

SOCIAL JUSTICE COMMITTEE

Wednesday 3 October 2001
(*Morning*)

Session 1

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SOCIAL JUSTICE COMMITTEE 24th Meeting 2001, Session 1

CONVENER

*Johann Lamont (Glasgow Pollok) (Lab)

DEPUTY CONVENER

*Mr Kenneth Gibson (Glasgow) (SNP)

COMMITTEE MEMBERS

*Robert Brown (Glasgow) (LD)

*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)

Linda Fabiani (Central Scotland) (SNP)

*Mrs Lyndsay McIntosh (Central Scotland) (Con)

*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)

Dr Nick Fyfe (University of Dundee)

Jean McFadden (Scottish Charity Law Review Commission)

Dr Christine Milligan (University of Lancaster)

CLERK TO THE COMMITTEE

Lee Bridges

SENIOR ASSISTANT CLERK

Mary Dinsdale

ASSISTANT CLERK

Craig Harper

LOCATION

Committee Room 1

Scottish Parliament

Social Justice Committee

Wednesday 3 October 2001

(Morning)

[THE DEPUTY CONVENER *opened the meeting at 10:01*]

The Deputy Convener (Mr Kenneth Gibson): Colleagues, I have received apologies from the convener, who expects to be about 30 minutes late because of another engagement. I have also received apologies from Linda Fabiani, who will be unable to attend because of illness.

Items in Private

The Deputy Convener: Do members agree that items 2 and 6 on the agenda be taken in private?

Members *indicated agreement.*

The Deputy Convener: Just before we go into private session, I offer a warm welcome to Craig Harper, who has joined the committee's clerking team. Craig has come from the Local Government Committee, where his service was distinguished.

10:02

Meeting continued in private.

10:11

Meeting continued in public.

Voluntary Sector Inquiry

The Deputy Convener: We are resuming slightly early, but given the committee's interest in the voluntary sector, that will allow us a few more minutes to question Jean McFadden. I issue a warm welcome to Jean McFadden, who is the chair of the Scottish Charity Law Review Commission and—I am sure we all agree—a distinguished individual in many other spheres. Before we ask questions, I will allow Jean to spend a few minutes outlining the work of the Scottish Charity Law Review Commission.

Jean McFadden (Scottish Charity Law Review Commission): I put together a briefing note for members, which I assume you all have; I do not intend to go over it, but I will expand on one or two parts of it.

We were given a year to report, but we could have done with a bit longer. Towards the end of the period we could have used a bit more time, particularly in relation to public charitable collections, but there was pressure on us to report within a year and before the general election.

From your point of view, the most important part of our report is the defining principles that we recommend for Scottish charities—they are given near the top of the second page of the briefing note. At the moment, charitable status in Scotland is given by the Inland Revenue, which uses English law to decide whether an organisation should become a Scottish charity. The Inland Revenue is using law that dates back to 1601, when charities were defined in terms of the advancement of religion, education, poverty relief and so on.

We feel that using those English legal principles to recognise charities results in the ordinary man or woman in the street not perceiving charitable organisations as such. An example of that is a local authority company, such as the one we set up to run the Glasgow Royal Concert Hall. That is a local authority business, but it has charitable status. I am sure that my colleagues in Glasgow, particularly the director of finance, would be horrified to hear me recommending that charitable status should be removed, but the ordinary person in the street does not think that that company is charitable.

It is the same with quangos. Some Government-sponsored non-departmental bodies have charitable status. Again, the ordinary person would think that that was an abuse of the word charity.

I am sure that there are mixed views on exclusive private schools, but if we used the test of public benefit, which is our first proposed defining principle, I think that doubts would arise over the charitable status of such schools.

10:15

Some organisations that people might think should be charitable do not get charitable status under English law. For example, although not impossible, it is difficult for a tenants association, which is run for the benefit of its community, to gain charitable status. Some campaigning organisations, such as Amnesty International cannot get charitable status because one of the tests under English law is that charities should be non-political.

We have recommended four defining principles for a Scottish charity. First, a charity should be for the public benefit—that should be its overriding purpose. Second, it should be non-profit distributing—that principle is not particularly controversial. Third, it should be independent—I have added “of government.” By that we mean that an organisation such as a quango or a local authority company should not be eligible for charitable status if more than a third of the members of its governing body or board of directors is appointed by central or local government. In the fourth principle, we have inserted the word “party” before the word “political” to widen the range of campaigning organisations that could get charitable status.

We think that those four principles should bring into the charitable net a much larger number of voluntary organisations than can currently become charities. I am thinking of tenants organisations, for example. There has also been a lot of discussion about self-help groups. Should self-help groups be recognised as charities? This is where matters get a bit complicated. If all the trustees of a self-help group are beneficiaries, but not all its beneficiaries are trustees, perhaps it should be a charity. For example, a tenants association is set up to benefit all the tenants in an estate; the members of the tenants committee are tenants and are therefore beneficiaries, but there are perhaps only a dozen trustees out of several hundred beneficiaries.

We think that an organisation where all the trustees are all the beneficiaries, such as a mutual organisation, should not become charitable because there is no wider public benefit. That is controversial, particularly with the Scottish Council for Voluntary Organisations—SCVO. Nevertheless, those are the principles that we have put forward. The intention is that the word “charitable” should designate a much larger number of organisations than at present.

The report talks about the regulation of charities. We make the important recommendation that a new body should be established with the powers that we set out in the report—we suggest that it should be called CharityScotland. That body would be similar to the Charity Commission for England and Wales.

The Deputy Convener: Thank you for that introduction. To kick off, I will ask some general questions. Was any consultation carried out with groups who might now be entitled to charitable status under your recommendations? If so, what were their general views?

Jean McFadden: We consulted widely. We drew up two questionnaires. One was a short leaflet that we sent out to every organisation that we knew was recognised as a charity. We got that information from SCVO. We sent out a much more detailed questionnaire to umbrella organisations such as SCVO and the Institute of Charity Fundraising Managers. We sent the larger questionnaire to about 100 organisations.

We also held six road shows in Glasgow, Edinburgh, Dumfries, Inverness and two other places that I cannot remember at the moment. We threw those meetings open to the public and a range of people attended each meeting. We got a huge amount of information back from the consultation process.

The main problems that were identified in the consultation process were, first, that the definition of charity is out of date—I have already discussed that. Secondly, the current organisational structure in Scotland was seen as unsatisfactory, because there is no body like the Charity Commission for England and Wales and the regulation of Scottish charities is split among seven organisations at the moment—it is fragmented. Thirdly, comments were made about accounting thresholds; as I am not an accountant and I know nothing about tax law, I hope that you do not ask me any questions about that, because I would need to duck them. Fourthly, the public and the charities want an authoritative source of advice and information on all aspects of being involved in a charity. Fifthly, the protection of the public is regarded as important. That point applies not only to charitable work, but to public charitable collections. When someone puts money in a tin, they do not get a receipt, there is no audit trail and they have no idea where the money goes.

Those were the five big areas that we concentrated on.

The Deputy Convener: If the Executive does not take on board all your recommendations, what do you believe that the key priorities should be?

Jean McFadden: First, I would like the definition of charity to be widened. That is the first priority.

Secondly, I would like the currently fragmented structure to be reorganised into what we describe as a one-stop shop. There are some arguments about whether the organisation that registers charities and provides advice and information should also be the body that regulates, so that it is both the friend of charities and the policeman. We came down in favour of a single body combining all the functions, but if that is not possible or is not regarded as satisfactory, a single body should be established for the friend-of-charity function.

The Deputy Convener: I open the session up to other members.

Karen Whitefield (Airdrie and Shotts) (Lab): You mentioned that the law on the definition of a charity dates back to 1601. Will you explain a bit more about what you envisage happening when a Scottish charity does not meet charitable status as defined by the Inland Revenue? Have you discussed that?

Jean McFadden: If a body becomes recognised as a charity, it is entitled to a range of tax reliefs. That is a reserved matter and, although we made a few recommendations that we would like to be taken up on a UK basis, there is nothing that the Scottish Parliament can do about the tax position. However, there are other benefits of being a Scottish charity, one of which is relief from non-domestic rates on premises that the charity occupies. At the moment, charities get 80 per cent rate relief but bodies that are not charities, such as my tenants association, must pay the full amount. Registered charities also have easier access to funds, because some of the big trusts will donate only to recognised charities. There is a huge range of voluntary organisations all over Scotland that would benefit from being recognised as Scottish charities, even though nothing can be done about the tax position.

Karen Whitefield: You point out that you are examining the issue in a Scottish context. One of the benefits of devolution may be the fact that the Scottish Parliament is able to determine what is right for charitable organisations in Scotland. In that regard, how might the Scottish Charity Law Review Commission differ from that in England and Wales in terms of the recommendations that it makes? Have you discussed with the Charity Commission in England and Wales the modernisation agenda that it is pursuing? That would allow you to work in a complementary manner.

Jean McFadden: We had at least two meetings with the Charity Commission, and Richard Fries, who used to be the head of the Charity Commission, was a member of our organisation. We benefited enormously from his contribution. We did not set out to model ourselves on the English organisation, because we wanted to be

distinctively Scottish. If there are similarities with the set-up in England, that is because it is to the advantage of Scotland. I deliberately did not find out too much about the way in which the Charity Commission works south of the border, because I did not want my thinking to be influenced.

The Charity Commission is undergoing a modernisation agenda. I think that someone has been seconded to the Cabinet Office from the English equivalent of the SCVO, the National Council for Voluntary Organisations, to work on the modernisation of charity law in England and Wales. Various recommendations in our report relate to the need to have liaison and concordats between the two organisations. Having too much divergence would not be sensible, because many of the large charities, such as Oxfam, are English charities that operate in Scotland. We do not want to make operating in Scotland so bureaucratic that they are driven away.

Karen Whitefield: Obviously, many charities that operate in Scotland also operate throughout the UK. What consideration have you given to the implications of your recommendations on that situation? What will happen about charities whose headquarters were in England if your recommendations operate in Scotland but are not similarly implemented in England and Wales?

Jean McFadden: We recommend that a new body, which we would call CharityScotland, should be the regulator and the registrar of all charities that operate in Scotland. However, we recommend that there should be a simplified form of registration and regulation for English-based charities, as they would have another principal regulator, the Charity Commission. As I said, we do not want top-heavy bureaucracy to drive away such charities.

The Convener (Johann Lamont): Members will have noticed a smooth transition from the deputy convener to the convener. I add my welcome to the welcome that has already been extended to our witnesses—I should also welcome myself to the committee, I suppose. I thank Kenny Gibson for taking over while I was unable to be here.

I have a couple of questions that the committee has been considering. Can you explain more fully the reasons behind your recommendation that there should be four defining principles for Scottish charities?

10:30

Jean McFadden: We were aware that there are 44,000 voluntary organisations in Scotland, employing 100,000 people, but that only about 27,000 of those organisations are recognised by the Inland Revenue as Scottish charities. There was a considerable body of evidence from the

voluntary sector that a large number of those organisations that are not recognised do charitable work and have charitable aims. Many of those voluntary organisations are prevented from reaping the benefits of being a charity by the outdated law that is applied by the Inland Revenue for the purposes of recognition. At the outset, our aim was to widen the net and to be more inclusive. We felt that those four principles would widen the net.

The convener was not in the room when I mentioned the self-help groups and gave the example of the tenants association in which all the tenants on the committee are beneficiaries. It is not impossible for such an organisation to get charitable status, but it is difficult. We think that it should be acceptable for a self-help group to have charitable status.

We also widened the net by suggesting that an organisation should be non-party-political as opposed to just non-political. The definition non-political excludes organisations such as Amnesty International, Greenpeace and various other campaigning organisations. Campaigning to change the law is seen as a political aim and therefore not charitable under the current definitions.

Our aim, therefore, is to bring a lot more of those 44,000 voluntary organisations into the net and, incidentally, to get Amnesty International to set up its headquarters in Scotland.

Mr Kenneth Gibson (Glasgow) (SNP): Preferably in Glasgow.

Jean McFadden: Yes, of course.

The Convener: I understand that you mentioned mutuals in your opening statement, so forgive me if I am asking about something that has been covered. Can you explain why you recommended specifically that mutual societies should not be given charitable status? Have you had any feedback from mutuals about that view?

Jean McFadden: We had quite an argument about that in the commission. Our recommendations were unanimous and we did not divide over anything because, in some cases, we had to come to a consensus that did not satisfy everybody.

I will give an example. Senior civil servants in the Scottish Parliament could set up a credit union that would be open only to those in the highest positions. That would be a mutual society because all the civil servants would be members and they would all be beneficiaries. Would that be a charitable organisation? Would there be a wider public benefit? Should that credit union be entitled to charitable status and have the ability to get grants from other organisations? If the members

bought their own wee clubhouse, should they get rates relief?

Our view is that where an organisation benefits only itself, it is not charitable. It would not meet the wider public benefit test.

The Convener: Do you think that that applies to all mutuals or co-operatives?

Jean McFadden: Personally, I do not. I went along with the recommendation because of the example that I have just given, but I was not convinced that an organisation such as a food co-operative should not have charitable status. I am not sure where the line should be drawn. Perhaps the application of the wider public benefit test would mean that the food co-operative could be included whereas the civil servants' credit union could not.

Robert Brown (Glasgow) (LD): I congratulate you and the commission on the report, which is a useful contribution. Having said that, can I ask how you came up with the horrible name CharityScotland? That is a serious point. In the eyes of the public, a name such as the Scottish charity commission would carry a modicum of initial recognition, whereas CharityScotland will not. Will you not give yourself more problems by choosing such a PR-type name?

Jean McFadden: Is the word commission terribly meaningful? I am not sure that it is. When one says charity commission, one knows what that means, but the word commission on its own is not meaningful.

We did not spend too long on the name. We had one or two away days when we started at nine o'clock in the morning and went on until nine o'clock at night. My recollection is that—as we were slumping one day—one of the commissioners said, "Let's call it CharityScotland." Then we argued about whether it should be a capital S or a capital C, or a small S or a small C, but the suggestion was made about what we should do about the name. So we said, "That's it, we'll call it that." However, do not think that we are absolutely thirled to it.

Robert Brown: Out of little acorns, mighty institutions grow.

Is there a role for on-going Government power of regulation with regard to public benefits? By that I mean a power to deal with the mutual issue by regulation and allowing certain types of organisation, such as the food co-operative, to be included. Once the main structure is in place, there could be a reserved power for the Government or the Scottish Executive to add categories for what seem to be good public purposes, perhaps after consultation. Is there potential for that?

Jean McFadden: Yes. Perhaps it should not be the Government that adds categories. Our view would be that charityScotland should have the power to widen out the principles.

We wanted the initiative to be something that would stand the test of time to enable new organisations—organisations that we have not even thought of yet—to be brought into the net in 50 years' time. We did not envisage a string of Scottish statutory instruments to set out new categories. We thought that categories would be decided internally.

Robert Brown: You mentioned a divide—the friend or policeman issue—between the regulation and the advice role. The alternative view was that a body such as SCVO would be funded to provide advice of the friendly type that you talked about from within the sector. Why did you reject that idea in favour of keeping it all together as CharityScotland?

Jean McFadden: We did not envisage CharityScotland taking over everything that SCVO does. We envisaged CharityScotland having a role in advising people how to set up a charity and how to deal with the management and governance. In areas that already had a good source of information, CharityScotland would direct the organisation to SCVO or to the Institute of Charity Fundraising Managers or another appropriate body.

Robert Brown: Do you foresee significant problems with the gatekeeper role? For example, will there be problems about who qualifies and who does not, who gets struck off the roll for no longer qualifying and who does not? Will a lot of applications have grey areas? An example is the public benefit test, which is a difficult and arguably subjective test to apply in practical terms. You mentioned independent schools and I can think of a number of other organisations of the same kind, which are putatively public and for which one can see a public argument, but more restrictions could also apply. Will there be many areas in which you will have to make decisions in individual instances? Have you any assessment of the scale of the problem?

Jean McFadden: If the nettle of exclusive public schools is to be grasped—and I emphasise the word “exclusive”—there will be howls of protest. As I said in answer to a previous question, we cannot do anything about tax reliefs, but I am sure that non-domestic rate relief is of considerable benefit to such organisations. That is likely to be the most controversial issue.

Robert Brown: Do you envisage a phasing-in period? For example, an organisation such as an exclusive public school has a budget, and under the present law it is entitled to do certain things.

Do you envisage a period for organisations that will no longer be charities to adapt to the change and deal with the financial consequences?

Jean McFadden: Yes. That would only be fair.

Robert Brown: How should CharityScotland be funded? Should it be a Government-funded body, or should it be funded by charges on the charities that are regulated?

Jean McFadden: One of the questions that we asked in our questionnaire was whether organisations would be prepared to pay for various services that would be provided by CharityScotland. You will not be surprised to hear that the answer was a resounding no. The corollary of that is that we envisage CharityScotland as a centrally funded organisation, which is probably right under the circumstances. A small charity should not be diverting some of its funds from its charitable objectives.

Mrs Lyndsay McIntosh (Central Scotland) (Con): My question was prompted by your analogy about people shaking tins in your face, which is the public perception of so many fundraising ventures. Can you outline in more detail the proposed framework on public charitable collections?

Jean McFadden: At the moment, the law relates only to the collection of cash, and the definition of “public place” is quite restricted. Do you know what I mean when I talk about tabard collectors?

Mrs McIntosh: Yes, I do.

Jean McFadden: They have hit the streets of Edinburgh and Glasgow, and have penetrated as far as Ayr. They collect on behalf of the big charities, but they do not collect money—they collect direct debits or standing orders—so they are not regulated, and there is no limit to their numbers. They are not doing anything unlawful. They come out in large numbers, and they work closely together.

Mrs McIntosh: There is no escape.

Jean McFadden: Yes. They are also not volunteers. Many people do not realise that they are paid. That was a big issue for the public. We recommend that new legislation should cover all types of cash and non-cash donations, and that people who are not volunteers should be identified as such.

We recommend that every organisation that is registered as a Scottish charity by CharityScotland should have standing permission to collect either in public or in private places, provided that they have the permission of the owner or manager of the premises. The fact that an organisation is

registered with CharityScotland should be enough to prove its status. The role of local authorities should be to check on local organisers, which they do at present with the police running checks, and if possible—this may not be easy—to check on the probity of individual collectors. I imagine that that would be difficult, but if it could be done, we would recommend it.

We also recommend that charityScotland should administer a national calendar of dates, which could easily be done on computer, so that a number of charities do not descend on Edinburgh or Glasgow on the same day. We recommend that everybody who is involved in licensing public charitable collections should receive better training than they do at the moment, and that there should be closer liaison between local authorities and the police.

10:45

Mrs McIntosh: What powers should CharityScotland have in relation to charities whose expenditure on fundraising is considered excessive? People will be twitchy about that sort of thing when they give to a charity. There is no audit trail for public donations, but when one looks at the accounts, one realises that the charities have spent all that money to gather in money.

Jean McFadden: We recommend that every charity should send in an annual return, including accounts, to CharityScotland. The amount that is spent on fundraising should be separately identified in those accounts. If that amount raises concern and is seen as excessive, CharityScotland should have the power to investigate and to call in the charity to explain.

Mrs McIntosh: Rather than that being a specific amount, would you think in terms of it being a percentage?

Jean McFadden: Yes. It would have to be a percentage so that it could keep up with the times. I cannot remember whether we have a specific percentage in mind at the moment. I do not think we have, but there is certainly a specific recommendation that there should be power to investigate.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I echo Robert Brown's thanks for the work that you and the commission have undertaken. Your presentation has helped to shed some light on the recommendations.

I return to the suggestion of new legal forms for charities. You mentioned that in your presentation but did not expand on it. Would you expand on the review commission's recommendations concerning the new legal forms for charities and the trustees' power of investment?

Jean McFadden: I should have said that one of the problems facing the voluntary sector at the moment is that the flow of volunteers seems to be drying up. One of the reasons for that is that people are worried that they are liable for losses. There are a number of different legal forms that a charity can take, such as being a charitable company.

The Department of Trade and Industry initiated discussions in 1998, which resulted in the recommendation that there should be a new form of organisation called a charitable incorporated organisation. That form of organisation would limit the liability of the people who were involved in the governance of a charity. Worries about liability came through strongly in the consultation. People want cast-iron guarantees that their liability would be limited. To coincide with the DTI report, we made an interim recommendation on that matter before we had finished our work. We recommended that there should be a separate legal form for incorporating charities, called charitable incorporated organisations. That form should be open to all charities but it should not be forced upon them; it should not be mandatory, but it should be restricted to charities.

On the trustees' powers of investment, the powers that exist in Scotland are significantly more restricted than they are in England and Wales. The accountants were in control of the discussions that related to this part of the review, so it is not an area that I know a great deal about. There seems to be a recognition that the law has moved on in England and Wales in relation to trustees' powers of investment while, to the detriment of charities, it has not moved on in Scotland. There is a feeling that Scotland should legislate to bring the law up to date with English law.

Cathie Craigie: I want to ask about the proposed new framework to make it easier for charities to reorganise and get access to accounts that have lain dormant for a while. In my constituency, I know of organisations that have had difficulties in that regard. What difficulties has the commission found, and how would your recommendations deal with them?

Jean McFadden: The founding documents of some charities were written a long time ago and do not take account of the fact that the purpose for which the charity was set up might disappear. For example, a charity for the relief of little boys who have been sent up chimneys no longer has a charitable purpose but might still have money. Under the present law, it can be expensive and complicated to reorganise. People might think that the money that is held in that charity's name and is lying in a bank account should be given to a similar modern cause—local children's organisations, for example—but it is difficult to get

at it if all the trustees are dead and gone.

We recommend that CharityScotland should be the body that would oversee the reorganisation of Scottish charities and make it easier to reorganise, while protecting the public and the money that has been donated.

A series of recommendations, which are contained in the report, were made by an official called the Scottish charities nominee. A charity's account is declared to be dormant if there has been no movement in the account for 10 years. We think that that period should be shortened. We see no point in money that was meant for a charitable purpose simply lying in a bank account because the purpose for which it was intended is no longer relevant.

The Convener: That brings us to the end of our questions. Would you like to add anything?

Jean McFadden: There has been huge pressure for the reform of charity law in Scotland for many years. A number of reports, including the Kemp report, have been produced, but the UK Parliament has not found the time to do anything about it. There is a legislative and organisational muddle in Scotland and there is a huge body of people doing good work who want charity law to be modernised. The Scottish Parliament has the opportunity to do that and I hope that, if the Scottish Executive agrees with our proposals, legislation will be prepared as early as possible.

The Convener: I thank you for attending today and acknowledge the work that you put into producing the report.

10:54

Meeting adjourned.

11:00

On resuming—

The Convener: I welcome Dr Nick Fyfe from the University of Dundee and Dr Christine Milligan from the University of Lancaster, who are the authors of the Economic and Social Research Council paper "Voluntary Organisations, Social Welfare and the City". I understand that the witnesses will first give a brief presentation using the overhead projector. We will see that presentation, then ask questions.

Dr Nick Fyfe (University of Dundee): I thank the committee for inviting us to speak. We have provided a short briefing paper and more extended analysis of the results of our research, so I will simply outline some of the project's key objectives and how we conducted some of the research.

Our main aim was to understand the

development and distribution of social welfare voluntary organisations in Glasgow by examining the relationships between organisations, local communities and levels of government—Glasgow City Council and the Scottish Parliament.

The project's first objective was to establish what types of voluntary organisation are active in Glasgow, where they are and why they are there. We were interested in the reasons for the locations of voluntary organisations—that reflects partly our background in geography. We wanted to separate the broad structural reasons that might influence the distribution of voluntary organisations—which relate to matters such as funding—from more local issues that relate partly to the role of social entrepreneurs and the fact that some individuals are active in the community and establish organisations.

The second main objective of the research was to establish what forms of relationship develop between voluntary organisations in the places where they are active. We were interested in the role that organisations play in promoting active citizenship, for example, and the extent to which voluntary organisations empower local citizens by engaging with their concerns.

The third objective was to study the impact of the political context on the development of voluntary organisations. We were interested in forms of relationship that organisations have developed with different tiers of the state and how they affect the development of organisations, their priorities and related matters. We were especially interested in the way in which organisations perceive the Scottish Parliament's impact on their activities.

I will describe briefly how we conducted the research, which had three elements. The first was to construct a database of all voluntary organisations in Glasgow, which was a difficult task, partly because organisations come and go quickly—there is a rapid turnover. However, we drew on a database that had been developed jointly by Glasgow Council for the Voluntary Sector and Glasgow healthy city partnership. We used that in combination with a database that was held by the Mitchell library in Glasgow to create a database of about 2,500 organisations that are involved in social welfare. With that database, we were able to begin to map the distribution of voluntary organisations in the city. Slide 1 shows all 2,500 organisations that are engaged in social welfare and the boundaries of social inclusion partnership areas. The map relates to our interest in considering the uneven distribution and development of organisations in the city.

Using a geographical information system, we were also able to link the distribution of organisations to deprivation in the city. By

mapping a deprivation score, one can see the extent to which areas of relatively high deprivation have a high or low number of voluntary organisations. In the report, we mentioned that areas such as Drumchapel are relatively well served by local organisations whereas areas such as Pollok in the south-west are relatively poorly served.

We were interested in three sets of organisations in particular: those working in health—mental health in particular—crime and criminal justice and black and ethnic minorities. From the database, we were able to pull out organisations that are involved in mental health, for example, and map their distribution in relation to what might be taken as an indication of need—that is, the number of mental health referrals in Glasgow. Slide 3 shows the distribution of voluntary organisations that are involved in mental health, and the location of statutory organisations. Some indication is given of the level of need in the number of referrals.

Slide 4 shows the distribution of crime and criminal justice organisations throughout the city and tries to map a measure of crime, although crime is notoriously difficult to map, taking into account the problems of criminal statistics. We used an indicator from the Scottish deprivation index that is not particularly satisfactory, but it was all that we had access to at that level. That indicator measures crime according to household insurance data and gives some indication of crime risk in different parts of the city. We were particularly interested in the distribution of neighbourhood watch groups. A key point that emerged was that, in many ways, the areas of highest crime had the lowest levels of participation in organisations such as neighbourhood watch groups. That is not too surprising and has been found in other studies.

The third area in which we were interested related to black and ethnic minority groups. Slide 5 maps the distribution of black and ethnic minority voluntary organisations with the proportion of ethnic minority populations in different parts of the city. Unfortunately, the map is based on the 1991 census, which were the only data to which we had access at the time. As soon as the 2001 census data are available, we can put them into the computer system and remap them.

Using the geographical information system, we were also able to consider the area of benefit of, and access to, voluntary organisations in the city. I will use the example of an organisation that is based in the west of the city. The red line on the map shows the area that the organisation says that it serves—that organisation's area of benefit. However, if we measure the accessibility of that organisation in walking distance to and from it, the

area that is within 15 minutes of the organisation is relatively small. Although the organisation claims to serve a much wider area, many people in the fringe areas will have problems accessing the organisation because they are at least an hour's walk from where it is located.

There were two other elements to the research methods. First, a questionnaire survey was sent to all organisations that are involved in work on crime, on black and ethnic minority issues and on health. We also conducted interviews with representatives of voluntary organisations from those three sectors. For each sector, we were particularly interested in interviewing organisations that are based in Glasgow but that operate on different geographical scales. We were interested in local organisations that serve a particular community or neighbourhood, city-wide organisations and national organisations that had branches in the city. That enabled us to examine the differences in how organisations engage with local communities at local and national tiers of government.

The Convener: Thank you for that useful presentation. Do you intend to conduct similar research in other areas of Scotland?

Dr Christine Milligan (University of Lancaster): Yes. We are working on that at the moment. We have considered the study and its results and we think that elements of it are replicable throughout Scotland. We are working to put together another proposal for a much wider study. We are particularly interested in examining what is going on in rural areas, as well as in urban areas.

Mr Gibson: Your research highlighted important disparities between areas of greatest need and availability of particular services. Do any particular types of service suffer from that mismatch?

Dr Fyfe: On crime, the distribution of neighbourhood watch is particularly interesting in that it tends to be concentrated in relatively affluent areas that have relatively low levels of crime. Neighbourhood watch is much more poorly represented in areas in which there are much greater crime problems.

On black and ethnic minority groups, we also noticed inertia in the location of the relevant voluntary organisations as the distribution of those populations in the city changed. The populations have moved away from the central areas of the city in which they initially settled and into the more suburban areas, but the voluntary organisations are still largely concentrated in central parts of the city. The needs of the groups that have moved to the more peripheral areas of the city are perhaps less well served.

Dr Milligan: In mental health, there were clear

examples of lack of availability of voluntary resources in certain areas. We know that there is a link between mental health and deprivation, but some deprived areas have fairly limited access to the services that voluntary organisations provide and which people who have mental health problems find beneficial.

Mr Gibson: In the second paragraph on page 10 of your paper, you write:

"The current SIP initiative, for example, has created what one interviewee described as a 'feeding frenzy' for funding among voluntary organisations in the SIP areas."

Do you believe that, in order to take advantage of funding, voluntary organisations are moving into areas that they otherwise would not be in?

11:15

Dr Milligan: There is evidence to support that argument. A number of people that we interviewed said that the SIP areas are having an agglomerative effect. In other words, because those areas receive funding, other funders are directing money towards them. Voluntary organisations are trying actively to find ways in which they can develop services in those areas so that they can access funding.

Mr Gibson: Is not that what social inclusion partnerships are supposed to do? They exist in the areas of greatest deprivation, so is not that what we want to happen?

Dr Milligan: There are a number of issues. It is correct that SIP areas have that aim, but many voluntary organisations are losing out as a result. That is happening to organisations that serve a population that is not geographically based, such as elderly and disabled people. Those groups are finding it more difficult to access funding so there is a need to develop thematic SIPs to address those issues.

Mr Gibson: So, might the effect of SIPs be the displacement of organisations from one area to another, rather than the provision of additional services?

Dr Milligan: Yes. Organisations that are not located in SIP areas are not able to obtain the level of funding that they had in the past, so they are trying to develop services in those areas.

Mr Gibson: Did you gain an idea of what happens to organisations when regeneration initiative status ends? Do such organisations continue to operate in that area or do they cease or scale down their operations?

Dr Fyfe: We interviewed organisations that work in priority treatment and urban aid areas. They made the point that while they have access to funding initiatives they can develop elaborate services; however, when the funding ends they

have the problem of how to keep the service going. In some cases—especially local branches of national organisations—it is possible to keep services going, but organisations made the point that such branches become almost a liability. Because of the resources that are available in such areas, big services are developed, which the organisation must maintain when the main stream of funding has ended.

The organisations talked about the existence of Rolls-Royce services in some parts of Glasgow and Mini services in others. That situation is a result of the funding initiatives, which allow the organisations to expand some services in more elaborate ways than they can expand others.

Cathie Craigie: I will take up from where Kenny Gibson left off. One of your findings was that the sparseness of voluntary organisations in some areas of Glasgow reflects the weakness of the voluntary sector infrastructure. Will you expand on that and tell the committee about what led you to that conclusion?

Dr Milligan: The initial mapping process revealed that some areas of the city have less voluntary sector infrastructure than others and we wanted to unpack the reasons for that. We found that in some areas key individuals in previous initiatives had made a significant effort to access different sources of funding and had become good at developing successful proposals.

Other areas, for instance Pollok, have considerably less infrastructure and there is less knowledge about how to write proposals. As a result, such areas are not able successfully to access funding. One individual who allocated funding said that when a proposal from Pollok is received, the funding body is desperate to accept it, but proposals must be examined thoroughly. In some areas there is a need to develop knowledge and expertise.

Dr Fyfe: The problem is not just about human resources; it is also about physical resources and having appropriate accommodation and premises that can be used to set up organisations. Several organisations told us that there are areas of the city where they cannot find appropriate or affordable accommodation, and that that makes it difficult to develop services in those areas.

Cathie Craigie: Let us take that a bit further, in terms of whether the lack is of accommodation or of the necessary skills for taking forward project applications. Did you find any solutions to the difficulty that you identified when you were undertaking your investigation?

Dr Milligan: One proposal would be to start some kind of training initiative for those areas as a means of developing potential knowledge skills. The question of accommodation is extremely

difficult. Two of the areas that we looked at have significant problems because of a lack of physical infrastructure. I am not sure how that could be dealt with: we might be talking about purpose-built accommodation or accommodation being made available by the local authority.

Cathie Craigie: Those are areas to which you suggest national or local government would have to go and assist.

Dr Milligan: The problem of accommodation would need to be dealt with at a local level. Funding could be set up to establish some kind of training body that would enable organisations to develop the necessary skills. That could be developed locally or nationally.

Robert Brown: You emphasised the difference between local organisations and organisations that are affiliated to national groups of one sort or another. Can you expand a wee bit on the basis for that distinction, in terms of resources, decision-making and so on?

Dr Fyfe: Decision-making is important. In some areas, organisations that felt that they benefited from being part of a national organisation in terms of access to resources and so on also felt that they had somehow lost their local identities. In the past, they had perhaps provided local services that people were involved in because they were committed to their local area. However, in becoming part of a regional or national organisation, it was felt that that identity was being diluted and that decisions were being imposed on them by wider committees and structures.

We found that local volunteers sometimes viewed that negatively, even though others would say that the organisations were delivering a much more professional service as a result of being part of a national structure. That is especially important in matters such as criminal justice and mental health. One person described the local volunteers as having been dangerous mavericks in the past, who did not have the proper training and who were not properly accountable. We found that one of the benefits of organisations' being part of national organisations was that a much more professional service was being provided for local people.

Robert Brown: The other side of that coin is the comment that you made in your report about the clientisation of people because of staff becoming more professional. I take it that you mean that people are becoming more dependent on and more requiring of professional advice, which does not sound like a very good thing. Do you have any thoughts on why that came about and what can be done about it? Is it a problem?

Dr Milligan: In mental health, for example, which is a sensitive area, people feel the need to have professionally delivered services.

Newspapers have reported numerous cases in which local communities have become upset because a service is moving in that they do not think is professional. There is considerable onus on organisations dealing with such services to be seen to deliver their service well and professionally. The kind of service that I am talking about is slightly different from, for example, a voluntary service mental health drop-in centre, where there is more of a sense of ownership of the organisation. We are talking about the diversity of organisations and recognising the need for that diversity. Some organisations deliver highly professional services and some need to deliver more ownership-based services.

Robert Brown: What I am trying to get at is the extra element. What is it that the voluntary sector or the involvement of volunteers adds to the service that one might get from a local authority or the Government? Is it the human touch? Is it the smallness of the organisation? What is the key to the importance of the voluntary sector contribution?

Dr Milligan: That is an interesting question. The reality is that some large voluntary organisations are becoming more like the private sector. I describe them more as non-profit organisations than as voluntary organisations. What is important about smaller voluntary organisations is that they are much more in tune with the needs of local people. It is important to foster that kind of relationship with local people. Some large organisations have stated that, because they have become so large, they are beginning to lose touch with people. It is important to keep fostering that contact.

Robert Brown: Did you detect a problem arising from the fact that individual local groups may have had different objectives from those of the council or any related pressures because of funding? I am interested in the turnover of voluntary organisations in a place such as Glasgow. Is there a high turnover? Do only certain types of organisation have a high turnover? Does that have an effect on the independence of the voluntary sector? Can you give us a flavour of that issue?

Dr Fyfe: It was interesting to find that, because we chose three different areas of social welfare, very different relationships with the council emerged and developed.

The crime and criminal justice organisations had a close relationship with the city council. That is part and parcel of the wider changes in the way in which crime and criminal justice are now seen as issues to be addressed by local authorities and not just by the police and criminal justice organisations.

The black and ethnic minority groups now have

a much-improved relationship with the council; more effort has been put into consultation, for example. However, at a day-to-day, pragmatic level, those groups still found that there were real difficulties. One example is that most of the meetings with the council were held during the day when none of the members of those groups could attend. If those meetings had been held in the evening, people would have been able to attend. Many funding initiatives were inappropriate. For example, a lot of money was attached to millennium projects. However, a Muslim organisation said that the millennium meant nothing to it and so it could not access that money. Muslim organisations also cannot access lottery funding.

Robert Brown: Within the sectors that you considered, there are obviously a variety of sources of income, such as charitable donations on the one hand and service provision funding on the other. Are charitable donations an important aspect or are they largely subsumed by state funding in one shape or another?

Dr Fyfe: Probably the latter. That is particularly true for health and criminal justice organisations. The bulk of their funding comes from Government sources.

Robert Brown: On page 10 of the submission, you make the interesting observation that

"the weak infrastructure for voluntary organisations in some areas of the city is bound up with the city's political geography."

You have distinguished between those who were in the ruling group and those who were not, as well as between those who were thirled to the idea of municipal is best and those who were not. How solid is that suggestion? If it contains substance, it is a serious assertion. For example, if a councillor had been elected recently, he would not have much influence over the distribution of voluntary groups, whereas it would be a different issue for someone who had been there for 20 years. How much depth is there behind that assertion, which is an interesting one?

Dr Fyfe: At one level, the suggestion is largely anecdotal, but it was one of those anecdotes that was continually repeated in the Glasgow context. The assertion was that some areas of the city had not been served as well because of the history of the internal politics of the council. We have no specific evidence to back that up, but it was raised continually in interviews with us as a way of beginning to explain the map of voluntary organisations in the city.

11:30

Robert Brown: Was the distribution of voluntary groups related to the maps that you produced?

Did you link the distribution to council wards?

Dr Fyfe: Not specifically.

Dr Milligan: There was no specific link. We have not focused on the issue, but that is not to say that we could not focus on it with the kind of systems that we have put in place.

I have done research in other areas and similar issues were raised. Much of that is linked to the fact that some councillors are aware of what the voluntary sector does whereas others still maintain a view that is based on what the voluntary sector was like in the past. I guess that we must raise awareness among councillors about the good work that many of the charitable organisations do in the community and make them recognise that many of those organisations are delivering professional services.

Dr Fyfe: It must be emphasised that not only councillors but council officers in some councils held the view that municipal is best; it was at that level that voluntary organisations were having difficulties.

The Convener: Thank you. With a bit of discipline, we can squeeze in the remainder of the questions.

Mrs McIntosh: I shall be brief and I hope that the response will be brief, too. You state that training and work experience are important motivations to volunteers. Was there any evidence of promoting volunteering in economically deprived areas? Why do you think that larger organisations offer fewer opportunities for voluntary workers?

Dr Milligan: I will answer the second part of your question. In our experience, the larger voluntary organisations try to deliver much more professionalised services, which means that there is less of a role for the volunteer. Those who join as volunteers must go through rigorous training to be able to deliver the kind of services that the organisations want to deliver.

Dr Fyfe: We did not consider specifically trying to promote voluntary activity in deprived areas, other than in the context of the social inclusion partnership initiative, which led to a well-developed voluntary sector infrastructure.

Karen Whitefield: You say in your report that voluntary organisations expressed concern that they were not involved in local authority policy formulation. Did they tell you how they would like to improve that relationship? Did they give you suggestions about how it could be improved? It was interesting that they said that they had much better relationships with the Scottish Executive, which involves them in decision making, but that they felt that they were being consulted to death. I would appreciate your comments on that last point

and on whether there is anything that the Parliament can do to ensure that the voluntary sector is fully consulted and supported as part of that consultation process.

Dr Fyfe: The development of the local compacts is crucial in improving the flow of information between local authorities and the voluntary sector. Our impression was that it was relatively early days in the operation of the compact. The picture was uneven. Some departments in the council were much further forward in developing better relationships, whereas others still subscribed to the idea that municipal is best. On a practical level, some organisations said simply that the timings of meetings, for example, would make a huge difference to how much they were able to participate in discussions with councillors and council officers.

Karen Whitefield: In my local authority, North Lanarkshire, the chief executive's department is responsible for the compact and the overall liaison with the voluntary sector. Were you aware of a similar structure in Glasgow, with a central point of contact—an umbrella—for the local authority's contact with the voluntary sector? Different organisations may be interested in different departments, such as social work or education.

Dr Fyfe: The council has a committee whose job is to implement the compact throughout the departments. Most organisations were aware of that. Some were aware of it through umbrella organisations such as the Glasgow Council for the Voluntary Sector, which they would use as a kind of channel to enter into discussions with the council about the way in which the compact could impact on their work.

Dr Milligan: As Nick Fyfe mentioned, the picture is uneven. That is partly to do with the different kinds of organisations. For example, it is fair to say that the council was making a lot of effort to involve black and ethnic minority groups. Those groups felt that they were located outside the decision-making structures and did not quite see the relevance of those structures to their organisations. They needed to be advised on the benefits of being involved. There were other areas—for example, crime and criminal justice—where organisations had an extremely good relationship with the local authority and where there were good links into the policy-making process. That diversity needs to be taken into account.

The Convener: You made a point about organisations feeling that they were being pulled into SIP areas in order to secure funding. Were those organisations local ones or Glasgow-wide ones? If they were Glasgow-wide organisations, we might reasonably ask them why they were not already operating in those areas where there was

clearly a need. Is the SIPs structure in effect asking them to address a need within communities that so far have not been supported?

Dr Fyfe: The organisations tended to be Glasgow-wide or national ones. Because the SIP areas overlapped with other territorial initiatives, such as the areas of priority treatment, organisations were often already there. Because of the need to innovate and create a new organisation that would allow them to tap into SIP funds, they used their existing operation to develop new initiatives.

Dr Milligan: It is important to recognise the tensions for voluntary organisations if they are located outside a SIP area and it looks as though their funding is drying up. The organisations feel that they have a responsibility not only to the client group that they are set up to serve but to those people who are employed within their organisation. There is a tension between the need to retain jobs for people within the organisation—as I think the previous witness mentioned, the voluntary sector is a huge employer—and the need to serve a particular client group. The attempt to balance those tensions can sometimes be a driving force behind the need to seek funding to keep the service going.

The Convener: Equally, it is understandable in social policy terms that one would seek to draw those organisations into areas that have a great deal of need that has not been met in the past.

Dr Fyfe: Yes.

The Convener: Are there any final points before we finish this session?

Robert Brown: One thing that I came across in the east and north of the city was the issue of distribution. Organisations such as Maryhill citizens advice bureau were on the wrong side of Maryhill for the SIP. There was an issue in Easterhouse to do with the broader organisations and the more local ones. Is it a general issue that some organisations operate in an area but are constrained by artificial boundaries in respect of having access to money?

Dr Milligan: Yes. We came across clear evidence that some organisations were located on the wrong side of the street. There were difficulties for organisations that served a Glasgow-wide population and therefore could not access funding for a particular area.

The Convener: I thank you both for attending the committee, for your presentation and the materials with which you have provided us, and for answering our questions.

11:40

Meeting adjourned.

11:49

On resuming—

Budget Process 2002-03

The Convener: Our next witnesses are not exactly strangers. I welcome Jackie Baillie, the Minister for Social Justice, Margaret Curran, the Deputy Minister for Social Justice, Scottish Executive officials John Breslin, Linda Sinclair, James Hynd, Peter Black and Les Sclater, and Ian Williamson, head of performance at communities Scotland. As usual, I shall ask the ministers to make an opening statement, after which there will be questions from the committee.

The Minister for Social Justice (Jackie Baillie): I am pleased to be here today to give evidence on the social justice budget for 2002-03. Our spending plans were formally published on 20 September by the Minister for Finance and Local Government. However, due to the presentational conventions for setting out budget information, the publication does not include the effect of end-year flexibility in the detailed level 3 figures.

As members may recall, I set out our revised social justice expenditure plans, indicating the savings from the social justice budget, in response to parliamentary question S1W-16746, which was lodged by Johann Lamont, following the Minister for Finance and Local Government's budget statement on 28 June. As I noted in that response, those figures included some end-year flexibility. To assist the committee's consideration of the budget and to reconcile two sets of figures that can often be confusing, I also provided the detailed social justice budget set out in the consultation document, including the effect of agreed end-year flexibility. It is those figures that I shall refer to today, as they are what we hope to base our spending on.

The figures still depend on final decisions on end-year flexibility for social justice, so they may be subject to further slight changes. Those changes will be published formally when revisions to this year's budget are put to the Parliament later in the autumn.

I also draw the committee's attention to the fact that this is the last year in which there will be an entry for Scottish Homes as we currently know it. As members know, as of 1 November, we will establish a new agency, communities Scotland, to take over most of the functions of Scottish Homes. However, Scottish Homes will remain in existence for a period to deal with any outstanding business, most notably the disposal of the residual stock. This is, inevitably, a transition year for Scottish Homes and it is fair to say that that has complicated the budgetary arrangements

somewhat more than usual.

As you said, convener, I have brought with me a variety of officials from the housing division. I hope that, between us, we will be able to deal with most of the points that the committee raises today. However, I can come back to members in writing with further details if necessary.

Before I touch on the priorities surrounding our spending plans, it might be helpful, even for my benefit, if I gave a quick outline of the budget process. The allocation of our spending plans for social justice takes place in a three-stage process. Stage 1 involves consideration by the Parliament, and indeed by the Scottish people, of the Executive's spending strategy for the following year and its spending priorities. In my letter to the convener, I address the points that were made during the committee's consideration of the budget at stage 1.

Stage 2 is where we are at present, with the publication of our expenditure proposals for 2002-03. The Finance Committee will produce its report in consultation with committees such as this one and may indeed propose an alternative set of proposals. The Parliament will have an opportunity to consider both the Executive's proposals and those of the Finance Committee. Stage 3, the final stage, is the formal Budget Bill process, which we expect to begin in January.

With the above timetable in mind, I stress that we have not yet finalised the details behind the broad spending proposals that have been announced. We will not publish our final proposed figures for 2002-03 until the Budget Bill process. Members should also note that, as with all finance estimates, our spending plans can and do change over time and there may be further spending plan changes over the next few months, which will mean additional changes to the Budget Bill figures. However, as always, we will keep the committee in touch with any such changes.

The increase in our housing budget over this year's spending plans will help us to build on the delivery of our three key housing policy priorities this session. The committee will undoubtedly be familiar with those priorities: tackling homelessness; promoting renewal through community ownership and tenant empowerment; and reducing the number of households that live in fuel poverty. Central to those priorities is the overarching vision of ensuring that everyone in urban and rural Scotland has access to a range of warm, affordable and secure housing.

I do not want to go into too much detail, as the committee's questions will explore a number of these areas, but I would like to note what the resources for next year will deliver. They will support four councils in progressing proposals to

transfer their housing to community ownership. They will ensure a seamless transfer to the new supporting people programme, which will deliver improvements in the quality and effectiveness of housing support services to enable vulnerable people to live independently in the community. They will provide continued support for our five-year programme to 2006 to install central heating in all council and housing association properties and in all private dwellings where the householder is a pensioner, which will deliver warmth and security to the most vulnerable. They will help to meet our targets for 2003 of improving 100,000 houses that suffer from dampness and condensation and of ensuring that no one has to sleep rough. They will deliver new and improved homes across Scotland through the Scottish Homes development programme and the new housing partnership regeneration and development partnerships. I should point out that, in light of the baby boom that is sure to follow Kenny Gibson's policy initiative that we all go and breed for Scotland, I might have to rethink that final initiative in order to provide more housing.

Mr Gibson: Do not believe everything that you read in the papers.

Jackie Baillie: The slight increase in our social inclusion spending plans for next year will allow us to continue progress on our long-term strategy for reviving and empowering communities and tackling poverty and injustice. In addition, we are extending the funding to the nine former regeneration programmes until 2004, which has been welcomed. Similarly, we are extending until March 2004 the designation periods of five new social inclusion partnerships that were due to expire. We also want to empower communities to ensure that they are at the heart of the regeneration process.

I am pleased that we have been able to direct more resources to the voluntary sector and equality issues in order to empower the third sector as key social partners in Scotland and to help us in what is a long-term plan of achieving an inclusive and just society. I hope that we will meet with success in our commitment to equality and to supporting the vital third sector.

As I mentioned, in answer to your questions, I might refer points of detail to officials or respond in writing.

The Convener: I aim to finish by half-past 12 today, but I will allow some flexibility to ensure that we get all our questions in. However, I ask members to be disciplined about targeting their questions.

Minister, what consultation has the Executive undertaken on the social justice budget since the publication of the annual expenditure report?

Jackie Baillie: We work through a number of groups within the Executive and we are in regular contact with the Convention of Scottish Local Authorities, some of the housing interest groups and the social inclusion network. As the draft budget is published, that information becomes available for further consultation. Because no information about end-year flexibility is included, we have supplied organisations such as the Chartered Institute of Housing in Scotland with information on our current spending plans. That is reflected in the documentation that has been provided to the committee.

The Convener: Has the draft Scottish budget, particularly the social justice chapter, been subject to any equality proofing such as a gender impact analysis? If so, who was responsible for doing it? Does the Scottish Executive intend to expand the equality analysis of future budgets?

The Deputy Minister for Social Justice (Ms Margaret Curran): That is an interesting issue. We have given some consideration to it. In many ways, gender proofing budgets is more complex than I had anticipated. Many of you will know that I visited Canada in the summer. Canada is a leading country in this area and I was able to study the situation in depth when I was there. It is evident that it is difficult to gender proof budgets without gender proofing policy. We need to find a more substantial method of doing that. We are committed to mainstreaming and proofing whatever we can but we believe that there is a further agenda to be pursued in terms of gender proofing policy. We assert that spending results from the decision making of ministers on policy and that that is the level at which equality proofing has to start.

12:00

The Convener: What would the role of the equalities unit be?

Ms Curran: The equalities unit is working hard to find ways of co-operating on other issues. The committee will be aware that, during the passage of the Housing (Scotland) Bill, one of the tasks of the equalities unit was to work with our colleagues in the housing division to find ways in which the legislation could be amended to integrate mainstream equality policies within it. The equalities unit also talks to key organisations about the policies and the practices of the Executive, including its spending plans.

The Convener: Does the responsibility for that lie with individual departments?

Ms Curran: Yes. However, the equalities unit has an encouraging and facilitating role in relation to those departments.

The Convener: Have there been moves to

match up gender proofing of budgets with a process of gender proofing policy?

Ms Curran: Yes. We still have work to do on that. That process is just beginning.

The Convener: Is that being done across departments?

Ms Curran: Yes.

Robert Brown: I want to ask about end-year flexibility. I understand that a recent press release included the general heading "Social Justice and Executive Secretarial Budgets", which sounds peculiar to the uninitiated—and to me. Can you explain why that happened?

Jackie Baillie: I, too, wondered why those two subjects were included in the same heading. It reflects the fact that the equalities unit and the voluntary issues unit were part of the Executive secretariat before they transferred in-year. The end-year flexibility—in terms of the amount that slipped from the programme and the amount that we were subsequently allocated—relates in its entirety to the social justice budget.

Robert Brown: The underspend is not insignificant—I believe that the figure was £121 million. Can you give us a breakdown of the underspend and the effects that it will have on the achievement of the department's targets? What impact will it have?

Jackie Baillie: The majority of that money—almost £89 million—relates to community ownership. It will not surprise the committee to hear me argue that that is not an underspend but slippage. All that money has been allocated.

The money has slipped for several reasons. When councils submitted proposals for new housing partnership funding, they were required to consult communities. For many of them, that process was new and challenging and took longer than they anticipated. As a result, projects whose time scales were over-ambitious have slipped. However, we have made sure that that money is available to spend. We have made commitments and will see them through. I point out that, in 1999, the NHP steering group said that some of the time scales were provisional and perhaps over-optimistic. Nevertheless, we wanted to encourage councils.

The second part of your question was about the impact. We will still achieve our social justice milestones and all our programme for government commitments. The impact will be very limited in the context of end-year flexibility. We received a carry-forward of £131.4 million, which, reprofiled across our budget, will enable us to achieve all our targets.

Robert Brown: Does all of that £131 million go

to social justice properly defined, against the argument about the Executive secretariat?

Jackie Baillie: Yes.

Robert Brown: I would like to see the linkage between what you have just told us and the distinctions between tables 7.1 and 7.1a, with which you have kindly provided us. In table 7.1, the community ownership heading for 2001-02 has a figure of £100 million in it. In table 7.1a, the 2001-02 adjusted figure is £150 million. Given where we stand now, particularly on the Glasgow stock transfer issue, is that right? It seems to suggest that we are going to spend all that money in the current financial year, although we know that the stock transfer is not all that far advanced yet.

Jackie Baillie: Please bear with me, as that is a complicated question. The line covers not only community ownership—stock transfer—but NHP regeneration projects. We anticipate that we will spend those amounts on NHP regeneration projects. Following the new deal that has been done with the Treasury on the treatment of debt, we need to work through the way in which that will play out in the budget. Previously, the community ownership line and housing revenue were going towards debt servicing. Now that we do not have the requirement to service debt, but have a requirement to deal with breakage costs, we need to feed that through the budget. We are as confident as we can be that we will spend those amounts. I invite John Breslin, who is much closer to the detail of this than I am, to comment.

John Breslin (Scottish Executive Development Department): The slippage has occurred as a result of councils taking longer than we expected to get development and regeneration work started. Councils have caught up with that work and we are assured that they will spend about £90 million of the £150 million on development and regeneration. The balance comes down to when and if tenants vote on transfers. The sums that are associated with the timing of transfers are therefore subject to tenants' views in a ballot.

Robert Brown: What I am trying to get at is whether we know that the spend on community stock transfer in the year 2001-02—the remaining part of the overall heading if regeneration is taken away—is not likely to be met because of the time scale of ballots and all the rest of it.

John Breslin: That is balanced by the new arrangement with the Treasury. We will have to look at the reworked numbers, especially in the transfers, given that there will no longer be a call on the Executive to service debt post-transfer. The requirement on the Executive to meet some of the breakage costs at the time of the transfer may

increase the cost in the early stages. However, until we have worked through the numbers and until the dates and ballots are certain, this is the best estimate that we have.

Robert Brown: When do you expect to come back to the committee on the issue, which is important? A lot of money is involved, even if it is just being moved about.

Jackie Baillie: We would want to come back to the committee on two separate issues. First, there is the final allocation of end-year flexibility, which will do something to the profile of the line in table 7.4. That table breaks the line into more detail. We will reconsider the profile of expenditure between 2001-02 and 2003-04, better to reflect where we know that local authorities are in their transfer ballot process. Secondly, several issues surrounding the Treasury debt arrangement need to be worked through. I would not want to give you a firm time scale for the way in which that would feed through and not be able to stick to it. Nevertheless, we would be happy to provide information on the two forthcoming potential transfers—in the Borders, which is a much smaller transfer, and in Glasgow—subject to the views of tenants. We can work out those numbers quite happily for the committee. As you will appreciate, we cannot forecast breakage costs, because they depend on a number of variables.

Mr Gibson: Has the underspend had any effect on the achievement of social justice milestones?

Jackie Baillie: No. Mr Gibson will not mind if I refer to that as slippage—that is what it is. All the money has been committed, but the underspend has not had an effect on social justice milestones. Consider the social justice milestones: slippage applies not only to the social justice budget but to health, education or enterprise and lifelong learning. It covers the impact of the Executive as a whole. As Mr Gibson would concede, there is now substantially more money available to spend in Scotland.

Mr Gibson: What level of slippage do you believe would have an adverse impact?

Jackie Baillie: Most of the money is slippage and most of it is committed to particular projects, which will continue because we had the facility to carry money forward. We are talking in some cases about major and complex projects such as NHP projects, which require tenant consultation, or capital projects, which require us to assemble land, planning and a host of other items. Such projects do not always run on time. The fact that we can be flexible and can enable projects to happen shows the benefits of operating flexibly to accommodate local authorities and other bodies and to ensure that they can still meet their targets.

Mr Gibson: I understand what you are saying,

but you appear to me to be taking almost a “mañana, mañana” approach and saying, “If there is a bit of slippage, there is a bit of slippage.” What mechanisms do you intend to introduce to ensure that projects do not slip and that money is actually spent when it is planned to be spent?

Jackie Baillie: We monitor closely the spending of money. The monitoring of expenditure on the Scottish Homes development budget is effective and efficient. We have learned from that process and tried to spread it to other budgets. The experience from Scottish Homes, which will soon become communities Scotland, is informing some of our work with NHP projects.

I am sure—at least, I hope—that Mr Gibson is not suggesting that we should move at a pace that does not suit tenants, who want to understand some of the projects and move them on. That has taken longer than we previously anticipated.

Mr Gibson: One would have thought that many such matters would have been thought through before the budgets were set. On NHP, for example, the £12 million for Glasgow that was announced in February 1999 has still not been spent. I am sure that the minister will concede that, given that that money has been announced on a number of occasions, two and a half years is a long slippage period. One suspects that that is cynical manoeuvring in which money is announced so that it can be re-announced and re-announced without any intention to spend it. That is how it might seem to somebody who is more cynical than I am.

Jackie Baillie: Is there anyone in Scotland who is more cynical than Kenny Gibson? Send your answers on a postcard.

Mr Gibson: There certainly is.

Jackie Baillie: On NHP and on Glasgow in particular, commitments are made to provide money so that people can implement plans. There will be a time lag between that commitment and when the expenditure flows for the simple reason that a lot of planning is needed in what can be a complex process. There is no point in somebody planning without knowing that they will be resourced to implement their plans.

I am clear that we want spending to be efficient—of course we do. However, if there are valid reasons for delaying projects that are outwith the control of any of the agencies that are involved, or if the agencies want to involve tenants much more closely in the process, I will defend that. Equally, I want to ensure that spending is efficient.

Mr Gibson: I will move on to another issue. The draft budget states:

“For those councils which transfer their houses to

community ownership, the Housing Revenue Account borrowing consent will be converted to grant and used to deal with residual housing debt".

Now that the Treasury has agreed to clear residual housing debt, can you advise what will happen to the HRA of a council that transfers its stock?

Jackie Baillie: I will explain the new arrangements that have been agreed with the Treasury and then talk about HRA and NHP, which will be affected. Essentially, the process is that councils must still demonstrate value for money—that goes without saying—but the debt principal will be paid by the Treasury. As debt will be repaid earlier, breakage costs will be dealt with on the basis of a receipt from transfer. If the receipt for houses is higher than breakage costs, the money will be used to repay the debt principal. If the receipt is lower than the breakage costs, the money will be made available by the Executive to ensure that breakage costs are met.

We always intended that a combination of housing revenue and NHP resources would service debt—indeed, we made provision in the budget for that. Those resources will be helpfully freed up and we will put them towards breakage costs. There will be significant savings in the Scottish budget as a whole in the long term but, in the short term, costs are likely to be higher because we will meet the breakage in the first year at the point of transfer.

The benefits can be seen in Glasgow, for example. There is not only a commitment to deal with the breakage cost, but—as a result of freeing up resources in the budget—we have been able to provide a substantial amount of funding to Glasgow to enable it to engage in an essential new house building programme. That programme is based on population projections and does not factor in the help that Kenny Gibson mentioned.

12:15

Mr Gibson: In real terms, the equality budget will fall by 7.5 per cent between 2000-01 and 2003-04. What is the reason for that reduction? Given the Executive's commitment to mainstreaming equal opportunities, is the reduction appropriate?

Ms Curran: I am glad that Kenny Gibson asked that question. I thought that I would not be able to say much.

The question ties in to the point that I tried to raise in answer to the convener's question. The budget will not fall in cash terms, but there will be a slight reduction in real terms. The broad principle is to consider the work of the equalities unit. The spend is a small part of what is done in respect of equalities. We expect the big spending portfolios

to have equality responsibilities and we expect mainstream spending to have an equalities dimension—that is a crucial part of our strategy. It seems to be appropriate to implement the equality strategy, but there will be a review if we think that moneys are not appropriate.

The Convener: Should mainstream departments indicate what they are spending on addressing equality issues?

Ms Curran: I attempted to say earlier that the process is complex. First, at the policy level, we must ensure that equality issues are integrated into the activities of the spending departments; spend is monitored and is dependent on that integration. Our first port of call is consideration of policy and we then monitor the spend.

On a basic level, all colleagues in the Executive could argue easily that parts of their budgets are committed to equality issues. The Minister for Health and Community Care could talk about breast-feeding issues and trying to increase breast feeding and she could talk about reducing teenage pregnancies and drugs issues. It could be argued that such policies have an equalities dimension. We are trying to move towards and are working on a more detailed approach. I must alert the committee to the fact that a lot of work is involved.

The Convener: Do you have a time scale for that work?

Ms Curran: No, but I am happy to have a dialogue with the committee about it. It would be foolish of me to give specific targets, but we are pursuing that work.

The Convener: In the budget process, would you recommend that departments be explicit about their spending on equality issues, rather than merely saying that they are spending?

Ms Curran: I understand that Angus MacKay has given a commitment that we will deliver equality targets as part of departments' mainstream activities. I assure the committee that I will attempt to work on that. I understand the committee's interest and will happily talk to the committee about the matter. We want to deliver—this is not just about producing a bit of paper that makes us look good. Our policy focuses on creating real change.

Mrs McIntosh: I will move on to community ownership. What effect will the Treasury decision to clear residual housing debt following stock transfer have on the debt feasibility and transfer costs section of the community ownership budget?

Jackie Baillie: It will have the same effect as I outlined in my earlier response to Kenny Gibson. Those resources, together with housing revenue account resources, were set aside for debt servicing. It is clear that because we are no longer

required to service debts, those resources have been freed up. There will be a much larger initial cost, because we will meet breakage costs. However, in the long term, the budget will be substantially freed up. That is evidenced by our ability to give Glasgow additional support, which will enable the city council to engage in a radical new house building programme.

Mrs McIntosh: There remains an element of doubt, which Mr Breslin touched on. Does the Executive propose to assist local authorities in dealing with housing debt where tenants vote against stock transfer? If so, what are the likely implications of that?

Jackie Baillie: We have always made it clear that if tenants vote no, we do not have sufficient resources both to deal with debt and to provide much-needed investment. We are able to free up resources to provide Glasgow with much-needed investment—we will consider other local authorities that transfer their stock on a case-by-case basis—because the Treasury agreed that arrangement for debt, which mirrors the arrangement in England. That will enable us to use our resources much more effectively for new-build programmes. That approach is much more fruitful than simply servicing debt. However, we cannot do both.

Mrs McIntosh: It is an either/or situation, and that raises some difficulties.

Karen Whitefield: Can the minister give the committee an indication of the one-off costs that will be incurred when the functions of Scottish Homes transfer to communities Scotland? From where will those costs be met? Will they be met from the Scottish budget or from another source?

Jackie Baillie: The answer to that question starts off easy but gets a bit complex.

The cost of transferring functions from Scottish Homes to communities Scotland is approximately £1 million. Approximately £400,000 of that is for new staff, who will deal with the expansion of the regulatory function of Scottish Homes. Members will appreciate that when Scottish Homes becomes communities Scotland, the staff will need to regulate homelessness strategies and all social landlords, including local authorities. Communities Scotland's job will be much bigger. About £300,000 will go towards the costs of changing the information technology system, so that communities Scotland can talk to the Scottish Executive. Only £70,000 will be spent on the rebranding exercise—the change of name and signage. That is very cost-effective in comparison with other rebranding exercises.

The £1 million comes from savings that Scottish Homes has made in its existing budget to enable it to transfer to communities Scotland. In the

transitional year, Scottish Homes will continue as a residuary body and will rely predominantly on income from rents to fund its operations. However, there might be occasions on which it will require grant aid to fulfil its obligations as a residuary body. That grant aid will come from the same line as communities Scotland's grant aid. There will be some overlap during the transitional year and we will be able to provide clarity about that overlap.

Karen Whitefield: I was going to ask about what would happen to the residual homes and how that work would be funded, but you have answered those questions. What progress is being made on transferring the residual properties to other landlords?

Jackie Baillie: I confess that I am not able to provide Karen Whitefield with absolute detail on that point, but I understand that plans are in hand in a number of communities to transfer from Scottish Homes to either housing associations or other organisations.

Most recently, there was a positive result in Springburn when Scottish Homes tenants agreed by a substantial majority to transfer to, I believe, Springburn and Possilpark Housing Association. That shows that when tenants are told about the opportunities that are provided for investment in community ownership, they have no hesitation in backing such proposals. I am happy to write to the convener with the detail of when we expect that transfer timetable. One is in place, but it is done in consultation with the tenants of houses in that area.

Karen Whitefield: Since the publication of the annual expenditure report, what discussions have you had with local authorities about the financial implications of the homelessness requirements under the Housing (Scotland) Act 2001? Are you confident that the budget allocation for homelessness will meet the costs?

Jackie Baillie: Yes. In advance of announcing the £27 million for the homelessness provisions in the Housing (Scotland) Act 2001, we had a dialogue with the Convention of Scottish Local Authorities and with the homelessness task force, on which COSLA has direct representation through officers and elected members.

As members will recall, some of the £27 million is to be used to increase the amount of temporary accommodation that is available so that we can ensure that nobody ends up sleeping rough on the streets of Scotland. Another portion of the money is to be used to increase the provision of advice and information and to fund the new duty that we placed on local authorities to secure such advice. We are confident that the money is sufficient.

We are implementing the Housing (Scotland) Act 2001 in quite an inclusive way. We are

involving people in working groups, for example on the implementation of the homelessness provisions and on the Scottish secure tenancy, and we are working with the key partners who will deliver provision on the ground, to ensure that money gets to the right place and in sufficient measure. I am confident that that will be delivered.

I should mention that the homelessness task force's work is not yet complete. The second phase of its work, which we have always thought would be of equal if not greater importance to the legislative process, is about preventing homelessness from occurring. The homelessness task force will make recommendations towards the end of the year. I have no doubt that those recommendations will have resource implications. I want to consider those and will make announcements in due course.

Karen Whitefield: My final question is about revenue funding for the rough sleepers initiative. Where will the money come from now that it has been removed from the Scottish Homes budget?

Jackie Baillie: We have not cut the money from the Scottish Homes budget; we have moved the rough sleepers revenue funding into the Executive's homelessness budget. We did that because when I announced the continuation of the rough sleepers initiative, we felt that it should not continue to be challenge funded because we needed to mainstream provision across local authorities.

In consultation with the rough sleepers advisory group, we came to the view that we would provide resources to local authorities through their revenue allocations, subject to local outcome agreements and agreed performance measures. We want the good work that has been undertaken, not just by local authorities, but by the voluntary sector and others, to continue and improve. We have found a mechanism that we think will mainstream the approach—that is important—and will ensure that we keep focused on delivering outcomes.

Cathie Craigie: We all know that many tools can be used to tackle homelessness. One method is to build new houses and another is to improve stock to bring it up to a fit state for rent. What measures have been allocated resources in the budget to reach the targets set by the Executive for new build and for the modernisation of poor-quality stock to bring it back into the pool of housing for rent?

12:30

Jackie Baillie: There are a number of routes, but I will focus on two of them. The Scottish Homes development programme is the most obvious and consistent route that has been

used—last year the target was to achieve 6,000 new homes, which was exceeded. The target was also exceeded in the previous year. I believe that last year we achieved in excess of 8,000 new and improved homes and that this year the number is expected to exceed 9,000.

We revised our programme for government commitment to say that, during the next three years, instead of achieving 18,000 new and refurbished homes, we would achieve 20,000. We are on course to meet that commitment. That success comes through the efficient use of the Scottish Homes development programme and the useful role that community-based housing associations play in communities throughout Scotland. It also comes through the new housing partnership regeneration projects that exist in some of the most disadvantaged communities. Such projects build homes that people want to live in and refurbish homes to the standard that people deserve.

Through projects such as the empty homes initiative, which brings void properties back into use, we are ensuring that we start to address the supply of warm, affordable and quality housing. That housing will meet the needs not only of the homeless, but of the populations of the future, which will evidently grow.

Cathie Craigie: The minister talked about the funds that have been made available to Glasgow for new build. Are they included in the projected figures, or are they additional?

Jackie Baillie: They are additional. We are considering the provision of 13,000 new homes throughout Glasgow. That relates to a study by the University of Glasgow that was commissioned by Glasgow City Council, which scoped demand and supply of housing and population projections for the city. The study came to the conclusion that additional housing of a certain standard is needed to meet future requirements.

Thirteen thousand brand new—not simply refurbished—homes will be provided in the city, which is in addition to the £4 billion refurbishment programme that Glasgow Housing Association will undertake, subject to tenants giving their approval in a ballot.

Cathie Craigie: I will turn, as briefly as I can, to fuel poverty. The budget for the central heating initiative was announced as being £350 million, but that has been revised. Will the minister provide details of the revised figure?

Jackie Baillie: I can give details of our part of the budget. The £350 million was to come from a combination of three sources: Scottish Executive direct funding for a five-year period, which is in the budget line; community ownership and the impact that that will have on investment in the transfer

areas; and the energy efficiency commitment that Scottish utilities such as Scottish Power and Scottish Gas need to meet.

The budget has gone down for this three-year period—it is sitting at £26 million for the first year, £30 million for the second year and £40 million thereafter. Until the outcome of the comprehensive spending review in 2002, I will not be able to provide figures for years four and five, but members will be aware that we announced that all private sector pensioners will have central heating by 2006. We have, helpfully I think, accelerated the programme in the local authority sector so that everybody in a council house in Scotland will have central heating by April 2004 and everybody in a housing association property will receive heating during 2004-05.

Those changes have enabled us to extend the programme to those with partial central heating, so that they will now enjoy whole-house heating. There is not enough resource to cover all the homes with partial central heating systems, but we intend to make a start with 20,000 of them and we will give priority to the elderly and disabled.

The original estimates for the number of houses that require central heating were incorrect, so I intend to keep the matter under close review. If there is an opportunity to extend the programme further, we will do so.

Cathie Craigie: As you stated, the initial figures were incorrect. Do you have any idea of the financial implications of the extension of the central heating scheme to those with partial systems, which you announced at the end of September? Are the figures a guesstimate or can we rely on them?

Jackie Baillie: I assure you that the figures are not a guesstimate. We wrote to every local authority in Scotland, asking them to provide us with detailed information about the number of partial systems and with additional information that we required. The figures are robust. Following the announcement, we will engage in discussion with local authorities on how we take the scheme forward most effectively so that the spend hits the ground in a helpful way. That part of the scheme does not start until April 2004, because we hold firmly to the principle that we must first get heating to those without it at all. That will be our priority, then we will move on to those with partial systems.

Cathie Craigie: I accept that the minister wants to stick to the principle of ensuring that people who are currently without central heating have warm homes, but since the scheme was announced, the minister has had to make adjustments to meet people's needs. Does the minister hope to continue to do that to ensure that the scheme addresses the problems on the ground?

Jackie Baillie: We will continue to monitor the benefits of the scheme—we will report to the Parliament annually and we will internally monitor uptake. We have yearly targets for the number of systems that should be installed in each of the three sectors. There has been quite a bit of comment about how we can ensure that pensioners who live in rural areas in private sector houses are aware of the scheme and apply and we have appointed the Eaga Partnership, which was successful following our tendering process. It is keen to ensure that it runs well-targeted publicity campaigns so that we achieve the target of 40,000 pensioners in the private sector. We have taken those matters into consideration.

The Convener: Thank you very much. There are no more questions.

Cathie Craigie: I had one more question. I thought that we were going to discuss the voluntary sector.

The Convener: We can discuss that briefly.

Cathie Craigie: I do not remember whether it was the Deputy Minister for Social Justice or Executive officials that we put this question to a few weeks ago, when we were gathering information for our voluntary sector inquiry.

I am pleased that the Parliament has been able to pass so many pieces of legislation that directly affect communities and individuals in Scotland. My worry is that a lot of the legislation that the Scottish Parliament has passed directs members of the public to voluntary sector organisations for advice and assistance. The Housing (Scotland) Act 2001 and the Mortgage Rights (Scotland) Act 2001 both do so—other legislation has also done so, but those two relate to the social justice department. How is the Executive ensuring that voluntary organisations are properly resourced to give that advice? Are you working in partnership with your colleagues in local government—the major funder of voluntary sector organisations—to ensure that they are aware of the additional responsibilities that will be placed on CABx and other sources of advice throughout the country?

Ms Curran: Yes. Cathie Craigie has almost answered the question herself. We are committed to partnership working with local authorities and have provided additional resources for local authorities to provide a range of services. The member mentioned the Housing (Scotland) Act 2001 as an example of that.

Cathie Craigie will also be aware of the recent report of the group on poindings and warrant sales. That report has still to be responded to as part of the Executive's decision-making process. There is no doubt that there is a need for a substantial package for debt arrangement schemes. The voluntary sector, in different guises,

was—and will continue to be—involved in that process as we discuss how to provide resources to the sector. We acknowledge Cathie Craigie's point. We have introduced a variety of measures and will continue to do so. I could go through some of the moneys that we have put into measures on debt.

We are working in partnership with local authorities. That will continue when we consider the implementation of the replacement for poindings and warrant sales.

Cathie Craigie: I am anxious that money should be available in the next financial year to deal with the implications of the Housing (Scotland) Act 2001 and the Mortgage Rights (Scotland) Act 2001. We hope that people will benefit from that legislation from the end of this year. Will money go to voluntary sector groups so that they can offer the advice that we have directed people to seek?

Jackie Baillie: Yes. We are mindful that we cannot place a new duty—whether on local government or the voluntary sector—without ensuring that it is adequately resourced, because we would collectively fail to achieve the desired outcomes. Those matters are considered case by case. We are clear that we want to direct resources to where they will make most difference. I point out to Cathie Craigie that when we inherited the voluntary issues budget it was £23 million; today it stands at £39 million.

Cathie Craigie: Yes. I appreciate that.

The Convener: We will finish the evidence-taking session there. I thank the ministers, their officials and others for their attendance. If they want to expand on any points or make further comments, we would be delighted to hear from them.

12:40

Meeting continued in private until 12:42.

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