in 2007-08, which was apparently used elsewhere. Will that funding definitely be replaced later in the programme?

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): Thank you for the question. Yes, that is certainly the case. We intend to ensure that we fulfil our commitment to meet the whole budget across the programme period. As you will be aware, the delay is largely the result of a legacy issue that the Administration inherited. Dealing with it has been quite a juggling act.

John Scott: Okay. My second question is more of a political question. As you will be aware, European Union spending is falling in real terms, as is Scottish Government spending. At the same time, farm profitability is falling. I know that you had a meeting with supermarkets recently. How would you advise farmers to proceed in the current climate?

The Convener: Strictly speaking, I am not sure that that is a budget scrutiny question.

Richard Lochhead: It is an important question for the obvious reason that it relates to how we use public money to support our farmers and crofters in the months and years ahead. You mentioned the current climate, which is clearly not something we can predict. We want to use the resources that are available to us to ensure that we support our farmers and crofters—who are, after all, our food producers—and our food sector, and look after our environment.

We want to increase profitability and use the resources that we have to encourage farms to become more viable in the times ahead. The rural development programme has a big role to play in that. As well as providing direct support payments for farmers and crofters, schemes are available under it that are aimed at helping farms to become

more profitable businesses in the future. I want to help our rural communities become fit for purpose in the 21st century and cope with all the pressures that that entails, which involves examining food production, thinking about how to tackle climate change and considering ways of reducing input costs and improving profitability.

John Scott: But you accept that the rural development part of the budget has fared less well, shall we say, than other areas of the budget?

Richard Lochhead: It is certainly the case that we receive less European funding than other countries. That, too, is the result of a legacy issue; the funding that we receive from Europe for the rural development programme is based on our track record of securing rural funding from the EU. Unfortunately, because of the deals that successive United Kingdom Governments have negotiated over the past decade or two, we have been left with probably the lowest ratio of European to central Government funding in the whole of Europe. We are now paying the price.

John Scott: Are you addressing that at UK Government level? Have you invited the UK Government to tackle the situation?

Richard Lochhead: Yes, I use any opportunity I get to make representations to the UK Government and to the EU about what I perceive to be the unfair deal that Scotland has received. Although we are a largely rural country, we receive one of the lowest levels—if not the lowest level—of funding from Europe in the whole continent. I agree that that is unacceptable but, to an extent, we must be realistic because the next financial perspective in Europe runs from 2013 onwards. As a country, we must build up the best possible case and get the support of the UK Government—if we still require its support by 2013—so that we can secure the best deal in the next financial perspective and change the allocation formulas that have been used until now.

Elaine Murray: I will take up an issue in which Des McNulty, my predecessor on the committee, took a considerable interest. I do not profess to have the same degree of knowledge of waste management.

There are concerns about whether councils will be able to meet the recycling targets. There is the added stick that they will be fined if they do not meet their landfill targets. The recycling performance of councils has differed; whereas some have done very well, others have done less well. How will you ensure that the weaker councils meet their targets? How will you address the fact that the tougher targets will be more difficult to achieve and therefore more expensive? Will additional funding be made available to enable councils to achieve the hard targets in 2013?

Richard Lochhead: That is a big and important issue. Yesterday I delivered a speech to the annual conference of the waste industry in Scotland and we discussed some of those issues at the question-and-answer session afterwards.

We should look at the bigger picture. Yesterday, we announced the recycling figures for this year, which have risen to 31.7 per cent for household recycling—a 3 per cent increase on last year. We are therefore moving in the right direction towards the 2010 targets and the 2013 targets thereafter. That is an important point to make because we have provided resources to local government. We also have our zero waste fund, which is £154 million over three years.

Elaine Murray makes the good point that we have grasped the low-hanging fruit during the past few years and that as we raise targets, achieving them gets that bit more difficult. It will be a challenge, but we are confident that, given the current trends in councils, we can achieve the 2010 targets.

Elaine Murray talked about weaker councils. The first point to make is that we need the co-operation of Scotland's local authorities if we are to meet our targets. They have the resources to do that. A lot of exciting proposals are currently in the pipeline throughout Scotland's local authorities to improve their recycling levels and divert from landfill. Some local authorities, such as Fife Council, have adopted targets that are even more ambitious than the Scottish Government's. Fife Council wants zero-waste landfill by 2020, whereas the nation's target is 5 per cent by 2025. Some councils are even more ambitious than we are.

We have reached agreement to co-operate with local authorities through the single outcome agreements. They backed our targets enthusiastically. Different councils perform differently. I am not sure what option we have other than to work closely with local authorities, particularly those in some of our cities, to ensure that the Scottish Government gives them the best possible advice and support, and to ensure that best practice is shared—because some local authorities are zooming ahead. Moray Council's figures are the highest in Scotland—44 per cent. It has been said that rural local authorities will find the targets even more challenging, but some rural authorities are way ahead of urban ones.

We have to work with councils that might be struggling to make progress, and we will continue to do so. Partnership is the way forward. We all recognise that moving towards a zero-waste society is the right way to go and, so far, most local authorities have met the idea with enthusiasm.

During the next spending review, we will have to take into account where we are at that point. We will continue to measure progress very closely. The next big challenge—it is the biggest challenge that we must keep in the forefront of our minds—is to finish putting the infrastructure in place for the 2013 target. We hope to achieve the 2010 targets. The 2013 targets will be the next big challenge.

Elaine Murray: How will you monitor the progress that councils make during the current comprehensive spending review period? What sort of monitoring of the recycling targets is in place? Will figures be announced annually? What can you do if a council is dragging its feet and not putting in the effort, or, indeed, if it has selected a different way of doing things? In Dumfries and Galloway, the ecodeco plant recycles some material but, because it also produces pellets for incineration and heats the waste, it keeps in some of the plastic that other councils might recycle. It is slightly difficult to reconcile the recycling targets with some of the other approaches that councils are taking.

10:15

Richard Lochhead: There are challenges, as there is not a uniform approach across Scotland. Because of our geography and other factors such as dispersal of population, many people think that it is right for us not to have a completely uniform approach—the solution for Highland Council will be different from that for Glasgow City Council. In the revision of the national waste plan that we will launch in the next few months, we will debate the extent to which we should consider a more national approach to meeting targets.

The single outcome agreements that have been negotiated and signed off are the basis of our relationship with local government. The Scottish Environment Protection Agency and our officials are in almost daily contact with many local authorities in Scotland, so we monitor performance rates closely. The information that we get comes directly from SEPA to the Scottish Government, which is responsible for measuring and the production of statistics. I assure the committee that there is close monitoring. We have local government in Scotland—it is the job not of central Government but of local government to decide the locations of recycling centres and so on. We must respect local government's decisions—that is the basis of our single outcome agreements.

Liam McArthur (Orkney) (LD): Last week, we discussed with officials the power that ministers have to fine local authorities. Members expressed concern that that would mean taking out of budgets resources that would be better deployed on redoubling efforts to achieve targets. Given that

you have not touched on the option of fining, I take it that you have ruled it out for the time being, even for councils that are struggling most to meet the targets.

Richard Lochhead: We have suspended, not cancelled, the landfill allowance penalties. We have done so because, in the new spirit of co-operation between the Scottish Government and local government, we think that partnership is the way forward. I was asked about the extent to which we are monitoring the performance of local councils, and I said that we are doing that. The results of such monitoring will influence whether we decide to keep penalties or to do away with them. If we decided not simply to suspend, but to cancel, the penalties, we would need to introduce legislation.

We received representations from a number of local authorities that indicated that they are keen to achieve the targets and have ambitious ideas for new projects that they want to put in place in their communities. We thought that the argument that they should be able to use their resources on such projects, instead of paying central Government several hundred thousand pounds in fines, was persuasive in the short term—that is why we have suspended the penalties. We are keeping the matter under review and are discussing the future of penalties with the Convention of Scottish Local Authorities.

Liam McArthur: Do you have a timeframe for deciding whether you need to legislate fines out of existence?

Richard Lochhead: I do not have an exact timeframe for that. We are giving local authorities time to come up with projects to improve their performance against the targets.

The Convener: We are dealing with EU-mandated targets, for which you, rather than local authorities, are answerable to Brussels. If Scotland is unable to meet its obligation because some councils have been slow to achieve their targets, how do you intend to handle that?

Richard Lochhead: You are correct to say that responsibility rests with me rather than with councils. I assure the committee that I am targeting some local authorities that need to make more progress to help us achieve our national targets. I recently had a constructive meeting with Glasgow City Council; my officials have met the council again in the past couple of weeks. We are keen to support those local authorities that are finding it more challenging than others to meet the targets.

A number of exciting projects are in the pipeline in some authorities and it is important that we support their development. For example, Glasgow City Council and other more urban authorities

have been running trials with their tenements, which present a challenge for recycling targets compared with other housing developments. I am keen to support those projects. It is important that we give local authorities as much opportunity as possible in that regard.

We keep a zero waste fund centrally. As members will know, the strategic waste fund was transferred to the local government settlement, but the £154 million for the spending review, which is our zero waste fund, is intended to help not only the community sector and national campaigns but local authorities. Much of that resource will be allocated to local authorities to help them with infrastructure projects, which will be crucial in meeting our targets.

The Convener: I think that we have probably done as much as we can with the waste issue.

Alasdair Morgan (South of Scotland) (SNP): I want to ask about efficiency savings, which are obviously as important for the current Government's budget as they were for the previous Government's budget. I hope that the cabinet secretary will correct me if I am wrong, but I was under the impression that an efficiency saving carries on, so that if it is achieved in one year, the new figure becomes a baseline for the next year. I presume that that would mean that it would be more difficult to achieve further efficiency savings. Is my understanding correct?

Richard Lochhead: Yes, that is certainly my understanding, too.

Alasdair Morgan: Okay. I am therefore a wee bit concerned because, given that all departments and sub-departments will struggle to an extent to deliver efficiency savings, some departments seem to be considering selling assets to deliver efficiency savings. I can understand how getting rid of an asset, if it is felt that it is not needed, and saving on its running costs would be an efficiency saving, but I am less sure about the validity of counting the capital obtained from the sale as an efficiency saving.

I note, for example, that "Efficiency Delivery Plans 2008-11" refers to expected savings for Forestry Commission Scotland:

"We are now planning to sell those assets delivering least against"

Government objectives, and aim

"to sell around £15 million"

depending

"on market conditions".

It seems that the £15 million is to be included as an efficiency saving. Can the cabinet secretary tell me whether that is correct? If it is, is it a valid efficiency saving? It is clearly not something that

can be done every year; it can be done only once, because when it is sold it is gone. Can the cabinet secretary also tell me roughly what the assets are and what type of asset is being sold?

Richard Lochhead: First, we must show the public that we want to use public money wisely and as efficiently as possible, hence the fact that we have 2 per cent efficiency savings targets for portfolios across the Scottish Government—the UK Government has 3 per cent efficiency targets. It is important to bear in mind what the starting point is. The targets are challenging. It is challenging for any directorate or organisation to achieve efficiency savings, but we find that our portfolios are making good progress in becoming more efficient.

On Mr Morgan's point about the sale of assets, I guess it depends on how we define efficiency. For example, the Government has a plan to simplify the public sector landscape and have many of our bodies work more closely together. We have a programme in our portfolios called Scotland's environmental and rural services initiative—SEARS—which is about having all our agencies and bodies work much more closely together, and having more of a one-stop shop for our farmers, crofters and land managers to contact the various bodies.

Having a one-stop shop makes sense for clients. It means, for example, that they can go to one building and see the Forestry Commission, Scottish Natural Heritage and the Scottish Environment Protection Agency. To me, that is efficient from the clients' perspective and efficient financially.

I confirm that the sale of assets is an efficiency saving that leads to a much more efficient delivery of our service. It is efficient in a number of ways, not just financially. It is not that selling an asset makes a body more efficient; doing that makes the body more efficient by enabling it to deliver a better service to its clients.

Alasdair Morgan: I fully accept that selling something may make you more efficient. I will give another example. The Scottish Fisheries Protection Agency bought a new vessel and two new aircraft and decommissioned its old vessel. We hope that the new one will be less expensive to run because it uses modern technology. I understand counting the lower running cost as a recurring efficiency saving, but the agency also says that selling the old vessel brought in receipts of £1 million. That happens only once, so how can it be carried forward into subsequent years? It cannot, because the £1 million has gone—the agency has got it. How is that an efficiency saving?

Richard Lochhead: The efficiency savings targets are annual targets, so they will be met in different ways each year. The Forestry Commission, which you mentioned, is a good example. You asked whether selling £15 million-worth of forest is an efficiency saving. It is, and the reason is that the Forestry Commission has to review its estate to ensure that it delivers the public benefits that we are after. It chose to sell the least efficient forest and use the £15 million to replant and create more woodland and forest that achieve public benefits. That is an efficient approach to managing the forest estate and a perfectly valid efficiency saving. The Forestry Commission has always sold land, but now it is selling slightly more and reinvesting the money in planting new forests that are more in line with its national outcomes. That is efficient use of the forestry estate.

The Convener: Am I right that including capital assets in efficiency savings is a change and that they were not included previously? That is a new thing that has been brought about in the past couple of years.

Richard Lochhead: If it is helpful, I will bring in Richard Wakeford, my director general, who oversees the efficiency savings for the whole portfolio.

Richard Wakeford (Scottish Government Director General Environment): There is a set of rules that we follow throughout the Government. Obviously, it would be mad to have a different definition of efficient government savings in different portfolios. We are operating consistently, although on a different basis from the UK Government. As the cabinet secretary said, it has higher targets, but it includes various things in its efficient government savings that we do not. The Forestry Commission's sales of assets will deliver more public benefits. The forest that is disposed of provides few public benefits, although it provides commercial benefits. The Forestry Commission is acquiring land for afforestation that is much closer to towns and cities and where people can use it. We are delivering a much greater public benefit with the same cash. That is why that scores as an efficiency measure.

The Convener: Am I correct that the inclusion of capital receipts in efficiency savings is recent and that they did not use to be included?

Richard Wakeford: I would need to take advice on the precise comparison between the scheme that we operate now and the one that operated previously. I will provide you with a note after the meeting. I would not want to mislead the committee on that.

The Convener: Yes. I make the point because I am a substitute member of the Finance Committee

and I happened to be at a meeting of that committee when the issue was discussed. As I understand it, the inclusion of capital receipts in efficiency savings is recent, so that is why all the departments are doing it.

Richard Wakeford: Ross Scott is from our finance team. He can confirm whether there has been a change from 2008.

Ross Scott (Scottish Government Finance Directorate): For phase 2 of the efficient government programme, which is for 2008 to 2011, capital receipts are counted as efficiency gains. The convener is correct: prior to that, only recurring cash-releasing savings and cash-releasing time savings counted.

The Convener: The questions remain, minister.

Alasdair Morgan: If that is how the Government writes the rules, that is fair enough, but the first point that I made was that, once an efficiency saving has been made, it is locked in and then a new, more challenging target is set for the next round of efficiency savings. It strikes me that that no longer applies under the new definition. The Scottish Fisheries Protection Agency cannot sell a ship every year. Even to stay still and deliver no new efficiencies, the agency will have to find something that it can sell to get £1 million in the second year. Then it has to get more money from that to deliver extra efficiencies. Do you understand the problem that that tends to build in, or am I wrong?

Richard Lochhead: I understand your point that there is only so much that you can sell in order to get huge receipts, but the global target is 2 per cent per year, so that challenge remains in the spending review.

10:30

John Scott: In the current financial climate, is there not a risk that to achieve £15 million in sales you will have to sell off many more Forestry Commission assets than planned? The demand for timber is likely to be very much reduced.

Richard Lochhead: The cost of timber—*[Interruption.] [Laughter.]*

The Convener: Sorry, cabinet secretary.

Richard Lochhead: I am sorry; I missed that.

The Convener: Alasdair Morgan was just making one of his usual comments. He suggested that the timber might be better in the ground than in the bank.

Richard Lochhead: Okay.

Although its cost fluctuates, timber tends to be seen as a long-term investment and therefore in many cases—and in the forests that we are talking

about—it is not so susceptible to short-term fluctuations. That said, given the wider economic climate, I take your point on board. We will certainly have to pay very close attention to the issue.

It is also worth noting that Forestry Commission Scotland is responsible for more than 50 per cent of timber. As a result, its role with regard to the state forest is quite significant compared with what happens in other countries, and the £15 million in question is a very small element of the overall estate.

Bill Wilson (West of Scotland) (SNP): Your response raises a question that I would like to ask before I get to the questions that I originally wanted to ask.

I suppose that my question is similar to Alasdair Morgan's on efficiency savings. If you are selling Forestry Commission land with the timber still on it, the timber is not fully mature. Given that timber reaches its maximum value when it is fully mature and ready to be felled, will such an approach not result in a slight financial loss for the commission somewhere down the line?

Richard Lochhead: I am conscious of my financial expert sitting next to me as I respond to that question.

As we have to pay capital charges on the forest estate, selling off £15 million-worth of forestry will actually result in savings. Of course, that is cancelled out by the fact that we will use that £15 million for replanting, which is more in line with our national outcomes and priorities. The forest estate remains, but it is changing. The £15 million of forest that will be sold will go into the private sector.

Bill Wilson: I will give that reply some thought.

With regard to the Fisheries Research Services, you say that you plan to get

"Receipts from disposal of research vessel & reduced use of chartered vessels".

Does the loss of the research vessel and the reduction in the use of chartered vessels indicate a reduction in field research? I would be somewhat concerned about such a move, given on-going concerns about fish stocks, global warming, the effects of rising temperature and the effect of possible changes in the acidification of the oceans on the planktonic food base.

Richard Lochhead: Okay. Thanks. *[Laughter.]* I am trying to find your reference to selling the research vessel.

The Convener: Bill, could you refer to a specific table?

Bill Wilson: It is the efficiencies table. *[Interruption.]* The table is headed:

"EXTRACTS FROM EFFICIENCY DELIVERY PLANS PUBLISHED BY THE SCOTTISH GOVERNMENT".

The Convener: The clerk will give the cabinet secretary a copy so that he can look at it very quickly.

Bill Wilson: Good, because my second question refers to the same table.

Richard Lochhead: First, we are collaborating with other agencies and organisations on various research programmes. I can assure members that we are not reducing the level of research in the area that Bill Wilson highlighted.

I believe that we have also bought a new vessel for the Fisheries Research Services. There might be a net loss in the number of vessels, but the funding for research has not been reduced. The research is simply being carried out on a more collaborative basis.

Bill Wilson: So the field research will remain at the same level?

Richard Lochhead: Yes. We might use different vessels—and we have, as I say, bought new ones—but we are carrying out the same amount of research. It is just that we are collaborating more with others.

Bill Wilson: In a similar vein, it says in the same table that the Royal Botanic Garden Edinburgh

"will secure co-funding from other research funders".

That obviously refers to something that will happen in the future, but are any current research projects that require funding in danger of being cut as a result? Does that efficiency apply only to funding for future projects?

Richard Lochhead: I will have to ask Maggie Gill, the head of research, to clarify that. When I have done so, I will get back to you. We are investing in the Royal Botanic Garden as opposed to reducing any of the budgets, so I suspect that the reference is to future research programmes. We are investing in the new gateway centre, and the Royal Botanic Garden will go from strength to strength once it is open. The people there are involved in many collaborative research projects globally, because of their outstanding reputation.

Liam McArthur: The number that leaps out from the table that has been provided by the clerks relates to voluntary modulation. We are talking about savings targets of £35.7 million, rising to £38.1 million and £40.2 million by 2010-11. I recognise that there is a shift from pillar 1 funding to pillar 2 funding, which enables a number of public good projects as a result. However, I would be interested to know what the justification is for

putting that down as an efficiency saving, as it seems to be simply a transfer between different budgets.

Richard Lochhead: It recognises that it is not Scottish Government funding, but funding coming from the single farm payment through voluntary modulation, which means that it is just a budgetary issue and can be counted as an efficiency saving.

Richard Wakeford: That is exactly the principle. Previously, the money had very few conditions attached to it and, by applying voluntary modulation and bringing it in through the rural development programme, we can deliver much more targeted public benefits with the same money. That counts as a more efficient use of the available resources and, therefore, contributes to our efficient government programme.

John Scott: The point is, however, that the single farm payment was made to farmers. Taking money out of payments that were hitherto made to farmers and putting it into pillar 2 funding through voluntary modulation is hardly an efficiency saving on the part of the Government. Rather, it is taking money out of farmers' pockets and putting it into pillar 2.

Richard Wakeford: It is actually delivering the public benefit. There is now a much more specific purchase of public benefits by the Government.

John Scott: Was the point of the single farm payment ever to deliver public benefit?

Richard Lochhead: I hope so.

John Scott: A specifically public benefit?

Richard Wakeford: We are now delivering much more specifically targeted public benefits than were being delivered by the single farm payment.

Richard Lochhead: You could look at it from a more positive angle. Counting that transfer as an efficiency saving means that we do not have to find other efficiency savings in the same budgets, which means that it is a benefit to farmers and crofters.

Liam McArthur: Are you saying that that process is seen as an easy means of achieving efficiency savings and that levels of voluntary modulation might be the best port of call in that regard?

Richard Lochhead: The issue comes down to the definition of efficiency savings. There is a standard definition, which fits the shift that we are talking about. It is not an overtly political manoeuvre to try to get around a problem. We can write to the committee with the definition of efficiency savings. However, I assure you that the matter that we are talking about is merely a budgetary issue.

Peter Peacock (Highlands and Islands) (Lab):

Page 1 of the supplementary evidence that your officials have provided talks about the shift of some funding from crofting assistance into the rural development programme. You might not be able to answer my question, but I would be grateful if you could get back to me once you can. The officials have talked about the principal reason for the transfer being the crofting counties agricultural grant's demand-led expenditure requirements, but I would be interested to know what other factors there are. Also, I do not think that the figures reconcile, and it would be useful if the officials could get back to us with more information in that regard.

Richard Lochhead: I am happy to get back to you on those two points. Ross Scott might be able to help in the meantime, though.

Ross Scott: I have not seen the paper that is before the committee, but I was involved in the reconciliation work that was done in advance of the paper being produced. There was a degree of movement, such as stud farms being taken out of animal health and CCAGs being put into the business development line within the SRDP. Everything reconciles, and we can show you how it does.

Peter Peacock: It would be helpful if I could get those details.

We touched on flooding in last year's budget, and your officials confirmed last week that, in last year's budget, you moved £40 million into the local government settlement and retained about £1.7 million at your own hand for flooding. You remain responsible for flooding, but the funding is now in the local government line. Can you confirm that that line will remain unchanged in the local government settlement this year? Will that £40 million for flooding still be there?

Richard Lochhead: The resources that have been transferred as part of the local government settlement are now in the hands of local authorities, and how they use those resources is up to them.

Peter Peacock: I understand that point.

Richard Lochhead: I am not sure of the point of your question, in that case.

Peter Peacock: I am trying to confirm whether the £40 million that was transferred in 2008-09 is still in the local government line for 2009-10. Is it part of the local government settlement in the budget that we are considering?

Richard Lochhead: Yes, because the money was transferred on a three-year basis. Effectively, the money is with local government.

Peter Peacock: As the minister with oversight in this area—the money is no longer in your budget, but you are still responsible for flooding—can you confirm that that money is a static £40 million in the coming budget, having been transferred from this budget? Is it being held as a straight line into next year's budget?

Richard Lochhead: Yes, but it sits within the package of the local government settlement. Determining the overall local government settlement over the three-year period took into account the element of flooding. We have no reason to believe that resources for flooding will not be used by our local authorities for purposes relating to flooding.

Peter Peacock: But the figure is £40 million. That is the figure that we should be thinking about when we think about flooding. Does the money in the local government settlement remain at £40 million? That is my point, essentially.

Richard Lochhead: I am slightly confused by your question, because you are asking me to define what is within the local government settlement. All I am telling you is how the local government settlement was calculated in the spending review period, and that resource is now with local government.

Peter Peacock: Indeed—that is one of the questions that underlie all this.

Last week, one of your officials who deals with this area said more or less explicitly that, when you came to the next spending review, the distribution of that £40 million would be the subject of negotiation with COSLA. Part of it is distributed to all authorities but part of it is distributed to meet existing commitments. Presumably, that £40 million must remain visible over the period, so that you can have that discussion with COSLA in two years' time.

Richard Lochhead: Yes, it will. The level of the flooding element in this local government settlement is based on the current plans from local authorities for flood schemes. That means that the negotiation for the next spending period will have to take into account exactly the same situation. As the negotiations begin, we will be speaking to local authorities, via COSLA, about their expectations of the flood schemes that will be required in Scotland and about other factors, such as the Flood Risk Management (Scotland) Bill, which will have to be taken into account for the next spending review.

10:45

Peter Peacock: This committee reported on flooding earlier this year and has talked about the changing climate. It is evident that the likelihood of flooding will increase. Areas of Scotland that have

not historically been hit by flooding have been this summer, including Ayrshire, parts of Lanarkshire and Fife, in addition to all the other areas that I could mention. Did you consider telling the local government minister that you want more money put into the local government settlement for the coming year to cover those increasing pressures from flooding? The £40 million could have grown further, to £50 million or £60 million or whatever. Did you consider putting more money into the local government settlement for flooding?

Richard Lochhead: Our conversation should be about the next spending review. I will discuss the matter with my Cabinet colleagues and we will have to consider seriously the predictions for flood events in Scotland in the overall negotiations for the local government settlement, as well as the plans that local government is putting in place to address them. The same situation faces any Government in any spending review. We will have to do what any other Government has to do, which is to consider the need at the time. We are unable to look ahead to future years; we have to deal with this spending review. I cannot offer any more than that at the moment.

Peter Peacock: Within this spending review—in the coming budget and in the subsequent one, before the next spending review—the £40 million that was transferred this year remains £40 million in the settlement. It remains for this year coming, with £40 million the following year, until the sum is renegotiated with COSLA. That might change in any direction, theoretically, at the next spending review. That £40 million is still there now, though.

Richard Lochhead: Yes. The local government settlement for this spending review will not be changed in that regard, as far as I am aware. The funding for future spending review periods will be negotiated.

Peter Peacock: You presumably accept—this is true for all sorts of budget headings—that the £40 million will buy slightly less than it would have bought last year, because of the erosion of inflation.

Richard Lochhead: We agreed the settlement with COSLA for the three years. Your argument would apply to all expenditure lines in the three-year agreement, not just flooding. At last week's committee meeting, the director of environmental quality spoke about a number of flood schemes that are planned, under way or at various stages of progress right across Scotland's communities, thanks to the generous local government settlement.

Peter Peacock: I will try to wrap up this area of questioning. The position is that, during this spending review period—and notwithstanding the negotiation with COSLA about the next spending

review—if local authorities wish to spend more than £40 million in aggregate in order to meet pressures such as those that arose during the summer, that is a matter for them. Within a spending review period it is local authorities that must pick up the costs of climate change in their areas, as evidenced by flooding, using their own resources. That would be a matter only for local authorities, rather than for both them and the Government.

Richard Lochhead: Thanks to the generous nature of the local government settlement, it is perfectly open to all councils in Scotland to spend their budgets as they see fit. Therefore, it is open to some local authorities to spend greater amounts than they might have envisaged on flood schemes or any other mitigation measures in relation to climate change.

Peter Peacock: But as minister responsible for flooding, you would not see it as part of your responsibilities to add in money to help local authorities to address changing circumstances within a spending review period.

Richard Lochhead: My responsibility is to ensure that flooding is treated seriously by the Scottish Government. The matter is the subject of negotiation between COSLA and the Scottish Government, and negotiations with COSLA will continue up to the next spending review period.

Liam McArthur: Leaving aside the points about this being the tightest settlement since devolution and the generosity of the settlement for local government, the cabinet secretary will be aware that the deal with COSLA is on an annual basis. The Government has made it clear that it expects council tax to be frozen for three years. You believe that you have put in enough money for that. As Peter Peacock has pointed out, we know that the flood risk might well change over the next couple of years. Do you accept that individual local authorities or COSLA might come back to you and say that the £40 million that they have for flooding this year and next year is not enough to meet needs? They might say that they cannot sign up to the agreement with the Government unless the figure is increased by £5 million, £10 million or whatever.

Richard Lochhead: I visited the Water of Leith when we launched the Flood Risk Management (Scotland) Bill recently. The community there suffered the devastation of flooding in 2000. It is now 2008 and they are still waiting for their scheme, which is now in the pipeline. I mention that because the context of our conversation is that, if local authorities decide that extra schemes are required, that is a subject not for the current spending review, but the next one.

All the schemes of which we are aware are going ahead or being planned and they will be built either in the current spending review period or in the next few years. Your question really relates to future spending reviews, because it is unrealistic to say that local authorities will come up with new, previously unplanned schemes that have to be funded in the current spending review. We have to be more realistic about the timescales for schemes. Even with our bill, which we hope will speed up the process and not leave communities waiting for nearly a decade to get their schemes, new schemes will be not be planned, given planning permission, commissioned and financed in the current spending review period.

Peter Peacock: On the wider point about outputs and outcomes and how the committee can adequately scrutinise the budget, several things are apparent from the budget that you are presenting for your department. I am sure that they are true of the budgets for other departments as well.

Your answer to an earlier point was, “Perhaps I should ask local government that.” In a sense, that reveals the difficulty that we have. The budget contains references, through the concordat and the single outcome agreements, to waste management, which you mentioned earlier. Some of the single outcome agreements refer to flooding and others do not. I use those two things as examples.

The supplementary evidence that your officials provided following the exchanges about waste management last week clearly states:

“We will continue to monitor progress on an ongoing basis and enter into discussions with COSLA with a view to producing local authority plans that will be put in place to meet the 2010, 2013 and 2020 Landfill Directive target commitments.”

I understand why they say that. You have to meet the EU targets that the convener mentioned earlier. That will not be left to local authorities under the single outcome agreements. You are prepared to wield a pretty big stick if necessary.

However, to use flooding as an example, I think that about a third of the single outcome agreements refer to flooding and two thirds do not. How can the committee follow the public pound? Ultimately, you are responsible for flooding policy. It seems that we can follow the public pound through the single outcome agreements in relation to waste, because you will be pretty tough on that, but you will be much less tough on flooding, which the committee regards as a priority because of its inquiry. There are two entirely different approaches.

It is clear that you can direct the Forestry Commission to find £15 million, so you have direct

control in that area. You have less direct control over waste management, but you have levers. In relation to flooding, you have even less control. That leads the committee to ask whether the single outcome agreement mechanism allows us adequately to scrutinise you, which is our job, in relation to issues such as flooding and waste management. You can simply say, "It's not a matter for me. It's a matter for local government." Where is the line of accountability that we can follow for outputs and outcomes?

Richard Lochhead: The most important word that you used is outcomes. Judging the success of the single outcome agreements and the Scottish Government's track record is all about outcomes. On flooding, I explained that 16 schemes throughout Scotland are under way—I think that you were given that figure last week. The outcome at the moment is that those schemes are proceeding in some shape or form.

On waste, whether the outcome is to achieve our targets or make good progress towards achieving them—the figure that we announced yesterday is evidence that we are moving towards achieving our 2010 target—it is the job of the committee and the Parliament to judge whether the outcome is being achieved and to hold the Government to account. Local government in Scotland has many responsibilities, and the new relationship between local and central Government is based on trust and mutual respect. We believe that that new relationship will work, but it is up to the Parliament to hold us to account on whether it is working.

Peter Peacock: I understand your point about waste management, which you are obviously monitoring closely for reasons that I completely understand. However, let us consider the £40 million to deal with flooding. You can identify 16 flooding schemes, but there was a general distribution of money to local authorities for preparatory work to deal with local flooding issues and so on as part of the settlement. Is that money being spent on dealing with those issues? Does that concern you? Is it a matter of interest for you?

Richard Lochhead: It is of huge interest to us. We have close relationships with all of Scotland's 32 local authorities and all the areas that are relevant to our portfolios. I meet local authority representatives and receive regular reports on the progress that has been made on all the issues that my portfolio covers. In many cases, the Government's progress depends on our partnership with local authorities and other agencies, but a close relationship with them exists. Scotland is a small country, and we depend on such a close relationship to achieve things.

Peter Peacock: Sure, but you will appreciate that roughly a third of councils have specified

flooding outcomes and two thirds, which also received cash from the Government to address flooding, have not. Are the latter councils spending any of that money on flooding? It is your responsibility to ensure that communities and local authorities are protected. Under the system that now operates, is work being done to address flooding issues in the two thirds of authorities that have not specified flooding outcomes?

Richard Lochhead: We are aware that work is going on from the evidence on the progress that is being made with the flood schemes. Two relationships are involved: that between the Scottish Government and COSLA and that between COSLA and the local authorities. Individual local government settlements have been made, and where we are is the result of those relationships. The cash allocations to individual local authorities for which flooding was an issue took into account the resources that were needed to tackle flooding, and the evidence shows that that money has been used for that purpose because schemes are being planned and many are going ahead.

Peter Peacock: Would it be possible to provide more insight into expenditure on that in future budget rounds? I am not talking about expenditure on the big schemes, which is easily monitored; rather, I am talking about the general distribution of money and what local authorities are doing in general to protect their communities against flooding. The big schemes are obvious, but other things are happening throughout the country, because communities are beginning to face pressures as a result of climate change that they did not face before. Could you give us more insight into what the single outcome agreements mean in real terms for services to tackle flooding and other services?

Richard Lochhead: The member has repeated an important point that Liam McArthur made about many communities in Scotland becoming more aware of the threat of flooding in their areas. Perhaps single outcome agreements in future years will reflect that awareness. Councils for which addressing flooding is a priority have mentioned that in their single outcome agreements. We would expect that of Moray Council and other councils that have flooding high on their agendas. The situation may change in the future if flooding becomes an issue for more councils.

The Flood Risk Management (Scotland) Bill has been published. If it is passed, the information that you are rightly looking for will have to be produced for the whole of Scotland, all communities and all local councils, and there will be a national flood plan and local plans for each catchment area in Scotland. Therefore, there will be information for

the committee to scrutinise, and there will no doubt be a big debate when the funding needed for all the measures that must be taken in the next few years becomes obvious. Such information will be available thanks to the bill and the European directive on flood risk management.

11:00

The Convener: In some council areas where there have been significant flooding problems, those are not mentioned in single outcome agreements—partly, I suspect, because massive investment has already gone in. The local authorities concerned may not have registered the issue because they think that their situation is now fairly robust. The matter is not necessarily as clear cut as it seems, even in hindsight.

Rhoda Grant: Under the heading “Water Quality”, there is a cut in the budget for “Private Water”. What is the reason for that?

Richard Lochhead: I will have to get back to the committee on that point. We are dealing with private water grants, an element of which is demand led.

Rhoda Grant: One issue in rural housing is access to water and sewerage services. When you get back to us, will you let us know what discussions have taken place with housing associations on that point? It seems that demand for grants should be greater.

Richard Lochhead: That is a fair point. I am happy to look into the matter and to get back to the committee on it.

The Convener: The cabinet secretary will be back before us to give evidence in our inquiry into affordable rural housing. That will be another opportunity for members to raise such issues, which have been raised throughout the inquiry. He will need to know the answer to Rhoda Grant’s question at that meeting.

Rhoda Grant: Funding for new entrants is buried somewhere in a funding line. Am I right in thinking that it is included in the rural development programme?

Richard Lochhead: In the SRDP, £10 million is allocated to new entrants. The first successful applications to the programme were made in the first assessment round, which took place in August. More assessment rounds will take place this month and in December. At that point, following the first set of assessment rounds, we will reflect on the state of the programme. We will profile the fund in line with demand.

Rhoda Grant: So there is £10 million for this year, and subsequent funding will depend on demand.

Richard Lochhead: Yes. We have guaranteed that in the budget for the first year of the rural development programme there will be £10 million for new entrants. We have had to amend the programme. Members will recall that we were up against the clock to get the programme to Brussels after we were elected, so we had to submit a very raw scheme—just so that we had a scheme in place—that we could subsequently amend.

Rhoda Grant: So there will be £10 million this year, and subsequent funding will depend on demand.

Richard Lochhead: Yes.

John Scott: I was going to ask a different question, but I understood that funding for the scheme was £10 million over seven years. Are you telling us that it is £10 million in the first year and that further funds for new entrants will be available thereafter?

Richard Lochhead: No. If we divide funding for the six-year programme by six, the figure works out at £X million per year. We are saying clearly that it will be profiled in line with demand. It is not the case that there is £1.5 million this year—the £10 million will be reprofiled over subsequent years, in line with demand. If £10 million-worth of applications were to be submitted in the first three months, the money to fund them would be there. That will not happen, so the £10 million will be reprofiled in line with demand.

Peter Peacock: So there is a maximum of £10 million.

Bill Wilson: When the money runs out, it runs out.

Richard Lochhead: At this stage, it is £10 million. However, we have said all along that we will reflect on demand, as we could do more.

John Scott: Let us turn to modulation. Table 2 shows that the Scottish Government plans to spend, in real terms, £166 million, £161 million and £156 million of DEL in the spending review period on the SRDP and administration. That will be supplemented with EU income of £56 million, £62 million and £62 million, which is made up of EU funding and modulated payments that are top-sliced from direct payments. From the information with which the committee has been provided, it is not clear how much of the EU income is provided by the EU as match funding and how much comes from the modulated funding. Is the figure for modulated funding rising or falling? I am asking how much of the EU funding is from modulated funding and how much of it—

Richard Lochhead: For the SRDP?

John Scott: Yes.

Richard Lochhead: Approximately 70 per cent of it comes from the Scottish Government and—if I remember correctly—only a small percentage is EU funding. I will get the figures sent to you, if you are happy with that.

Richard Wakeford: Can I make a general point? The programme was originally designed to start in 2007 but there were delays in getting European approval, for various reasons. What we put into the budget is an indicative line that is constant through the programme. When we were negotiating the programme, we planned to work on the basis on which funding was made available to the previous Government, whereby we carried money forward into the central unallocated provision and drew down from it as we needed. We are not able to do that now, because of the Treasury requirements to work in a different way, so it is slightly more difficult to explain the budgeting and where the funds are coming from.

If it would help the committee, I will provide a detailed note of what that looks like. Much of it depends on spending that is coming through as a result of so-called legacy schemes—grants that were granted in the past and are coming through, and commitments that have been made but which people are not now picking up on, for one reason or another. We are therefore facing an underspend for a number of reasons. In the previous year, we had an underspend because we did not have a scheme that we were able to deliver on because Europe had not approved it. This year, we have an underspend for a similar reason, in that grants that we are awarding now will not result in payments being made until the next financial year. We are working on a complicated profile, which is made much more difficult because we can no longer carry forward an underspend from year to year as we did in the past. We must now find more creative ways of ensuring that we spend the programme in full, which is what the cabinet secretary committed to very early in the current session.

John Scott: Right. I would be grateful if you could let us have a paper on the matter, explaining it in simple terms. Like you, I understand that the issue is complicated.

Richard Wakeford: I do not think that I could simplify it, but I will provide a paper on it.

The Convener: He can provide us with the information; it is up to us to understand it.

Elaine Murray: I seek clarification of the SEPA line. I have read the *Official Report*, and the matter was touched on last week. I would like to see whether my understanding of it is correct.

On page 97 of the draft budget document, in table 6.07, SEPA has a budget line of £49.5 million, £35.2 million and £44.3 million. From last

week's discussion, I gather that the current year's budget was increased by some £8.1 million for new property up in Aberdeen. Next year, we will also see a lending of £4 million to the affordable housing budget. However, there is still a difference of £14.3 million between the two years—that is a decrease of £2.2 million. The plans for the next year show an increase of some £9.1 million, of which I presume that £4 million is being paid back from the affordable housing budget. So, there is an increase of £5.3 million there.

In real terms, the SEPA budget decreases by £3.2 million and then increases by £2.9 million. What is the explanation for that variation over the period, given SEPA's statutory responsibilities and the role that it plays in waste management, in preventing flooding, and so on?

Richard Lochhead: I am struggling to find the exact figures at the moment.

The Convener: I am sorry to interrupt, but someone has a mobile phone or another machine switched on—I can hear it coming through the microphone. Please check.

Ross Scott: We explained last week that there was a misunderstanding around the contribution to the affordable housing project. As you rightly say, SEPA has an £8.1 million capital line this year for the new office in Aberdeen, but the turf has not yet been cut, so it has a potential underspend this year. The intention was to take £4 million of that underspend this year and put it into the affordable housing project—the funding will come back into the portfolio in 2010-11. The misunderstanding arose because the £4 million was taken off SEPA next year and not this year. We are committed to providing the capital for its office project and we will rephase the £8.1 million capital to meet the needs of that project. In theory, the line should read £49.5 million, £39.2 million and £40.3 million. The £4 million adjustment between 2009-10 and 2010-11 should not be in that line.

The line is higher in 2008-09 because of the capital investment, which is not shown in subsequent years. As I said, we are prepared to rephase the capital to provide the office in Aberdeen.

Richard Lochhead: I am reminded why it is important for ministers to have their officials with them at these meetings.

The Convener: John Scott has a question. It really will be the last question.

John Scott: Yes, it is.

I want to ask again about the effect that currency fluctuations might have on modulation and the modulated payments that you receive; the issue is certainly germane in the current financial climate. Can you add to your letter an explanation of how

currency fluctuations will be dealt with and of the effect that they will have on the amount of money that you will be able to distribute in Scotland?

Richard Lochhead: We can certainly do that.

The committee will be aware that currency fluctuations meant that the single farm payments increased in value by £50 million. Given other factors at this time, that is a piece of good news for farmers.

The Convener: Exchange rates can go up.

Richard Lochhead: The payments increased in value because the single farm payment, which comes in euros from Europe to our Exchequer, is determined on 30 September; that led to us receiving £50 million more, which is a bit of good news. We will elaborate on the issue in the letter.

The Convener: I thank the cabinet secretary and his officials. You are now free to go. We will see you in a few weeks when you come to speak to us about affordable rural housing.

Richard Lochhead: Yes. At some point, I will come to speak about fishing, too.

The Convener: Thank you.

Someone still has a machine switched on that is interfering with the sound system. Can folk who have their BlackBerrys sitting right next to their microphones take them away? They should be switched off.

Rural Housing Inquiry

11:15

The Convener: Agenda item 3 is our inquiry into rural housing. I welcome Gavin Corbett, who is policy manager with Shelter. The written evidence that Shelter submitted at the start of the inquiry has been circulated to committee members. We will not have an opening statement from Gavin, but will move straight to questions—so it is a pity that members, although not all of them, have chosen this particular time to absent themselves from the committee table. Luckily, Elaine Murray, who is first on the list, is here.

Elaine Murray: An issue that is prevalent in my constituency in Dumfries is the effect of housing policy on registered social landlords. We have no council housing stock in Dumfries and Galloway—it was all transferred some years ago. The Shelter submission is some months old, but in it you refer to 35 to 40 per cent of allocations going to homeless applicants who are referred by the council. You suggest that much of the discussion around the problems is poorly evidenced.

I offer you some recent statistics from Dumfries and Galloway. In September this year, there were some 8,000 people on the registered social landlords' waiting lists. Between April and September, there were 650 applicants under the homeless section, of whom 350 had been referred on by the council to the registered social landlords.

The previous year, only 280 additional new units were built—so, in a sense, the referrals exceed the building. There are four housing associations in the area. In September, Loreburn Housing Association allocated 40 per cent of places to homeless referrals. In 2006-07—some two years ago—Dumfries and Galloway Housing Partnership, which is the biggest registered social landlord and which got the council housing stock, allocated 57 per cent to homeless referrals. More than 25 per cent of Irvine Housing Association's allocations and 50 per cent of Homes for Scotland's allocations were to homeless referrals.

That creates a significant problem in an area such as Dumfries and Galloway—a mix of urban and rural communities—in that an awful lot of people with housing needs do not seem to be getting anywhere. The Parliament passed legislation that we thought was a flagship policy, but it does not seem to be working in Dumfries and Galloway. Do you have any comments on that?

Gavin Corbett (Shelter): I know Dumfries and Galloway reasonably well—Shelter has a project there, as you know. The council is at the leading edge in terms of local authorities that are

progressing their commitment to the 2012 target—it is ahead of the game and is quite progressive. Housing associations such as the DGHP and Loreburn have been pretty effective at taking referrals in a way that housing associations throughout Scotland have not always been, which is a good-news story.

On housing supply, the reason why there is so much competition between people on waiting lists and homeless people is because we have sold too much of the stock in Dumfries and Galloway, and we are not continuing to build enough units even to replace that stock, never mind to keep up with demand. In the short term, that means that there is competition and sometimes the perception of unfairness. In the long-term, housing supply needs to keep pace with demand; the needs of one group of people who are in need should not be placed against another group so that they have to scrap it out.

Elaine Murray: I accept that far too few properties are available to rent in Dumfries and Galloway but, unfortunately, that is the situation after years of the right to buy. The problem is that if a person is referred under section 5 of the Housing (Scotland) Act 2001, they get—at the DGHP, for example—99 points. If a person is seriously disabled and their house is totally inadequate for their needs, they get 75 points. A person who lives in overcrowded conditions with teenage children of the opposite sex sharing a bedroom gets 20 points. There is a perception that the way in which the legislation operates is unfair to people who have housing needs other than being homeless.

Gavin Corbett: The way in which Dumfries and Galloway Council, working with the housing associations, has chosen to allocate or distribute points is a decision for the council. That is not covered in the legislation on homelessness; other authorities do it in other ways.

There is growing recognition that there are ways of meeting the needs of homeless people in an area other than by simply providing a council tenancy or a housing association tenancy. For example, the Scottish Government has just closed a consultation on how we can better use private landlords. I know from our project in Dumfries and Galloway that several private landlords are interested in long-term letting and can provide accommodation in some of the communities in which no social housing is left. That could be explored more fully.

There is growing recognition that prevention of homelessness needs to come further up the agenda. We can do an awful lot more to ensure that people do not get into the crisis situation when all they need is a social let. Scottish Government officials have done some modelling on the impact

that measures involving private landlords in the prevention of homelessness could have in reducing the pressure on social landlords. I certainly do not think that the pressure that we see right now need continue or accelerate in the future.

Elaine Murray: I, too, am interested in the issue of private landlords, to which you referred. However, on preventing homelessness, one of the problems with the current legislation is that people do not have to be roofless to count as homeless. Increasingly, people who are in housing need, but who are in a property, are being referred through the homelessness route, because that is the only way that they can get into the system. In a sense, we are beginning to ratchet up the problem. My heart sinks when constituents with housing problems come to see me, because there is very little that I can do. Usually, I suggest that they see whether the council will deem their accommodation so unsuitable that they can apply for housing through the homelessness route. There is a build-up of pressure there.

On private landlords, in rural areas of my constituency in particular, big estates that include quite a lot of social rented housing play an important role in providing rented accommodation. The only problem that I sense is, why would a private landlord want to offer a longer, more secure tenancy to someone coming in through the homelessness route, given that they might be more vulnerable and might have more problems than someone who applies for a six-month short assured tenancy because they saw the property advertised in the local newspaper?

The Convener: I have to stop you there, Elaine. There is still a mobile phone or BlackBerry switched on. Will everyone please check again and switch them off if they are on? That applies to everybody who is in the committee room, including visitors in the public seats. Mobile phones and BlackBerrys and all such electronic devices must be switched off, because they interfere with the sound system.

Elaine Murray: If there is competition for rented housing, a landlord can put an advert in the local paper offering a short assured tenancy for six months. What would encourage a private landlord to offer the property for a year—or whatever length of time—to someone who has come through the homelessness route? We have required all landlords to be registered. They are now responsible for the behaviour of their tenants; they could be struck off the register if their tenants behave in an antisocial way. In a sense, we are building up problems.

Gavin Corbett: There is a lot in what you have said. I will try to answer your questions briefly. We have spoken to the Scottish Association of

Landlords and the Scottish Rural Property and Business Association about incentives. You asked why landlords would be interested in longer-term tenancies. Many private landlords, particularly in rural areas, already let their properties for longer terms. Some, although not all, do so from a sense of social obligation.

SAL and the SRPBA tell us that landlords' primary interest is in security of income. If they can secure the income stream, say from housing benefit, they will live with tenancies of longer than six months, although not with secure tenancies—everybody has recognised that that is not going to happen in the private rented sector. With longer-term tenancies, there would be less turnover, so there would be fewer issues about managing voids. The council might also agree to support a tenant if they had additional needs, which is an additional resource on which landlords cannot otherwise draw. There are certainly ways to create a package in which some landlords—it would only need to be one in 10—would want to participate. Most landlords might be happy letting properties on short assured tenancies to people who come in through various other routes, but we would have to involve only one in 10 landlords to make a significant difference to the options that are available to councils in discharging their duty to homeless people.

The idea of the homelessness route is a common theme, but from the point of view of Shelter's clients, applying as homeless is not an easy option. People immediately surrender a lot of power in that situation. There is a sense that it is somehow just another route for people to get into social housing, but they are giving up all say over their future housing allocation. They have very little choice, and they can be in temporary accommodation for months or years on end. It is not something that people choose to do lightly. There is still a strong incentive for people to wait on a waiting list, given the choice that they have over the house that they eventually get. That still matters.

Alasdair Morgan: I wish to raise a side issue. You refer in your written evidence to the Dumfries & Galloway Small Communities Housing Trust. I understand that it is one of the organisations that could, if it were to buy or sell properties, take advantage of the rural housing burden. Is that correct?

Gavin Corbett: Yes.

Alasdair Morgan: Could you expand on the extent to which that facility is being used? Has it been a success—in general, not just in Dumfries and Galloway?

Gavin Corbett: I do not have the numbers before me. The rural housing burden is a powerful

mechanism, and I suspect that it has been little used. A body must register as a rural housing body first of all. It could be a housing association or a trust such as the Dumfries & Galloway Small Communities Housing Trust. It may choose to apply the burden for individual properties or a batch of properties if it wishes to secure them for long-term use as affordable housing. I do not have information on the number of burdens that have been applied. I suspect that it is on a relatively small scale at this stage. However, the burden is still a powerful mechanism when it is used.

The Convener: I want to move on to one of the main subjects that we invited you here to talk to us about. The headline bullet point in your written submission is about rural housing enablers. It would be useful for the committee to hear from you how your proposed programme of rural housing enablers would work in practice. How useful would it be? How do you envisage it being funded? More important perhaps, given the current economic circumstances, do you still consider the idea to be as appropriate as you did when you submitted your evidence? Is it manageable, given what is happening now?

Gavin Corbett: My experience with rural housing enablers has come directly from managing a pilot project in Dumfries and Galloway for a number of years, which was called Shelter housing action with rural communities. It was one of a number of enablers in Scotland.

The critical point is that provision is fragmented. There are parts of an enabler system in Highland; there is one in the Western Isles, and there has been one in Dumfries and Galloway—although it has perhaps been taken up by the trust there. There are bits and pieces elsewhere, including in Moray and Aberdeenshire. There is no overall programme, however. Some very rural areas, highland Perthshire, for example, have no such programme. There are other areas in the south of Scotland without provision. That contrasts starkly with England and Wales, where there is a single programme funded from a single source. The idea there is one of a network of enablers. We thought that odd, on the face of it, given the greater pressures on rural areas in Scotland, which is the most rural part of the UK. There are obvious housing pressures here, which have led to the committee's inquiry.

Our idea, which we first put forward the best part of a year ago, is to set up a programme co-ordinated by central Government whereby a number of enablers are employed in different parts of rural Scotland, perhaps by a local body or perhaps by the central body—that question is less important than the enablers being there. The programme would be funded partly by central Government and partly by local authorities.

The second part of the idea is really important. My experience in Dumfries and Galloway suggests that it is critical to have the local authority on board and committed to the idea of an enabler and to using the work that it produces. For us, and for everyone who is involved in policy, the local government concordat and the development of single outcome agreements has formed a sort of hub for local service planning. The balance between local and central funding might change as a result, perhaps with greater discretion being given to local authorities to use or develop their funding locally—there are sources for that.

It is important to have central support, perhaps including training, the development of common tools such as survey mechanisms and methods, and the sharing of information across Scotland. That could be co-ordinated centrally, either by central Government or by giving the task to an agency, such as the Rural Housing Service or another organisation with an interest in rural housing.

The current climate makes those aspects even more important. Changes in the housing market can, for example, provide opportunities for accessing land and, in the absence of private development, community ownership might become more of a pressing issue. However, we need local capacity to tap such opportunities.

11:30

Peter Peacock: What feedback have you received from Government on why there has been no progress on this matter? Is it still carrying out research or is it simply unconvinced by the idea?

Gavin Corbett: The Government has been mildly supportive. For example, an exercise that it has commissioned on the feasibility of a programme should conclude by mid-October. That suggests to me that there is at least an active interest in the idea and that there are opportunities to find out whether the approach will work. I welcome that and, indeed, have contributed to the research.

Rhoda Grant: What does this approach actually bring to the table? After all, in the various local plans, local authorities are charged to work with all other agencies to identify places for housing and housing development. I wonder whether this really is something different or whether it is just another level of bureaucracy.

Gavin Corbett: The distinctive feature of this approach is its focus on very small communities. Typically, our project in Dumfries and Galloway worked with communities of fewer than 1,000 houses or on plans involving two houses in one place, four houses in another and so on. That is very easy for people working on local plans.

However, housing associations—which, through mergers, assimilation and so on, are getting bigger and bigger—find it difficult to fund such schemes.

The independence of the main housing providers is also important. Many communities that have given us feedback on the Dumfries and Galloway project have highlighted the value of working with someone who did not have a vested interest in a particular development and wanted simply to work with them on their own plans. After all, the approach taken by housing associations and local authorities was mainly supply led and usually depended on the organisation having some land or some funding that it wanted to use or make available.

Alasdair Morgan: Over the seven or eight years of the project, how many houses were built that would not otherwise have been built?

Gavin Corbett: As everyone knows, rural development can move at a glacial rate and sometimes one has to look at what can be done about that.

We can identify six different developments that happened as a result of the SHARC project. In the project, which extended from Moniaive to the west of the area, we worked with the community, identified a need and helped the community to engage with the local housing association on meeting that need.

The project had other benefits. Community groups made it very clear that, as a result of it, they felt much more confident about dealing with housing providers and local authorities; negotiating their way through rural home ownership grants, rural empty property grants and so on; and engaging with planning departments. Of course, that kind of thing is hard to measure, but it is still a tangible outcome of the work.

Moreover, the Dumfries and Galloway project led directly to the establishment of not only the Dumfries and Galloway small communities housing trust, which is only the second organisation of its kind in Scotland, but a couple of action groups that are progressing housing issues in their area. None of those things would have happened without the project.

John Scott: What progress are rural councils making towards the 2012 homelessness target? How could Government make that target more deliverable? How effective have rural councils' homelessness prevention strategies been?

Gavin Corbett: I looked at the new information that the Scottish Government published last Monday on the 2007-08 homelessness statistics, particularly at the statistics' rural dimension. As I said in my paper, it is much the same picture as last year. There is no clear split between rural and

urban authorities in how effectively they are progressing towards the 2012 target. Some rural authorities are doing best because they are on target or ahead of it—for example, Dumfries and Galloway Council, Highland Council, Argyll and Bute Council and Western Isles Council. Equally, Orkney Islands Council, Moray Council and Perth and Kinross Council are struggling, but so are Glasgow City Council, Aberdeen City Council and Dundee City Council. There is no clear rural-urban split. As I said, some rural authorities are doing well and are ahead of the game, although they have raised many concerns about the targets.

On what more the Scottish Government could do, it could provide more funding for more houses, which is a fundamental issue. There are also issues about the right to buy, particularly in rural areas. Most people here will know that villages in Scotland that once had a healthy social housing stock have virtually nothing left now, but the lost stock has not been replaced. There has been a signal that, as well as suspending the right to buy for new-build housing, the Scottish Government might look favourably on suspending the right to buy for all new tenancies. That would be a radical but welcome step towards preserving the stock for future years. Equally, the Scottish Government has taken important measures to encourage private landlords to take a role, with attached conditions and caveats. That could be particularly useful in rural areas where there is no social housing.

The final question was on the prevention of homelessness. Research that was carried out last year concluded that, across Scotland as a whole, prevention is very much in its infancy. It is not fully embedded in what rural authorities do. I imagine that that will be as true in rural areas as it is in urban areas. There is still a long way to go for authorities to ensure that they regard a homelessness application as a final step when considering an applicant's circumstances rather than necessarily the first step that they take.

John Scott: Regrettably, there is a perception in some local communities that there is a lack of available housing for local residents because all the local housing is being given to homeless people. How could that perception be addressed?

Gavin Corbett: In a number of ways. It is important to look at the evidence, although I agree with you about the perception issue. For example, when I was a local authority worker, elected members often came to me to say that every allocation in a particular ward had gone to a homeless person in the past year. However, when I looked at the evidence, the situation was nothing like that, although they had a strong perception that it was. I would not dismiss the perception,

though, even if it is not particularly linked to the information.

At national level, more can be done on attitudes to homelessness. A piece of work that was carried out in the social attitudes survey last year suggested that the general public hold many old-fashioned, stereotypical views of homelessness. I have argued for some time that, just as the various Scottish Executives or Governments have funded awareness campaigns on attitudes towards domestic abuse, for example, the Government might consider doing something similar for homelessness. That work could be done nationally.

Locally, I would hope that local councillors in particular would act as champions of homelessness legislation. That legislation puts Scotland ahead of all European countries in tackling the problem. There is much to be proud of in what we are doing in Scotland. I hope that people in local authorities can act as champions as well as pick up on the negative aspects.

The Convener: Do you accept, however, that local residence is a huge issue in rural areas that must be addressed, and that it sometimes runs counter to the attempted implementation of other policies?

Gavin Corbett: Yes, but that comes from allocation policy rather than from homelessness. Homelessness legislation requires only that, once an authority has accepted that it will house an applicant, that person is regarded as living in that authority. For example, I used to work in Argyll and Bute, and it would have been legitimate for someone who applied in Oban to be housed 100 miles away in Campbeltown, as long as there was no particularly strong social reason for them to be housed in Oban, although sometimes there would be.

The use of local connection criteria in allocation policies is controversial. When housing associations make allocations, they can give additional weighting to factors such as family or work connections in an area. We cannot directly say to somebody, "We will house you because you're local," because that would raise questions about what constitutes local, but there are ways in which we can give weighting to someone's connections with a community.

John Scott: Recently, the Government announced the homeowners support fund and other measures to alleviate some of the more serious impacts of the credit crunch. What is Shelter's view of those measures, given today's events?

Gavin Corbett: That fund was announced during the summer, but things have moved on quickly since then. It is a start. It is only £25 million

over two years, but it is an increase on the previous £20 million. It adds some money to what used to be called the mortgage to rent scheme, and it also potentially extends eligibility. A feature of the old scheme is that somebody who went to what was Communities Scotland with a mortgage problem would have the property bought and rented back to them at a social rent. The new scheme includes a wider range of rents and also shared equity models. That is sensible, particularly for people who want to get back on to the home ownership ladder. If they convert from 100 per cent ownership to a shared equity model, they will get some breathing space while retaining a stake in the property.

John Scott: Is there likely to be enough funding for the scheme to be delivered, given the depth of the crisis?

Gavin Corbett: The scheme has always been demand led, so there is scope to extend the funding for it. That reminds me of an answer that the Cabinet Secretary for Rural Affairs and the Environment gave to one of the questions about the rural budget. The £25 million was allocated as a best guess about the likely demand and I imagine that it can increase in line with demand.

There are some issues about eligibility for the scheme. As with other public policies, we should bear in mind the fact that the scheme should intervene when people have no other option, rather than its responding to every situation in which people have got into mortgage difficulties. Somebody could be in difficulties because they have engaged in a certain form of equity release, for example, and private schemes might be better placed to deal with that. There will always be cut-off points for a public scheme.

Liam McArthur: I return to the convener's point about local connections. You suggested that myths can flourish in the area of allocations to homeless people and that, to some extent, the reality does not match the perception. You also touched on Orkney Islands Council being a local authority that has struggled to meet its homelessness objectives. In Orkney, there is concern about the removal of local criteria from allocation policies. The population is increasing as the islands attract people from all over for various reasons. How likely is it that the removal of the criteria will put additional pressure on the local authority, which is already struggling to meet its obligations?

Gavin Corbett: Orkney Islands Council is committed to progressive policy in the area but it has a genuine problem with housing supply. A relatively small injection of new housing supply makes a big difference in such places. I would be concerned if the issue that faces places such as Orkney, Moray and Perth and Kinross was

extended throughout Scotland. There are certainly hot spots that need an injection of additional housing supply as we move towards 2012. I hope that that adds extra weight to the argument that such places have with central Government.

The abolition of the local connection criteria works both ways. I often hear rural authorities say that they fear that people will move from urban centres to take advantage of the removal of the local connection criteria, but I hear just as often from people in Glasgow and Edinburgh who fear that, because they provide a lot of services, those cities will become a magnet for people who seek to move there. There might be movement in both directions.

The research that was carried out four or five years ago on the potential impact came up with two things. First, it found that flows go both ways—they do not exactly equal each other out, but there is a net effect. Secondly, it found that the flow is relatively small—only about 2 per cent of all homeless applicants are currently referred across authority boundaries. That suggests that the situation is manageable. If there are fears about the local connection being removed and that causing extra pressure, any individual authority can apply to central Government to have the local connection reinstated. That is why future demand is hard to predict. However, that mechanism allows the situation to be coped with if it proves difficult.

The Convener: Okay. There are no more questions. Thanks very much for coming along today. If, once you leave the committee room, you feel that there is anything that you would have liked to have said but did not—for whatever reason—feel free to write to us. Equally, we may write to you if anything occurs to us once we have discussed your evidence.

Gavin Corbett: Okay. Thank you.

Crown Estate

11:45

The Convener: Agenda item 4 is discussion of matters relating to the Crown Estate. The item has a history in the committee. Last year, concerns about the management of the Crown Estate were communicated to us by the Crown Estate review working group. Following an evidence session with the commissioners, the Crown Estate undertook—among other things—to set up a stakeholder group that would meet regularly and report annually on the management of the Scottish estate. The Scotland report of the Crown Estate was published in July, and it is for us to consider what, if anything, we should do in response.

The clerks have circulated to members a paper that goes over the issues in more detail. It contains a number of enclosures, including an update report from the chairman of the Crown Estate and correspondence from Mr Iain MacIntyre, the former chairman of the Tarbert Harbour Authority, and Mr Whitelaw, the chairman of King's Park community council in Fife. There is also a letter from Councillor Foxley, the leader of Highland Council, on behalf of the Crown Estate review working group. Members also have a copy of the Crown Estate's annual report.

We need to discuss the Crown Estate's Scotland report and any other written material it has sent us. I also need members' views on Councillor Foxley's letter and related correspondence. In particular, we must decide what further action the committee will take. There has already been considerable movement from the Crown Estate, which is important.

In keeping with practice in the Parliament, the legal advice that we have received will not be made public, but that does not preclude members from referring to it in the course of any discussions that we have. The import of that advice is that the Crown Estate—including all the management structures and so on—is a reserved body on which the Parliament cannot legislate directly, but there will be occasions on which there are devolved competencies, depending on the specific issues that arise, relating to areas into which we could have input on a case-by-case basis.

John Scott: I welcome the Crown Estate's report. It has moved a long way in a relatively short time in answering some of the criticisms that have been levelled against it. I welcome the direction of travel and the effort that the commissioners have made. There still seems to be an issue with Tarbert and other ports but, in general, I am taken on with what they have set out to achieve. Even the working group acknowledges

that. I am positive about what the Crown Estate is doing. Given our workload and the effort that the Crown Estate is making, I do not think that we need to discuss matters with it further. Other members may take a different view.

Peter Peacock: It is useful to have this item on the agenda. Only a year or so ago there was clear concern in my part of the world—the Highlands and Islands—about the performance of the Crown Estate. When, as a consequence of that concern, we had representatives of the Crown Estate give evidence to us, they gave the impression that devolution had largely passed them by, which was surprising. Rightly, the committee articulated a number of concerns about that.

I agree with John Scott that over the past year there has been substantial movement by the Crown Estate. We must determine whether that is just a charm offensive or whether it is substantive. I think that it is much more than a charm offensive and is substantive in many ways. The Crown Estate has published a Scottish report and area-based reports. The stakeholder group has been set up, which I did not think would happen. It provides an internal mechanism—the minutes of the group's meetings are also published—for people to give the Crown Estate direct feedback on what is happening from their perspective. That will be a powerful instrument for driving forward the Crown Estate in a number of ways. There has been substantive improvement.

Notwithstanding what has happened as a result of the scrutiny that we have brought to bear, we have always been aware that there was a chance that we would have to scrutinise the role of the Crown in relation to a range of other agencies, especially during consideration of the marine bill. That opportunity remains as a backstop. However, it would be worth our having a further discussion with the Crown Estate, as there are outstanding issues with the ports that have not yet been fully resolved. Not inviting it to give further evidence might give the impression that we are entirely satisfied that everything is moving forward. I am satisfied that things are moving forward and pleased with the progress that has been made, but I would hate to give the impression that we have ceased to be interested in making it clear that we would like progress to continue. We should have the chance to take evidence from the chairman of the Crown Estate and to probe him on other issues.

My view is so far, so good—I acknowledge that in the past year the Crown Estate has shown itself to be really willing to move matters forward, but we cannot yet say that we are completely satisfied. We should be grateful for what has happened so far but keep a close eye on the matter and not let it drop.

Liam McArthur: I agree wholeheartedly with Peter Peacock and John Scott. There is still an issue of trust. The fact that we are talking about whether this is a public relations exercise evidences our doubts, notwithstanding our acknowledgement of the progress that has been made. I refer to paper RAE/S3/08/18/10, especially the letter from Councillor Foxley. Understandably, the working group partners take some credit for starting a process that has resulted in movement by the Crown Estate. The letter helpfully sets out two or three examples of where reporting, which has been ramped up, might be improved further. We should press the commissioners to respond constructively to those points.

Alasdair Morgan: The Crown Estate is almost a nationalised industry. Most of its activities would be totally within the remit of the Scottish Government if they were conducted by any other body but, because of its strange history and the Scotland Act 1998, they are not.

As it is extremely rare for the Crown Estate's activities in Scotland to be subject to any scrutiny by Westminster, it is clear that we have a role to play, but given all our other activities and the fact that responsibility for the Crown Estate is not devolved to the Scottish Parliament, I think that we should consider issues on a case-by-case basis.

The Convener: It would probably be useful to follow up some of the suggestions to seek further information from the Crown Estate and to raise further points with it. At this stage, I would be inclined to do that by letter, bearing in mind that we can ask the Crown Estate to appear before us at a future meeting once we have received further specific information. We would obviously have to consider carefully how we timetabled that into the committee's work programme, but I am sure that we can manage to fit in such a session at some point. It is more likely that we will be able to do so on the other side, rather than on this side, of Christmas.

We will act on some of the proposals that have been made, particularly those in Councillor Foxley's letter, and write to the Crown Estate on that basis. When we receive a response, we will consider when we might timetable a session with the commissioners.

The other letters that we have received since we received the letter from the Crown Estate provide additional information and, in some cases, raise quite specific issues. We will do our best to elicit from the Crown Estate some of the information that is requested, or a response to the points that are made, and will see how we can proceed from there.

I take the point that, as regards the Parliament's competency, we can do nothing about the management structures of the Crown Estate or how it chooses to carry out its work. Our remit relates to individual issues as they come up. We will have the Crown Estate pretty clearly on our radar, which has perhaps not been the case in the past.

John Scott: As Alasdair Morgan helpfully pointed out, the Crown Estate is not our responsibility at the moment, so we are probably not in a position to insist on anything. Nonetheless, we are in a position to invite it to take certain action and to acknowledge the letter that Councillor Foxley has provided.

The Convener: In fairness, the Crown Estate has been responsive to our work.

Peter Peacock: You made the point that I was going to make, convener. I agree that we should proceed in the way that you have suggested, but despite the strict demarcation of responsibilities, the Crown Estate has demonstrated a desire to listen and to act differently, which is to be commended.

The Convener: Ultimately, there is nothing to prevent the committee from flagging up issues directly to Westminster, but the Scottish Parliament cannot directly affect the Crown Estate.

Any letter that is sent will be circulated to committee members.

Petition

Sewage Sludge (PE749)

11:59

The Convener: Agenda item 5 is consideration of petition PE749, from Geoffrey Kolbe, on behalf of Newcastleton and district community council, which is about the spreading of sewage sludge. The petition has been around for a very long time although, in fairness, that is because it took Scottish Water a very long time to do what it was supposed to do, which would have helped us to progress the petition or close it.

The sewage sludge strategy was finally published in May this year. We asked the petitioner for a view, which has been circulated to members. He indicates that the strategy does not address his concerns. The paper that has been circulated includes a number of options, and I invite members to give their views on what further action to take.

Given our short to medium-term workload, I think that it will be extremely difficult to take evidence on the issues that the petition raises, and I do not think that the legislation that is proposed by the petitioner is a realistic prospect, especially if it has to be initiated by this committee.

I have to say that we were extremely unhappy with the extremely late publication by Scottish Water of the strategy, which has caused enormous delay in the handling of this petition.

12:00

John Scott: Notwithstanding the delay in publication, Scottish Water's strategy document, which I read in the early hours of this morning, seems pretty reasonable. I suspect that it does not meet the requirements of the petitioners—although I should note, with respect, that it might be impossible to meet their requirements. Perhaps we should seek the petitioners' views on the strategy and ask how it will impact on their particular problem.

The Convener: We have already done that.

John Scott: I was not sure when the letter from the petitioners was received—that shows what time of night it was when I was reading the papers. In that case, I will stop and allow someone else to contribute.

Rhoda Grant: I am new to the committee but, from what I have read, it seems that we have come to the end of the line with regard to what we can do on this petition, given that our workload and timetable preclude our initiating legislation and so on. Perhaps it would be useful to ask Scottish

Water to meet the petitioners to talk about the strategy and explain how it might meet their requirements. Quite often, getting people together to have a discussion allows them to iron out some of their problems and results in everyone going away quite happy.

Liam McArthur: I share that view. As John Scott said, it might be impossible for the strategy to meet all the petitioners' requirements, but there is clearly a lack of confidence in Scottish Water. It would be useful to find a way of enabling Scottish Water to assure the petitioners that the implementation of the strategy will be meaningful. There is always a tendency for a strategy to sound like a lot of fine words, so it would be useful if the petitioners could be told what it will mean in practice. A meeting between the petitioners and Scottish Water might be the best way of allowing those assurances to be provided.

Alasdair Morgan: I think that we should close the petition, as there is not much more that the petitioners can say. They use an example of something that happened south of the border to draw conclusions about how Scottish Water is going to behave. I do not see the point of that.

Bill Wilson: The idea of trying to broker a meeting is good, but I wonder whether, if we close the petition before then, Scottish Water will agree to the meeting. If the petition is still open, it might be more inclined to agree to speak to the petitioners.

The Convener: If we wrote formally to Scottish Water to suggest that it should open a dialogue directly with Mr Kolbe to try to resolve some of the specific issues that he is raising, I would be extremely unhappy if it ignored that request. The clerk has reminded me that if we close the petition today, the petitioner can still contact us if Scottish Water refuses to play the game.

Bill Wilson: Could the petition be reopened?

The Convener: The issue would be slightly different; we would be dealing not with the petition but with the complaint about Scottish Water.

Rhoda Grant's suggestion is helpful and I suggest that we proceed on that basis. Do we agree to close the petition and write to Scottish Water to suggest in the strongest possible way that it meet Mr Kolbe and the people he represents to try to resolve the difficulties that are still felt to exist?

Members indicated agreement.

The Convener: That ends the public part of today's meeting.

12:06

Meeting continued in private until 12:32.

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