

SOCIAL JUSTICE COMMITTEE

Wednesday 23 May 2001
(*Morning*)

Session 1

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SOCIAL JUSTICE COMMITTEE **19th Meeting 2001, Session 1**

CONVENER

*Johann Lamont (Glasgow Pollok) (Lab)

DEPUTY CONVENER

Ms Sandra White (Glasgow) (SNP)

COMMITTEE MEMBERS

*Brian Adam (North-East Scotland) (SNP)

*Bill Aitken (Glasgow) (Con)

*Robert Brown (Glasgow) (LD)

*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)

*Karen Whitefield (Airdrie and Shotts) (Lab)

*attended

WITNESSES

Jackie Baillie (Minister for Social Justice)

John Breslin (Scottish Executive Development Department)

Ms Margaret Curran (Deputy Minister for Social Justice)

David Reid (Scottish Executive Development Department)

CLERK TO THE COMMITTEE

Lee Bridges

SENIOR ASSISTANT CLERK

Mary Dinsdale

LOCATION

The Chamber

Scottish Parliament

Social Justice Committee

Wednesday 23 May 2001

(Morning)

[THE CONVENER *opened the meeting at 10:04*]

The Convener (Johann Lamont): I welcome members to a meeting of the Social Justice Committee during which we will not discuss the Housing (Scotland) Bill at stage 2—for which we are all very grateful.

Items in Private

The Convener: The first agenda item is to consider whether we will take items 3 and 5 in private. Is that agreed?

Members indicated agreement.

The Convener: In that case, we now move into private session—I beg your pardon: we still have to decide whether consideration of the draft report on the annual budget process is to be taken in private at our next meeting, on 30 May.

Robert Brown (Glasgow) (LD): Why are we taking item 5 in private today? I thought that the subject—post-enactment scrutiny of the Housing (Scotland) Bill—was of some significance.

The Convener: Item 5 is not a discussion about the post-enactment scrutiny as such; it is a matter of deciding on the proposal on that subject.

Robert Brown: But surely we should consider such matters in public.

The Convener: I agree that we have to be quite cautious about deciding to consider matters in private, but item 5 is on a research proposal that is to go to the conveners group. It is a matter of putting a bid in. That is slightly different from the actual work that we will be doing in relation to the scrutiny, most of which should be in public.

Robert Brown: But what is confidential or private about the matter that requires us to discuss it in private? It is not of huge importance and I do not wish to make a big issue of it, but is there a reason?

The Convener: The reason is that we might want to change the bid. We might wish to discuss the exact form of the bid, so it is like discussing a draft committee report.

Technically, the committee has already agreed to take item 5 in private, but I am conscious that

we perhaps jumped into agreeing to do that before people realised what we were doing, so I propose that we go back. If Robert Brown does not want item 5 to be taken in private, he should move a motion to that effect.

Robert Brown: I think that I will do so. I am not satisfied that there is anything particularly private about item 5—although it is not a major issue. I do not think that there is anything secret involved.

I move,

That item 5 of this meeting of the Social Justice Committee is not taken in private.

The Convener: Let us separate the questions on items 3 and 5. Are we agreed that item 3 be taken in private?

Members indicated agreement.

The Convener: The question is, that item 5 of this meeting of the Social Justice Committee is not taken in private. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Brown, Robert (Glasgow) (LD)

AGAINST

Adam, Brian (North-East Scotland) (SNP)

Aitken, Bill (Glasgow) (Con)

Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)

Lamont, Johann (Glasgow Pollok) (Lab)

Whitefield, Karen (Airdrie and Shotts) (Lab)

The Convener: The result of the division is: For 1, Against 5, Abstentions 0.

Motion disagreed to.

The Convener: Item 5 will be taken in private. My apologies to anyone who is trying to follow our deliberations—we have jumped back and forward a bit.

Let us return to item 2. Are we agreed that, at our meeting on 30 May, we will consider the draft report on the annual budget process in private?

Members indicated agreement.

10:07

Meeting continued in private.

10:17

Meeting continued in public.

Budget Process 2002-03

The Convener: I welcome Jackie Baillie, the Minister for Social Justice, and Margaret Curran, the Deputy Minister for Social Justice. I also welcome their officials: Mark Batho, head of the social justice group; John Breslin, head of housing division 1; Geoff Huggins, head of housing division 2; Linda Sinclair, from housing division 2; David Reid, head of the division financial group; and Lyndsay Manson from the homelessness team. It seems a long time since we last met. The issue that we are dealing with today is very different from the one that we discussed then, but it is equally important. As usual, members will ask questions before entering into dialogue with the witnesses. The procedure does not have to be quite as formal as it was last time, so I will not be as strict. I hope that we manage to have a productive discussion.

I will lead off with some general questions—*[Interruption.]* I do not have a script in front of me, so I have completely lost the plot. You may say a few words before we start grilling you.

The Minister for Social Justice (Jackie Baillie): I echo your comments, convener. Margaret Curran and I see more of the Social Justice Committee than of our families. However, it is always a pleasure to be here. Thankfully, at this meeting we are not considering the Housing (Scotland) Bill, but giving evidence at stage 1 on the social justice budget, which will feed into the Parliament's wider consideration of the Executive's spending strategy and priorities for 2002-03. As the convener has already introduced everyone formally, I will move straight on to the substance of what I have to say.

As members know, the social justice budget for 2002-03 was presented in the annual expenditure report, which was published in March this year. If I spend a few minutes setting out the priorities behind the Executive's spending plans, that may assist our subsequent discussion. I stress that we have not finalised the details of the broad spending proposals that we have announced. We will not publish our detailed figures for next year until later this year. That provides the committee with an opportunity to influence the expenditure proposals in this area.

I turn briefly to the spending proposals outlined in the report. The social justice budget for 2002-03 is £766 million, which represents an increase of 5 per cent in real terms on this year's plans. The figure is made up of £661 million for housing, more

than £94 million for social inclusion initiatives and £10.7 million for the voluntary sector and equalities.

I will start with the largest element of the social justice budget—housing. Our proposals provide a 5 per cent real-terms increase in the housing budget over this year's spending plans to help us deliver on three key housing policy objectives: tackling homelessness; promoting the comprehensive renewal of social rented housing through community ownership and empowering tenants; and reducing the number of households in Scotland that live in fuel poverty. We have focused our spending plans to help us to implement the recommendations of the homelessness task force, but we have also continued our support for a broad range of projects to assist people at risk of rough sleeping. In addition, £12 million has been set aside over three years to contribute to the reprovisioning of large and inappropriate hostels in Glasgow.

Our commitment to community ownership continues. Our plans for 2002-03 will allow us to tackle the outstanding debt and transfer costs of the authorities that are on a course that will lead to community ownership for around one in four council houses by 2003—subject to the approval of tenants. The aim is to put tenants at the heart of decision making about their homes and to transform many Scottish neighbourhoods and communities by attracting new, large-scale private investment.

As the committee is aware, we hope to lift at least 250,000 Scots out of fuel poverty during this and the next parliamentary session. The key element of our strategy is the central heating initiative and our commitment to install central heating in the homes of all council and housing association tenants and of all pensioners residing in private dwellings. As members know, we have already started the programme, which will continue for the next five years to deliver warmth and security to the most vulnerable. We will also continue our support for the warm deal, although at a reduced level of resources, to work towards our target of improving by 2003 100,000 homes that suffer from dampness and condensation.

That is not the end of the story. Our spending plans also make provision for new and improved housing to be provided through the Scottish Homes development programme and the new housing partnerships regeneration and development partnerships; for capital investment in local authority housing stock; for grants to voluntary organisations dealing with homelessness and housing issues; and to ensure that women escaping domestic abuse have better choices. There are resources for tenant participation and supporting people in the

implementation of the Housing (Scotland) Bill. We are also creating new deal places as we start to tackle fuel poverty.

The spending plans that we have set out for the coming year will help us to work towards achieving our overarching objective of decent, affordable housing for all. However, achieving that depends on the commitment of councils and housing associations in delivering and shaping the use of resources to suit their local circumstances.

Our spending plans for social inclusion will allow us to build on the hard work that is already being done in social inclusion partnerships to regenerate some of our most hard-pressed communities. With the resources that have been set aside for next year, we hope to introduce new initiatives to empower communities and enhance their ability to work in partnership with statutory agencies. Equally, we want to develop new ways of empowering communities by supporting locality budgeting to give more people a say in how resources are spent in their areas. In addition, we want to support the provision of better information so that we can monitor what works best in our deprived communities.

Finally, on the voluntary sector and equalities, we are keen to use resources to increase the number of people from all walks of life who take part in voluntary activities. We are keen to sustain and support the infrastructure of the voluntary sector; promote equal opportunities and ensure that effective communication and consultation with equality interests is undertaken; and improve information and research on equality issues to help to develop the mainstreaming of equalities.

I have given the committee a broad overview of our intentions vis-à-vis the budget. I am happy to explore further some of the questions that I do not doubt committee members are desperate to ask.

The Convener: I will kick off with some general questions. Could you outline the consultation process that was used by the Scottish Executive in drafting the social justice budget? Did the results of that consultation influence the spending priorities that are set out in the annual expenditure review, and can you provide specific examples? The committee would be particularly interested in how you took on board the comments that the committee made last year at this stage, and whether there are examples of those comments influencing your decisions at a later stage.

Jackie Baillie: That question refers to three separate processes. I think that my first appearance at the committee was in November last year, when Margaret Curran and I were quizzed on the comprehensive spending review process and outcome. The comprehensive spending review was published in September last

year. It was the result of much debate and dialogue with the committee and was available to the wider public for comment.

We studied the comments that we received from the committee carefully and took on board a number of them. For example, we have disaggregated the budget to a more meaningful level, so that rather than simply having broad headline targets, we have started to provide a great deal of detail at level 2 and in some cases, where possible, level 3. We have provided figures in real terms and cash terms, which the committee was keen that we do, and we have quantified targets on an annual basis. We have expressed them as performance targets, so that you can see more clearly the effect of the budget on our performance targets.

In general terms, rather than having a strict consultation process, where people comment on a sheet of paper that is already written on, the social justice portfolio operates in an inclusive way. If members examine, for example, the homelessness task force, the housing improvement task force, the new housing partnership steering committee, the rough sleepers initiative advisory group or the Scottish social inclusion network—the list is endless—they will see that we do business by involving people who are external to the Executive and who have a great deal of practical experience and expertise in given subject areas.

How we set our budgets is based on our key policy priorities—budgets flow from the identification of our policy priorities. Because of the policy priorities that the homelessness task force, with which most members will be familiar, and the Glasgow review team helped to shape and identify, an additional £27 million was allocated as part of the Housing (Scotland) Bill to deal with the new duties that are associated with the homelessness proposals. Equally, we accepted the recommendations of the Glasgow review team, and afforded those recommendations £12.5 million, in addition to all the work that we are doing with the rough sleepers initiative. Another example is our discussions with the Scottish social inclusion network on the whole agenda of empowering communities and how we should go about that. Their thinking has directly influenced how we have allocated our budget.

Last, but by no means least, members will recall the debate in the chamber on the strategy produced by the national partnership on domestic abuse, which directly influenced the £18.3 million package that we put together to continue our commitment to tackling domestic abuse.

Those are some examples of how, at the very start of the policy development process, we have sought to engage widely and take on board

people's views. That has ultimately led not just to the right policies but to ensuring that our budget is focused on implementing those priorities.

10:30

The Convener: Has the social justice budget been subject to any equality proofing? For example, has a gender impact analysis been carried out? Does the Scottish Executive intend to expand the equality analysis of future budgets? Has there been a role for the equality unit in the development of a strategy on equality proofing?

The Deputy Minister for Social Justice (Ms Margaret Curran): You will know that equality is a big part of our commitment. As Jackie Baillie said, we have had many debates in the chamber and in the committee about the significance of the equality strategy. We see the proofing mechanism as critically important. It is not just a question of saying that we are committed to equalities; we are committed to monitoring the implementation of the equality strategy and developing proper systems for that.

Any impact analysis on gender or on any other equality issue will apply to both policy and budgets. However, we must recognise that it is a complex process. A number of officials have put quite substantial effort into working on that process in the past year. We are determined to get it right and we recognise that it is a long-term process. Nonetheless, we think that we have made good progress in the past year. We have established an equality proofing budgets advisory group, which involves a number of external organisations, including the statutory equality agencies and the Engender women's budget group, which I know the convener had an interest in when the Parliament began. The group has agreed a work programme, and research has been commissioned to map the budget process. We are trying to develop the tools that we will use to ensure that we deliver equality proofing and appropriate impact analysis.

You asked specifically about the equality unit. As we have made clear on a number of occasions, we see it as the equality unit's job not to do all the Executive's equality work but to facilitate wider processes within the Executive. Its role is to drive the process forward, to develop policy, advice and support to other arms of the Executive and to ensure that equality proofing is owned throughout the Executive and not just in the social justice portfolio.

The Convener: In that case, to what extent are departments obliged or encouraged to work with the equality unit? It may not be the equality unit's job to do all the equality work, but if there is no process by which people are obliged to relate to

the equality unit, individuals could be operating on their own without the benefit of the unit's expertise. Do other departments have to consult the equality unit?

Jackie Baillie: In the equality strategy, we identified two pilot areas—schools and housing—in which we would develop much of our mainstreaming work, in policy development and legislation as well as with budgets. We are keen to ensure that we learn the lessons from those two pilot areas and develop the tools and mechanisms required. We will then be able to spread that across the Executive by getting the equality unit to work with and provide guidance to departments to ensure that they are fully taking that work on board. There is a commitment by the whole Cabinet and every portfolio to mainstreaming equality across all policy areas. As we learn all the lessons, we will ensure that the mainstreaming of equality is well bedded down.

The Convener: So it is not an option. The other departments are obliged to relate to the equality unit.

Jackie Baillie: Yes.

The Convener: The annual expenditure review does not specify where additional funds made available under the comprehensive spending review have been allocated. Where have those funds been allocated and why did you choose those areas for increased spending?

Jackie Baillie: As its name suggests, the comprehensive spending review is a fundamental review to ensure that our existing expenditure is focused on our key priorities. It is about giving proper consideration to achieving long-term goals and focusing on getting the best value for money. On that basis, we do not simply carry forward baselines and decide what gets a little bit extra and what gets cut. The review is a fundamental review of whether the spending areas are appropriate.

In September last year, we published our forward spending plans in "Making a Difference for Scotland". Those plans include continued support for social inclusion partnerships, community ownership, the housing revenue account, housing support grant, and the provision of new housing through the Scottish Homes development programme and NHP regeneration and development partnerships. We also looked at the following key changes: resources for the implementation of the work of the homelessness task force—I have touched on that before; £12 million over three years to contribute to the re-provisioning of large hostels in Glasgow; support for our five-year central heating programme; resources set aside for supporting people and tenant participation; an increase of 27 per cent in

our budget for social inclusion; and increased resources to enhance voluntary and community action at local level.

The review is a fundamental review and not simply a tinkering with baselines. That is the approach that was taken and that is why we do not show the major differences in the report as an expression of spending in previous years.

Bill Aitken (Glasgow) (Con): I want to pursue the question of targets. In the "Investing in You" document—a document that is not particularly glossy—the minister identified 21 targets. Will the minister advise the committee as to what progress has been made in the achievement of those targets?

Jackie Baillie: Bill Aitken would not be surprised to hear me say that we have made very good progress across all 21 targets. Rather than run through all of them, I will give the committee some examples. The social justice annual report was published last year—we indicated that we would do that. In 2000-01, we have provided 8,220 new and improved homes across Scotland. That figure is well on course to meet our original three-year target of 18,000 new homes and our revised target of 20,000 new homes.

During the period April 1999 to June 2000, we insulated 40,000 houses. Our commitment is to insulate 80,000 houses. The figure may be 100,000—I will check that point and let the committee know which is the correct figure—but we are well on course to achieving the target on insulation. As we referred to earlier, we have published the equality strategy. We indicated that we would do that, and we have started to make progress on the milestones that are contained therein. I hope that those examples give Bill Aitken a flavour of our progress.

Bill Aitken: The minister will appreciate that, while I listen to what she says with great care, I am anxious to know how we can check the situation. What monitoring procedures have been set in place to ensure that the committee and the public can see that the targets are being achieved?

Jackie Baillie: As I am sure Bill Aitken knows, that could be done in a number of different ways. First, most people will have spotted a great deal of similarity between the objectives and targets that we outlined in the annual expenditure report and in our programme for government commitments. It is remarkable how much we can join up when we make the effort to do so. Members can monitor the targets through the annual expenditure report, in which we will report our performance, and they can monitor the Executive achieving its objectives, or otherwise, against the programme for government reporting framework, the social justice

annual report and the equality strategy. A variety of parliamentary and public mechanisms exist to check on the progress that is being made by those of us who hold the social justice portfolio.

Bill Aitken: Let us suppose that the minister has a degree of flexibility for the underspend in the budgets for this year and next year. Where will she redirect the unspent funds?

Jackie Baillie: I do not want to speculate at this stage. The matter is receiving internal consideration in my department and I am in discussion with the Minister for Finance and Local Government as to what end-year flexibility we can enjoy. As members will recall, last year there could be EYF of 75 per cent and, in some cases, 100 per cent. In this portfolio last year, we had EYF of 75 per cent on the social inclusion partnership fund, which we passed on, for the first time, to social inclusion partnerships. That was most welcome. I would be interested in that continuing this year.

In the community ownership budget, we had a 100 per cent carry-forward last year, simply because that is a three-year budget. As the advisory group on new housing partnerships indicated at the time, some of the expenditure profiles may well be quite optimistic, given the processes that local authorities will go through. However, that budget should be regarded as a three-year budget.

I will be in discussion with the Minister for Finance and Local Government to ensure that those areas are considered. We think that we have got the focus, and the allocations, right. If we have any flexibility in any areas, I will want to continue spending money.

Bill Aitken: Having extracted the admission that there is likely to be an underspend, perhaps we can move on and discuss the likely budget implications of the Housing (Scotland) Bill, which is well on course to being enacted.

Jackie Baillie: I do not recall admitting that there would be an underspend. This is not the first time that Bill Aitken has attempted to put inaccurate words in my mouth. He will, of course, expect me to rebut them. It is not so much an underspend as a situation in which resources have been committed in a number of areas, and remain committed, but in which people have reprofiled their expenditure in the light of the practical considerations of implementing certain plans. That is the nature of the world. We do not want to penalise people; we want to work with them and ensure that the spend is efficient and sustainable. I reject the notion that there have been underspends.

Let me turn to the genuine question. Generally speaking, the costs of implementing the Housing

(Scotland) Bill have been mainstreamed across all our budgets. However, specifically, there is £27 million for homelessness provisions; £4.5 million over three years towards increasing tenant participation—money that was most welcome; and £15 million for supporting people. We recognise that introducing the Scottish secure tenancy may involve additional costs. Officials are currently in dialogue with local authorities and housing associations about the scale of that resource requirement.

There will be new resources to deal with Scottish Homes becoming an executive agency. Those resources are estimated at just over £1 million. They largely relate to work to be done on the single regulatory framework and on updating information and communications technology in the organisation to make it compatible with the Executive's ICT.

Over and above that, we are aware that some local authorities have spoken about possible additional financial burdens. From experience, the needs of local authorities will differ substantially from area to area. Some will have responsibility for development funding whereas others may not. If members read the financial memorandum that we supplied along with the Housing (Scotland) Bill away back in December, they will see that, from the beginning, we have made it clear that any additional costs that are placed on local authorities as part of their strategic function will be taken into account as part of our overall consideration of the Executive's financial support for local authorities. I hope that that assures Mr Aitken that we have thought through the implications of the bill.

Brian Adam (North-East Scotland) (SNP): Last year, Wendy Alexander told the committee that new financial performance monitoring procedures were to be implemented across the Executive. Has that monitoring made any difference to the way in which you view the performance of departments? If so, what difference has it made?

My second point is that we have not one budget a year but several bits and pieces, particularly in relation to the CSR. Do you have one consultation procedure for deciding on priorities, or a reserve list of priorities to be met if fresh moneys become available?

10:45

Jackie Baillie: I will deal with those questions separately and answer the first question first. I always think that it is a good process to align policy priorities and strategic priorities, as set out in the programme for government, with resources. If there is disharmony between priorities and resources, strategic priorities will never be

achieved.

My perspective, which my predecessor shared, is that bringing together the ability to target resources clearly on strategic priorities helps to focus attention on what requires to be done. In the social justice portfolio, we have set ourselves some challenging targets that are time-bound and are based on delivering X number of houses or Y number of units. That serves to challenge not just ministers, but all the officials who work in the department, to deliver on those targets. The mechanism is useful and has made our internal working more robust.

I am not entirely clear about what you were driving at with your second question, but I assume that you were asking whether I have a list of initiatives that I would fund if someone gave me more money. I probably have a mental list, but I do not have a list that is written down formally. The broad priorities that we have identified and the work with which we have proceeded inclusively with several external interests have charted a course for us that involves setting a long-term strategic vision for housing, rather than providing piecemeal pots of money for priorities, which might not be sustained beyond a particular year. By adopting that long-term, considered approach, we ensure that our resources are available and are aligned to the priorities that we have set ourselves.

As you will know, by 2003-04, the housing budget will have increased by 38 per cent on the resources that we inherited back in 1997-98. That increase is the result of a process of identifying priorities—not just our priorities, but housing priorities and social inclusion priorities for Scotland. That is the approach that we have taken. Do I have a wish list? Yes. Is that the right way of doing things? No, because that usually implies short-term thinking.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I will move on to discussing the housing revenue account and link that to stock transfers and community ownership. Councils that transfer their housing stock to community ownership will have their housing revenue account borrowing allocation converted into a grant to service the residual debt, yet the HRA allocations for 2001-02 and 2003-04 appear to take no account of that change. Why? What effect will stock transfer have on the HRA borrowing consent?

Jackie Baillie: Given that parts of that question are technical, I will have to refer you to one of the officials, but I will attempt to provide an overview first. You are right that the resources will go towards debt. We believe that that means conversion from borrowing consent as it existed to a grant, but we will spend some time considering with the new executive agency how we best distribute housing resources in the future, because

it seems common sense that we should consider that issue alongside development funding and tie that in firmly to local housing strategies. No resource is lost, but it may be presented in a different way.

John Breslin (Scottish Executive Development Department): On the conversion, the presumption has always been that, as and when a council transferred its housing stock, the money that it received through borrowing consent would be used for debt repayment. I think that your question is why that does not show up in the numbers if we are transferring stock. Given that stock transfers are dependent on tenants balloting, it would have been a bit presumptuous to have assumed that the transfer would go ahead. We have left the moneys as HRA borrowing consent on the basis that, in the year of transfer, we can make the technical adjustments that are necessary to convert them to debt services. We have built that in. It would have been imprudent to have budgeted on the assumption that a transfer would go ahead.

For councils that do not transfer, the presumption is that HRA will continue in the usual way. We have left that budget line untouched, but we recognise that we may have to make adjustments.

Cathie Craigie: If you had made the adjustment already, my question might have been asked in criticism of you for presuming something that had not already happened.

I will stay on the same point. It is recognised in the financial field that resource accounting is a more modern approach. Has the Executive considered moving from the HRA budget to some form of resource accounting for housing?

Jackie Baillie: I believe that we have, but I invite David Reid to comment on that.

David Reid (Scottish Executive Development Department): The Executive is moving or has moved to a procedure under which we budget and account on a resource basis. The funding of local authorities for their own housing stock would not change under resource budgeting because local authorities are outside the departmental boundary for resource budgeting. The allocations for local authority spending would continue as they do at present. Under the HRA process there would be a borrowing consent. The impact on local authorities of resource budgeting would be quite limited.

Robert Brown: I will continue on the theme of community ownership. I would like to get an idea of the time scales that are involved. I think that seven local authorities are involved in the process of community ownership. Do we know what the spread of ballot dates is for them all? What dates are we dealing with? We know the date for the

ballot in Glasgow, but what about the ballots in the other areas?

Jackie Baillie: Dumfries and Galloway Council and Scottish Borders Council are on track to transfer their houses to community ownership by March 2002. In addition, there is a further transfer in Shetland that will take place shortly thereafter. The ballot in Glasgow is still on track to take place in November and the transfer to take place about April 2002.

Twenty-four other councils have received funding to investigate options for the future of their housing stock. Some will be interested in wholesale stock transfer, others will be interested in partial transfer. We have given those councils the resources to explore what the right pattern is for their local areas.

As far as I am concerned, we have earmarked an envelope of funding. That has been reprofiled to take account of time scales because we discovered early on from examining the experience of stock transfer in Glasgow that local authorities, quite rightly, before they consider wholesale stock transfer, have wanted to be clear about sharing information with tenants and to allow tenants to develop their capacity to play a full role in the process of transfer to community ownership.

That gives the committee a flavour of where we are. We are on course to reach our target of transferring one in four houses by 2003.

Robert Brown: How does that link in to which year the different resources come under? The target is obviously moveable and dependent on a great many imponderables. Do the figures on community ownership in table 4, as provided to the committee by letter in April, reflect the delays, or will they have to be updated? Is it an up-to-date profile?

John Breslin: The figures in table 4 reflect the scenario that the minister outlined. We are proceeding on the basis that the four councils that the minister mentioned will transfer on those time scales but, as the minister mentioned, this is a three-year programme. The original date of transfer for Dumfries and Galloway was 2000-01, so we had set aside £24 million in the year of transfer for the one-off payment on debt, but that has been moved. That issue has been tied into the discussions that we are having on end-year flexibility. There is scope within three-year budgeting to move from one year to the other.

Robert Brown: Accepting the period that it will take, do you anticipate a full spend of the community ownership budget over that time scale? What would happen if some or all of the tenants rejected the proposals for stock transfer? What would happen to the budget head under that

if that happened in, for example, Glasgow?

John Breslin: The answer to the first part of the question is that all the councils that originally bid and were awarded funding still intend to conduct the process, with one exception: East Ayrshire Council, which was only allocated a small amount of money, has withdrawn its proposal. I can provide the committee with the details.

We are talking about slippage rather than underspend. The councils that have earmarked money still say that they will spend it, but it will take longer. If the vote were to go against a transfer in a transfer authority such as Dumfries and Galloway and the transfer did not go ahead, funding that was available to tackle debt servicing would be available within the social justice budget. We would know that X amount, £24 million in the case of Dumfries and Galloway, would be available in the year of the transfer to be distributed elsewhere across the social justice budget.

Robert Brown: On the linkage between community ownership and fuel poverty, there is clearly a difference in the way that the central heating proposals will operate according to whether the stock transfer takes place. Does an identified element within the community ownership budget relate to the central heating proposals within the authorities in which stock transfer is going to take place?

Jackie Baillie: I will approach it from the point of our central heating proposals. We have said several times that we are looking at a commitment of about £350 million over five years. That is based on the calculation that we will be installing 140,000 systems at £2,500 per system. The Scottish Executive has committed £110 million of its resources over the first three years. Commitments will follow for years 4 and 5. Stock transfer will lever in additional resources. It will be specified as part of the individual business plans that are being submitted to the four local authorities. In addition, funding will be received from the energy companies as part of their energy efficiency commitment. An identified element, to lever in investment to provide central heating in the stock transfer areas, will be part of the business plans.

Robert Brown: Can you tell us how much that is within the community ownership budget?

Jackie Baillie: The community ownership budget is to deal with the servicing of debt. The business plans that are being submitted are, as Robert Brown will appreciate, the investment programme. That starts to quantify the amount that will be spent in a variety of different ways. Robert Brown will appreciate that I have not seen a copy of the business plan for Glasgow. As I

understand it, it is going through the value-for-money exercise within the council. I am certain that this has been directly considered in all stock transfers as part of their business plan and that central heating will be provided as part of the investment programme. We can certainly find out whether there is a way of quantifying it for you, but it would not be within the community ownership line, but as part of the individual business plans that are being submitted.

11:00

Brian Adam: There is the possibility of slippage on the community ownership proposals. Since we do not have the business plan for Glasgow, will you clarify when the business plan has to be published in order that a ballot might take place in November? I thought that there was a six-month lead time. Is it not bound to slip beyond that date?

Jackie Baillie: There are two different elements to this. First, there is the smaller NHP regeneration programme. The time scales for some of the partial transfers and investigations that local authorities have been undertaking have slipped, but we remain committed to providing them with resources. All the projects will take place, with the exception of East Ayrshire, which we have covered before. However, for the wholesale stock transfers—the big community ownership projects in Dumfries and Galloway, Shetland, the Scottish Borders and Glasgow—we have a clear fix on the timetable. We also have a clear fix on what will be required to service debt and the breakage costs at that point. That is why we have reprofiled the expenditure to reflect more accurately what that timetable will be.

On the basis of rigorous consideration of the timetable, when things will happen and what we know is going on on the ground, I do not think that there will be any significant slippage. The key point to make, though, is that it is not underspent. The difference between underspend and slippage is fairly significant. It does mean, with slippage, that we will spend the money that was identified for those projects to proceed.

Brian Adam: But am I correct in saying that, if there is slippage, it will mean reprofiling the spend? Will you give me a specific answer to the point that I made about the fact that we are now almost at the end of May? My understanding is that, in order to have the ballot, there has to be a six-month gap to allow the appropriate consultations to take place.

Jackie Baillie: I do not know where you get the six-month consultation from, but I am clear that the timetable allows for the full consultation to take place, for the ballot to happen in November and indeed for transfer to happen thereafter. For the

purposes of the *Official Report*, we are talking about Glasgow; this does not necessarily apply to Dumfries and Galloway and other areas. Everybody operates a separate timetable.

We have reprofiled the expenditure. If there is further slippage—because timetables change—as I said earlier, the total cash envelope will remain the same. We are keen to ensure that money is spent on those projects, irrespective of the timetable. Having sat down with the people who are directly involved, we are clear that the profile that we have now is based on the reality of experience on the ground and the likely timetable that will be implemented.

Brian Adam: Thank you, minister.

What effect will the conversion of Scottish Homes to an executive agency have on the Scottish Homes and other housing element of the budget? How will the new executive agency be funded?

Jackie Baillie: The new agency is essentially based on Scottish Homes. It will use the existing staff and premises, so transitional costs will be minimal—they are just in excess of £1 million. Roughly £400,000 will be spent on the single regulatory framework. Upgrading information technology—which probably would have needed to be carried out at some point—comes in at about £400,000 too. We want to ensure that the new agency is effective from the outset.

We will be keeping a close eye on the transitional costs for the next year or so. We do not expect running costs to be that high. The executive agency will gain some responsibilities, with an expanded regulatory function that will have some resource implications, but it will lose others because, as development funding passes to local authorities, there will be less requirement to resource that side of the organisation's activity. Moreover, as houses are transferred from Scottish Homes to other landlords, the management costs associated with running housing will be reduced. At this stage, it is too early to say how those differences will play out in budgetary terms. We are mindful that we want to keep costs to a minimum; nevertheless, we want the new executive agency to function well and effectively from day one.

Brian Adam: We have no disaggregation of the budget for Scottish Homes and other housing for 2002-03 and 2003-04. Can you provide further details about those years today? If not, when will you be able to offer disaggregation of such a large proportion of the future budget?

Jackie Baillie: In the AER, we showed the split between spending on Scottish Homes and spending on other housing. It is clear what is spent on Scottish Homes. We put both elements on the

same line for purely technical reasons, because when Scottish Homes becomes an executive agency—the target date for that is November 2001—we will account for the new executive agency on the same line.

We are keen to present the detail that underpins the broad headings in the autumn. That is the general principle. The committee has the opportunity to comment on what our priorities should be—I welcome input from any member. We shall come back with the detail in the autumn.

Brian Adam: Housing support grant is a diminishing proportion of the budget. It is listed in the report as £12.7 million, but a footnote suggests that you wish to reduce that figure to £10 million in the next two years “at the earliest opportunity”. Why do you consider that necessary? I know that the grant goes to only a couple of councils.

Ms Curran: Brian Adam and I discussed housing support grant at a previous committee meeting. I have written to the committee explaining the distinction between the £12.7 million housing support grant provision and actual housing support grant provision of £9 million, but I shall have another shot at explaining it now.

Spending plans for housing support grant are forecasts of future provision, but housing support grant is a deficit grant and is calculated annually on the basis of need. We have discussed before the purpose of housing support grant, but it has now levelled out at £10 million per year and we are adjusting the planned figures according to what we spend. That is the straightforward explanation.

Karen Whitefield (Airdrie and Shotts) (Lab):

In response to Robert Brown's question about the central heating initiative, the minister said that tackling fuel poverty was one of the key strands of the Executive's housing policy. We all welcome that. She said that she anticipated that the overall budget for the initiative would be about £350 million. At present, the Government has allocated £110 million for 2001-02 and a further £110 million for 2003-04. Obviously, that means that there is a shortfall. Are you confident that the funds will be available after 2004?

Jackie Baillie: I am confident that they will be available. We have indicated that there is a £350 million envelope and a target for the number of central heating systems that will be installed. It is not for me to forecast the outcome of the next Scottish Parliament elections, but if the Labour-Liberal Democrat partnership is returned, our commitment to the provision of central heating will be absolute.

The committee will be aware that the Parliament made an historic decision in pledging its commitment to tackling fuel poverty and in setting

a time scale and targets to do that. The resources for the existing programmes are in place, but I am keen that we should fulfil our new duty to develop a statement on fuel poverty in collaboration with the Convention of Scottish Local Authorities, voluntary organisations and energy companies, as we did for the central heating programme. We must consult on that statement and on the milestones and targets that we want to reach. That process may well require us to consider what additional resources should be made available and whether the existing resources can be shaped differently. Our commitment is absolute to making progress in this area and ensuring that far fewer people in Scotland suffer from fuel poverty.

Karen Whitefield: I welcome that response. You mentioned to Bill Aitken that the Housing (Scotland) Bill has implications for future budget commitments. After the committee agreed amendments on fuel poverty last week, you suggested that the Executive may well have to make additional resources available. Are you considering how much money you will require to fulfil those additional commitments?

Jackie Baillie: The amendments were accepted only a week ago: you must think I have been very busy in the interim. The committee is aware that we intended to lodge a fuel poverty amendment some time ago, although such an amendment was accepted only last week. The existing programmes—the warm deal and the central heating programme—are robust and are having an effect. I do not want to prejudge what we will need to do next.

The convener asked how we will involve people in the budget process. On fuel poverty, we are asking the experts in the field to come up with a draft statement of what can realistically be achieved in the given time scales. When we have that statement, I will review the resources that are required and what our spending priorities should be. That may require additional resources or it may not, but we must develop the policy and the budget on the basis of including people in the discussion.

Karen Whitefield: You said in your opening statement that the warm deal budget will be reduced. Will that reduction have a significant effect on the Executive's ability to meet its fuel poverty targets? If so, will that be an issue for those who do not qualify for or benefit from the warm deal at present, who may require access to funds and assistance to deal with fuel poverty in their homes?

Jackie Baillie: There will be no cut in the budget, although there might seem to be. We are installing central heating systems in households. At the same time, we are wrapping in warm deal measures such as insulation and cavity wall

insulation. Those have been included in our pricing of the central heating programme. We are simply saying that those who have central heating qualify for the warm deal package; after estimating the costs, we have left the budget under the warm deal line. We have merged those who qualify for the warm deal package and central heating into the central heating line, because it makes sense to do things comprehensively. The same amount of money is in the system and we are on course to meet the warm deal targets, which have not changed at all.

Karen Whitefield: How will the central heating initiative affect homes that are below tolerable standard? Do you think that the initiative will take homes out of that designation?

11:15

Jackie Baillie: I do indeed. I regret missing the committee's discussion on below-tolerable-standard housing, but I am sure that we will return to the subject.

I should make a couple of comments. I understand everyone's legitimate desire to have the best possible housing in Scotland. That is precisely why the Executive is developing the index of housing quality. We want to capture the real aspiration that the Scottish Parliament—and the Executive—should be striving to realise. Classing housing as below tolerable standard essentially condemns it, not for the sake of condemning it, but so that it can potentially be demolished.

We must be careful. Having reflected on some of the committee's views, I would be hesitant to class a house without double glazing as below tolerable standard and so fit for demolition, but I accept that there is an aspiration about what housing should be like. We are trying to capture that through the index of housing quality instead of through a list of what makes a house below tolerable standard. The committee and the Executive are largely singing from the same hymn-sheet; the question is what mechanism we use to achieve what we all desire.

The Convener: I feel that we are straying off the subject to somewhere I do not want to go again—the stage 2 debates on the Housing (Scotland) Bill. We are discussing the budget.

Brian Adam: I want to return to the issue of the how the central heating programme will be financed. Can you give us more detail about how the gap between the £110 million that is available to fund the programme and the £350 million will be filled? How much will come directly from tenants? Has there been any progress in securing contributions from energy providers? Furthermore, will you confirm whether money currently allocated

to new housing partnerships might be used? I would like you to fill in some of the blanks.

Jackie Baillie: I would have thought that, with all the written parliamentary questions I have answered on this subject, the blanks had already been filled. As I have said, we came to the figure of £350 million over five years because we will install 140,000 central heating systems at £2,500 each, the cost of which includes the warm deal elements that were mentioned earlier. We have identified resources of £110 million for the first three years; we have not given an indication of the resources for years 4 and 5 because we have not yet reached that stage of the budget process. That said, we are indicating that there will be further resources from the Executive in years 4 and 5 and that stock transfer will lever in additional resources. Tenants will not pay for that directly; instead, we are considering the assembly of a whole cash envelope.

As I said, the energy companies will make resources available as part of their energy efficiency commitment. Our commitment is to deliver central heating systems to the most vulnerable households. You will appreciate that we are trying to ensure that the programme is phased and that it reaches people as quickly and effectively as possible. We must ensure that the central heating systems are right, that local authorities that are currently installing such systems—and have been doing so since 1 April—get to private sector households and that we find a managing agent who will efficiently and effectively deliver the right systems with processes in place for working with installers. There is a lot of detail behind what we plan to do. I hope that I have given some degree of reassurance about where the money is coming from and about our commitment to seeing this through.

Brian Adam: I do not doubt your commitment for a minute, but, as you said, some detail remains to be filled in. That is what I was hoping to get at. I do not think that I got an answer to my question about the progress that has been made on quantifying the amount of money that we will get from the energy companies. There is a big gap between £350 million and £110 million. It is fair enough to say that the £350 million stretches two years beyond this budget process, but are you willing to end-load the money? You have not given us your view on that and you have not specified how the stock transfer arrangements—or any other arrangements you intend to make—will lever the money in. Where exactly will the money come from? Will it be provided in the form of grants or in the form of borrowing consents that will have to be paid for by the tenants through rents?

Jackie Baillie: We could end up going round in circles, so I will go back briefly. The energy

efficiency commitment is expressed as a benefit in kind that counts against the warm deal. We have been in discussion with the energy companies, and continue to hold discussions with them, to tie down the precise costs. We know the broad range and, naturally, members would expect me to want to maximise what we can achieve from the energy companies. The negotiations are continuing so that we can get near the top of the range; the companies have been extremely helpful.

In relation to stock transfer, we will be able to target households within the community ownership areas because stock condition surveys will have been carried out in Dumfries and Galloway, Scottish Borders, Shetland and Glasgow that will give us valuable information. That will enable us to estimate the number of central heating systems that are required; it will be part of an investment programme that delivers for the people of those communities. New kitchens, new windows, new doors, new roofs and decent, affordable housing are at the core of our housing policies.

Although I appreciate Brian Adam's desire for absolute detail, our commitment is in place and we will achieve expenditure of £350 million on 140,000 central heating systems. That is what we committed to and that is what we will deliver.

Cathie Craigie: You gave figures earlier that indicate that the recommendations of the homelessness task force have been budgeted for. Can you assure me that the budget will be able to satisfy the costs in relation to local authorities' need to draft and implement homelessness strategies, as defined in the Housing (Scotland) Bill? Furthermore, does the budget take account of the advice and information that will be given to people who are threatened with homelessness, which is another issue that falls under the provisions of the Housing (Scotland) Bill? Are you confident that the budget allocation will meet the additional costs?

Jackie Baillie: I shall start by repeating that we have made £27 million available for the enhanced homelessness duties under the Housing (Scotland) Bill. I am confident that that amount is sufficient to enable local authorities to meet the bill's provisions. It may be worth reminding ourselves that dealing with homelessness is not a new activity for local authorities. They receive significant funding to support duties such as the provision of advice and assistance and temporary accommodation. We have identified the funding to ensure that that current activity is enhanced to the level required under the legislation.

We estimate that about £2 million of public funding is spent on the provision of advice and assistance through citizens advice bureaux, HomePoint and local housing offices. A high proportion of temporary accommodation is already

available, which is funded predominantly through housing benefit.

The sum of £27 million under the Housing (Scotland) Bill will provide the enhanced level of service for which we are all striving. As we made clear in our financial memorandum to the bill, any additional costs placed on local authorities will be a matter for discussion and we will take those into account as part of our overall consideration of the Executive's support for local authorities. For example, there is dialogue on the implementation of the Scottish secure tenancy and the resources that will be required for that. I welcome our close working relationship with COSLA and many housing associations throughout Scotland in identifying how to implement the provisions of the Housing (Scotland) Bill most effectively and efficiently. It will make a key difference to people's lives.

Cathie Craigie: There are many tools to prevent homelessness, one of which is the Mortgage Rights (Scotland) Bill, which I hope will be enacted later this year. Is the Executive confident that the money set aside in the budget will meet the provisions of that bill?

Jackie Baillie: Cathie Craigie should have declared a vested interest, given that she is promoting the member's bill on mortgage rights. I hope that the Mortgage Rights (Scotland) Bill will reach stage 3 before the summer recess. The bill has been promoted for some time, so it will not surprise Cathie Craigie that we have considered the resources that will be required to implement it. In line with the financial memorandum that we submitted some time ago, we have ensured that resources will be available, but I am sure that Cathie Craigie does not expect me to make an announcement today.

Cathie Craigie: Will the minister explain why social inclusion partnerships no longer receive capital funding? What effect will that have on the work of SIPs?

Ms Curran: We have made several improvements in the way that we deal with funding of SIPs and in how they operate, which are to be welcomed. We now fund SIPs quarterly in arrears and we are moving to 100 per cent in-year payment, which should greatly assist SIPs' flexibility. In the past, we had to distinguish between capital and revenue—we have taken away the need to do that. The improvement will enable SIPs to spend money on capital projects if they so wish; it increases their flexibility. The provision will allow SIPs to operate more effectively, which is why it was introduced. It is the subject of a good dialogue.

Cathie Craigie: There is now a budget for gathering statistics in neighbourhoods. What will

those statistics be used for? What will be the benefit?

Ms Curran: We have committed resources to the development of the neighbourhood statistics profile. Like the work with SIPs, trying to work out exactly how money is spent is important. That must be targeted particularly at deprived areas. We must ensure that the resources that are allocated within our budgets meet the needs of the deprived people whom we want to help. A lot of evidence from SIPs, local authorities and other agencies shows that they cannot always be sure that resources meet targets. A statistical profile will enable such work to be undertaken. It is regarded as a way to help the process.

11:30

Cathie Craigie: The minister recently announced that 61 community partnerships would receive regeneration funding of £60,000 each. Is that money accounted for in the budget or will it be new money?

Jackie Baillie: The money is in the budget under the heading "Empowering Communities". The £60,000 allocation for each social inclusion partnership was identified in work that we did more than a year ago with the Scottish social inclusion network when we looked into how we could ensure that members of social inclusion partnership boards from the community could participate as equal partners with the statutory agencies, be they local authorities, local enterprise companies or health boards. It was clear that additional, dedicated support was wanted to ensure that the community—not just at SIPs board level, but beyond—was fully engaged in the process and was able to make a contribution. That is why we awarded the money. It came about as the result of major consultation with the social inclusion partnerships.

Cathie Craigie: What funding has been committed to tackling anti-social behaviour?

Jackie Baillie: About £200,000 has been allocated to the sociable neighbourhood initiative to tackle anti-social behaviour. I said that from memory so I shall write to the committee if I am wrong about it. The sociable neighbourhood co-ordinator is working with local authorities to develop model guidance and practice and publications and tools that can be used by local authorities. It is a type of cash envelope. Local authorities commit significant resources daily to tackling anti-social behaviour in the communities that they serve. That is reflected in the allocations that are given to local authorities centrally, which are now negotiated on a three-year basis, not annually.

Brian Adam: The empowering communities

budget in particular is being increased as a proportion of the overall budget for such matters. The minister talked about developing representatives; there are also people's juries. We are talking about a final budget of £28 million and more than a quarter of the total budget for SIPs. I hope that the general upskilling of the population will also be included in such work. Is that the intention? Is the idea to build on initiatives? I cannot remember the technical term for the programme—it is not a training house. I should remember what it is called because I was in the council ward of Middlefield that started such initiatives. There may be considerable concern if we put a quarter of the total SIPs budget into such measures—there is not a lot of detail.

Jackie Baillie: Details will be made known in the autumn. I am keen to hear members' views on what else the budget can be spent on—we have announced part, but not all of it. Our key objective is to ensure that various mechanisms are in place, such as people's juries and people's panels, and that empowerment support is provided to communities, social inclusion partnerships and the working and learning together skills development programme. That was the catchword you were looking for. All those measures come under the same heading.

Other initiatives will be taken under the heading, but they will be aimed primarily at our overarching objective of ensuring that people are involved. Whole communities cannot be regenerated unless the people who live in them feel some ownership of the process and are directly involved. Otherwise, inputs will not be sustained in the long term.

Community participation and involvement and our ability to build communities' capacity to participate directly in decision making are key priorities for us—that is why the budget has increased substantially. We will have more detail in due course. We would be happy to receive a steer from the committee on the matter.

Karen Whitefield: I have a long-standing interest in the voluntary sector and welcome the increased funding for it over the next few years. What will the increased funding achieve? How will the Executive monitor whether it is getting value for money and whether the increased funding is meeting the Executive's objectives?

Ms Curran: The committee has a long-standing involvement with the voluntary sector. Are you still the committee's reporter for the voluntary sector, Karen? You have had considerable responsibility for that.

As you indicated, the Scottish Executive has made a strong commitment to the voluntary sector. We directly provided £35 million in 2000-

01, which is up from £23 million in 1998-99. That is a considerable sum and we obviously expect a return on it. The budget for sector infrastructure is increasing from £4 million to over £10 million and we have doubled the funding for councils for voluntary service to £2.6 million. To support the development of IT in the sector for the next three years, £0.5 million is being made available. I think that the committee has had some correspondence about the active communities budget increasing substantially too. I would be happy to give all the details to the committee.

We see the voluntary sector as a key player in Scotland, in a key partnership with the Executive. Throughout their constituencies, members will see the kind of return from spending in the sector. We recognise the valuable contribution that the sector makes, not only in funding the infrastructure and some of the staff, but—critically—in involving volunteers who make an enormous contribution to services in Scotland and provide much in local communities. To follow on from Jackie Baillie's point, the sector develops the capacity of the community to develop its own responses and to create solutions to problems. That is how we see our relationship developing with the voluntary sector.

Karen Whitefield: Is there a benefit in the Executive funding umbrella organisations such as the Scottish Council for Voluntary Organisations rather than directly funding small community groups?

Ms Curran: Yes. We have systematically tried to develop a strategic approach to the voluntary sector. We have moved from the ad hoc, goodwill kind of approach that was perhaps apparent in the past to a much more strategic relationship with the sector. We see the sector as a key partner. We will engage with it in developing its views on policy, how we deliver policy and on how the sector develops strategically. That is why we have tried to assist in developing stability in the sector.

The committee will be aware that, through the strategic review of funding, we are trying systematically to move away from a piecemeal approach to funding. We are trying to develop a much more effective approach whereby people do not spend their lives filling in forms. A more strategic approach is required. We have had a constructive dialogue with the sector. Our emphasis is very much on the strategic.

Karen Whitefield: You mentioned the review of voluntary sector funding. I appreciate that the review has not been completed and I do not want you to pre-empt it, but the Finance Committee is considering funding for the voluntary sector and concern has been expressed that those who work at the coal face spend much of their time worrying about funding. That does the service an injustice.

People cannot concentrate on service delivery in the way that they would like to because they are funded for one year at a time rather than for three years, for example. Do you anticipate that, as a result of the review, there may be some changes to the way in which the Scottish Executive funds the voluntary sector?

Ms Curran: As you say, we do not want to pre-empt the review, but we are making a commitment to introducing stability in considering a three-year funding pattern as opposed to an annual pattern. We cannot speak for all departments, but we see the strategic review helping the Executive to facilitate a much more stable pattern of funding.

The issue is not all about grant funding, but about how we develop our relationships with the sector to ensure that resources and relationships are used effectively across the board. We want to ensure that that is the long-term picture that we develop with the voluntary sector. We cannot answer all its problems—we realise that—but we think that the emphasis will be on innovative practice, service delivery and partnership. Bringing stability into funding will facilitate that.

The Convener: I thank the ministers for attending and thank the committee for its questions.

11:40

Meeting continued in private until 11:50.

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