

# **SOCIAL JUSTICE COMMITTEE**

Wednesday 20 March 2002  
(*Morning*)

Session 1

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## SOCIAL JUSTICE COMMITTEE

### 5<sup>th</sup> Meeting 2002, 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

David Alexander (Scottish Federation of Housing Associations)

Ann Clark (Highlands and Islands Social Inclusion Partnership)

Councillor Margaret Davidson (Highlands and Islands Social Inclusion Partnership)

Alan Ferguson (Chartered Institute of Housing in Scotland)

Andrew Fyfe (Glasgow Alliance)

Councillor Corrie McChord (Convention of Scottish Local Authorities)

Lucy McTernan (Scottish Council for Voluntary Organisations)

Stephen Maxwell (Scottish Council for Voluntary Organisations)

Liz Nicholson (Shelter Scotland)

David Orr (Scottish Federation of Housing Associations)

Norrie Williamson (Convention of Scottish Local Authorities)

#### CLERK TO THE COMMITTEE

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Craig Harper

#### LOCATION

The Hub



## Scottish Parliament

### Social Justice Committee

*Wednesday 20 March 2002*

*(Morning)*

[THE CONVENER *opened the meeting at 10:15*]

### Item in Private

**The Convener (Johann Lamont):** I welcome everyone to the meeting. Do members agree to take in private agenda item 5, which is consideration of the committee's approach to the Scottish Executive's response to our interim report on the licensing of houses in multiple occupation?

**Members** *indicated agreement.*

## Budget Process 2003-04

**The Convener:** I welcome our visitors. We will take evidence in three panel sessions this morning. I understand that we have asked witnesses to spend no more than five minutes on opening statements, but I think that one group—the housing panel—will present a joint submission, so it will have 10 minutes, which is generosity itself.

I welcome Alan Ferguson, who is the director of the Chartered Institute of Housing in Scotland; Liz Nicholson, who is from Shelter Scotland; David Orr, who is the director of the Scottish Federation of Housing Associations; and David Alexander, who is the deputy director of the SFHA. I am grateful to the witnesses for taking the opportunity to give evidence. You have all given evidence before, although perhaps not in such palatial surroundings. I ask you to make your statements, after which I will open the meeting to questions from committee members.

**Alan Ferguson (Chartered Institute of Housing in Scotland):** I will make a few brief comments on issues that the CIH in Scotland feels are significant to the committee's scrutiny of the social justice budget. I welcome the Minister for Social Justice's acceptance, at last week's CIH in Scotland conference, that housing is central to the Executive's five priorities. I also welcome the First Minister's comments on the importance of improving housing to his commitment to environmental justice and sustainability.

The committee will recognise that the impact of housing expenditure is much wider than the social justice budget shows it to be. Decisions to reduce budgets that are within the committee's remit may force an expenditure increase elsewhere in the Executive's budget or result in the Executive's commitments and aspirations not being achieved.

The CIH in Scotland welcomes the publication of the housing improvement task force's first report and the Minister for Social Justice's pledge last week that improving the condition of private sector housing will be a key theme of the Executive's housing policy. However, that pledge has significant financial implications. The provisional initial allocation of £10 million for new initiatives in 2003-04 is welcome, but I ask the committee to recognise that further financial resources will be required.

We want the Executive to set a broad goal of securing good housing conditions for all and to develop a strategy for the number of houses that are needed and for where and how they are to be provided. That means setting targets for ending poor conditions and tackling low demand and

ensuring that adequate housing is built in high-pressure areas to create mixed, sustainable neighbourhoods.

**David Orr (Scottish Federation of Housing Associations):** All three organisations have a short comment to supplement our paper. Like Alan Ferguson, I will make three fairly rapid points. First, I remind the committee that, despite some increases since the low point of 1997-98, the Executive's total spending on housing is about 30 per cent less than it was in the early to mid-1990s, although the scale of need is at least as great now as it was then. The level of expenditure does not meet present housing need.

Secondly, we believe that good-quality housing underpins the delivery of social justice targets. Such housing is not an add-on—it does not come alongside other things. It is fundamental to the delivery of core social justice targets and to meeting the five priorities that the First Minister has identified.

My third point concerns decisions that have been made about transfers. The Treasury's decision to pay off outstanding housing debt in the event of a transfer frees up resources in the Executive's budgets, which the Executive had planned to spend on debt servicing. If that money and the housing revenue account capital consents that councils that transfer had for investing in housing are retained for housing investment, we will have the opportunity to deliver substantial increases in real levels of spending without any increase in the overall housing spend in the Scottish block. It is essential that the Treasury's decision to deal with debt in such a way is used, in the first instance at least, for the benefit of housing investment and not for other spending priorities.

I have described what is happening with the proposals for Glasgow. We contend that the same situation should apply to Dumfries and Galloway Council, Scottish Borders Council or any other council that chooses the transfer route.

**Liz Nicholson (Shelter Scotland):** I will focus on homelessness and poor housing conditions. In the past two and a half years, we have made tremendous progress on rights for homeless people. We have probably made more progress in two and a half years than we did in the previous 24 years, since we obtained legislation. We have had the Housing (Scotland) Act 2001, the second report of the homelessness task force and the first report of the housing improvement task force, which Alan Ferguson mentioned.

Parts of the social justice agenda will not be met and we think that the will of Parliament will not be realised unless investment in housing in Scotland is increased. As David Orr said, we start from a low base. One problem that the committee,

Shelter and other housing organisations have found is that it is increasingly difficult to pick apart areas of the budget and to obtain transparency and clarity about where housing investment is going.

That is particularly important because, when the homelessness task force's second report was published in February, a commitment was given to establish a monitoring committee. That committee will monitor progress against the recommendations in the report and against the new legislation on homelessness. If we do not know how much will be invested in housing and in meeting the new legislative and support requirements, as well as in bricks and mortar, it will be impossible to monitor efficiently the progress that we make.

**The Convener:** Thank you. I should have expressed the committee's gratitude for the helpful written submission. I will kick off the questions and whoever wishes to respond should do so. If everybody wants to respond, that is also acceptable.

Does the presentation of the Scottish Executive's budget lend itself to effective comparison with previous budgets? Does the presentation give us a sense of where things are moving? Can you suggest improvements that would assist in making the process transparent?

**David Orr:** The presentation does not lend itself to effective comparisons. I do not want to state the obvious, but a more standardised mechanism for reporting annually—to provide year-on-year comparability—would help enormously.

Furthermore, different components of housing spend are hidden in different budgets, so it is difficult to obtain a comprehensive picture of current housing investment. The presentation of the budget is not helpful.

**Alan Ferguson:** Last week, the Minister for Social Justice mentioned his concern about the number of challenge fund initiatives. Fractured budgeting is part of the difficulty. The introduction of a range of initiatives in particular years makes it difficult to scrutinise trends.

**Liz Nicholson:** In our paper we produced a broad overview of housing investment. We want to do more analysis after March 31. We will go to other departments to examine the budgets that are not included in the housing budget. That will enable us to provide more detail on where the spend is. At the moment it is difficult to do that.

**The Convener:** Do you agree that the complexities are in part a positive thing? It has been recognised that housing is not something that sits on its own—cross-cutting issues are involved. The Social Justice Committee is

particularly interested in the way in which different aspects of social policy might be driven in order to report effective housing delivery. The fact that comparisons are difficult is perhaps a positive thing. Housing is not a discrete issue; it is not separate from everything else.

**Alan Ferguson:** On the one hand, you are right. All of us recognise that housing does not sit on its own. Along with other initiatives, it is a crucial part of the regeneration of communities and neighbourhoods. To that extent, the blurring and bending of budgets is important. However, we have tried to highlight the more negative aspect of that, which is that it makes it more difficult to compare expenditure year on year.

**David Alexander (Scottish Federation of Housing Associations):** I will give a specific example, which is in our written submission. The lack of reference to improvement and repair grants means that a vital component of the contribution that housing spending programmes make to improving quality of life is not included in the overall picture. Our paper makes specific suggestions about the items that should be included in the budget.

**The Convener:** Do you feel that the mechanisms and systems for monitoring the Executive's progress in relation to targets and for measuring performance are adequate? If not, what changes would you seek?

**David Orr:** I will start. I am sorry, but the answer is no, again. We have a number of difficulties. First, far too much of the monitoring is year on year. Housing spend impacts over a much longer period of time than that. We do not monitor in any systematic way whether investment that was made 10 years ago is having the kind of impact now that we needed and wanted it to have.

Housing investment is about regenerating whole communities and creating safe and secure environments and neighbourhoods that work. That cannot be assessed by asking whether there was bad housing in a community last year and whether there is good housing there this year. We need to ask about the impact five or 10 years down the line. The other difficulty is that because the expenditure lines are often blurred, it is not always possible to identify whether the money has been spent on the priorities that were established for spend patterns.

Housing investment in housing associations through the organisation that is now called Communities Scotland has been tracked reasonably well. However, in other areas that have been talked about in relation to wider regeneration, it is difficult to track the impact.

**Liz Nicholson:** There is inconsistency in our targets and in what we monitor. Sometimes we

have targets and it is difficult to monitor whether we are meeting them—the amount of money that is being spent on rough sleeping, say. In the social rented sector, we monitor but do not have a target for improving the stock. In England, a target has been set on that. There must be consistency. If we monitor, we must know what we are monitoring and must set clear targets on how much investment goes in.

**Cathie Craigie (Cumbernauld and Kilsyth) (Lab):** You have commented on the lack of transparency in the budget, but I think that we all agree that what we have is a vast improvement on what we had before, when we could not comment on the budget. We must welcome that. After a period of settling in, we are now beginning to be able to question what should be in the budget.

What practical measures would your organisations suggest to improve the way in which we monitor the budget? Did your organisations have an opportunity to sit down at the table with Executive ministers and departments to suggest beneficial, practical changes? Were you able to read the figures and statistical information to check whether the budget is achieving its aims?

10:30

**David Alexander:** I have one suggestion. There have been a number of challenge funding initiatives, each of which has had separate monitoring and reporting mechanisms. Some of those are not working effectively. We would like the budgets to be considered together. Challenge funding initiatives are difficult to manage and report on. We have advised the Executive many times that challenge funding is not an effective way of administering public spending programmes. There would be a considerable advantage in mainstreaming some challenge funding initiatives.

**Alan Ferguson:** Let me mention one positive thing, which may help matters. As the committee is well aware, the Housing (Scotland) Act 2001 introduced the concept of local housing strategies. The Executive sets the targets and priorities from which local housing strategies are produced by the local authorities in conjunction with partners. Local authorities will be monitored on the outcomes of those strategies by Communities Scotland, which will play a key role and will report to the minister and, through the minister, to Parliament. The fact that local authorities will be measured and monitored on the delivery of outcomes against targets could be a positive benefit that will help us to monitor and measure where we are going.

**David Orr:** It is clearly the case that the creation of the Parliament has meant that we have far better access to ministers and to senior civil

servants. All of us, I think, are regularly engaged in discussions at that level. The discussions tend to be discussions of policy. We almost never—I could probably leave out the word “almost”—have meetings with the Executive’s economists and finance staff who deal with the matters every day. The engagement is at a policy level and never at a finance or management level.

**Cathie Craigie:** I want to move on to another question. The written evidence that you jointly submitted states:

“we need to return to early 1990s levels of investment. Only then can housing fulfil its role in helping to achieve the Executive’s five priorities.”

Those points have been repeated this morning. Given the fact that the structure of social rented housing has changed since the early 1990s with the move to community ownership, how can you justify that assertion?

**David Orr:** I am not sure that the pattern of expenditure should be identical to that of the early 1990s. The creation of the mixed funding regime for housing associations, the transfers to community ownership and some of the other changes that have taken place have been helpful in allowing us to tap into what should have been additional sources of funding but, in many cases, proved to be alternative sources of funding.

Our endgame has been to increase the total volume of investment to improve the overall quality of the housing stock and to improve the nature of the housing service that we are able to provide. If private sector funding is simply replacing public sector funding, we will not meet that objective. The SFHA’s view is that the housing sector has demonstrated that it is genuinely possible to mix public sector funding and private sector funding to create good-quality, affordable housing. The Executive’s response should be to allow that to grow rather than to reduce the level of public sector investment and replace it with private sector investment.

**Alan Ferguson:** It is clear that stock transfer and the move towards community ownership will bring in resources and will deal with the issue of debt. In our submission, we have tried to set out a range of commitments that the Executive has made, which implies that there are a range of problems as well as a range of aspirations. Dealing with those problems will take resources. We are trying to highlight the fact that we are storing up problems. The Executive has made a number of commitments; resources need to be made available to tackle problems and to meet those commitments.

**Cathie Craigie:** In your submission, you refer to the confusion that exists about delays in spending, budgets and end-year flexibility. You appear to be

critical of end-year flexibility in budgets. When I was involved in housing, housing professionals were very critical of the fact that, at the beginning of March, the Scottish Office would phone them to say that it was giving them £X, which had to be spent before the end of the month. Although many good projects were completed, it was felt that spending money in a hurry was not always the best use of resources. For that reason, I am surprised that you criticise end-year flexibility. Will you expand on that, although the convener’s expression suggests that you should not expand on it too much?

**The Convener:** Less expansive questions will allow more expansive answers.

**David Orr:** End-year flexibility is a huge improvement on what existed before. Ideally, three-year spending programmes should be considered as three-year programmes. It is still the case—particularly with new housing partnership funding—that we do not know the outcome of EYF discussions about year 1 until we are well into year 2 and we are well into year 3 before we know the outcome of EYF discussions about year 2. There is still considerable uncertainty about exactly how much money will be available.

Even three-year programmes are difficult when one is dealing with something as complex and large scale as the NHP programme. If we had seen that as a three-year programme and had not had to worry about whether everything had been spent by 31 March or 1 April, the move to three-year funding would have been much more realistic.

**Mr Kenneth Gibson (Glasgow) (SNP):** You mentioned a 30 per cent decline in investment since the early 1990s. In what sectors has investment declined most precipitously over the past few years? What should be the priority areas for public investment in the future—local authorities, registered social landlords or the private sector? What should be the balance of investment in those sectors?

**David Orr:** Investment is declining in every single one of the sectors to which the member refers.

**Mr Gibson:** Indeed.

**David Orr:** None of the sectors mentioned does not require additional investment—a genuine case can be made for any of them. In the past few years, grants for owner-occupiers and the tenement improvement programme have been completely shot to ribbons. For several years, HRA budgets and capital consents have been frozen, at best. Direct investment in housing associations has declined. There are no areas in which we can say that there has been genuine improvement.

**Mr Gibson:** In your submission, you note that there is no clear indication of the current level of public investment in Scottish housing. However, is there not some very good evidence that shows in specific detail how investment has declined?

You mentioned grants. I have asked a number of parliamentary questions about grants across the spectrum. I discovered that, in 1995-96, £101.256 million was awarded in grants; in the past financial year, that figure was down to £41.177 million, which is a 60 per cent cash decrease—more if inflation is included. I also discovered that, in Glasgow alone, the housing association grant has fallen from £87.433 million to £43.597 million in five years, and that there has been a cumulative decline of about £1 billion in local authority capital investment in the past five years. Is it not the fact that very detailed figures are available from the Scottish Executive?

**Alan Ferguson:** You are absolutely right to say that we can examine aspects of housing to find out whether various funding levels have increased or decreased. However, one difficulty is in working out what we should include in the overall amounts. In our submission, we point out that expenditure on improvement and repair grants is not counted. Moreover, where does the Treasury commitment to deal with debt come into that overall amount? In calculating total expenditure on housing, how do we take into account the use of private finance to tackle problems?

It is possible to say whether expenditure on individual aspects has increased or decreased but, as far as local authorities are concerned, we would still need to count up a whole range of initiatives to get a picture of whether the money that they receive for housing has increased or decreased. That said, we can isolate particular elements. Your example of improvement and repair grants is a classic case of an area where there have been significant decreases. That has had a knock-on effect on tackling disrepair in the private sector. We have known about that concern for some time, and it has been highlighted in the housing improvement task force report.

**Mr Gibson:** My final question concerns the owner-occupied sector. Although owner-occupied housing makes up two thirds of Scotland's housing stock, it does not receive any direct Executive funding. Is that situation appropriate?

**Alan Ferguson:** You are right. Over the years, there has been a big push to increase home ownership through many different initiatives. However, the last Scottish house condition survey illustrated the extent of disrepair in the sector and the housing improvement task force has highlighted the problems that the sector faces. You mentioned that grants have been reduced. That is not because there is less of a problem, but

because there has been a reduction in expenditure or because local government has different spending priorities.

The question is how we deal with that situation. Either central Government provides direct expenditure and stipulates that those resources must be spent on private sector housing, or it tells local authorities that a certain amount of money must be spent on that area. That takes us back to the question whether there should be ring fencing or outcome agreements. Even if the Executive wanted to improve private sector housing, how could we ensure that the money is spent in that area? One difficulty is that some elected members might say, "Home owners are well off. We shouldn't be subsidising them or helping them out," although we know that elderly owner-occupiers and owner-occupiers on low incomes cannot afford to maintain and improve their housing.

That is a key issue. The housing improvement task force must consider whether we address that problem through direct expenditure by central Government, by ensuring that local government spends or by trying somehow to build in incentives and encouragement to owners to spend.

**Mr Gibson:** Would a 5 per cent VAT rate on all housing—as opposed to 17.5 per cent on older properties and 0 per cent on new build—help to encourage investment in the refurbishment of older properties?

**David Orr:** Definitely.

**The Convener:** I think that we have agreement there.

**Linda Fabiani (Central Scotland) (SNP):** David Orr referred to the stock transfer in Glasgow. Do you see the financial side of that stock transfer model as a template? You are right that the stock transfer will free up resources within the Scottish block, but are you saying that those freed-up resources should be ring fenced for the improvement of housing stock across the spectrum—for example, owner-occupied and private rented housing—so that, as Alan Ferguson said, it provides better houses for all? Should those resources remain in the area that has carried out the stock transfer or should they go towards a national fund for housing?

10:45

**David Orr:** My view is that the funding should be prioritised. In the first instance, clear housing requirements in a particular local authority area should be funded from the resources that are freed up. However, if there is more money than is needed to do that—that will not be the case in many local authority areas but it will be in some—

the second priority would be housing investment in other parts of the country.

I would be unhappy if that money were to go to health or education, not because those things are unimportant but because they already get the lion's share of our investment. If we want to make the best possible use of that investment, it would be better to spend more on keeping people healthy than on hospitals. Good-quality housing helps to deliver that. The first priority is the local authority area and the second priority is housing requirements elsewhere in the country.

**Linda Fabiani:** You would see that as having a benefit for the other things that have to be funded.

**David Orr:** Absolutely. An increasing number of studies make a link between poor health and bad housing. A study carried out in Tower Hamlets about three years ago—I am afraid that I cannot quote the specific details although I could try to find the study—showed clearly that, when people moved from poor-quality, damp housing to new-build housing with good energy efficiency, the number of visits to the local general practitioner dropped by about 95 per cent. The change was not just at the margins; it was vast. We are not paying enough attention to such clear, positive outcomes.

**The Convener:** Would you agree that there is a connection between the problems in housing and community safety? For example, if people do not feel safe in a community they may move out of it. If we invested in a social justice approach to community safety, therefore, the community might be stronger and it might be more likely that houses would remain in occupation. It is perhaps not as black and white as you have presented it.

**David Orr:** It depends where you start from. It would be a good community safety outcome to invest in good-quality, secure houses—I mean secure by design. The police throughout Scotland say that that makes a fundamental difference to people's feeling of being safe in their neighbourhoods. We cannot separate those things entirely, but many of them start from the quality of the housing provided.

**The Convener:** But the obverse of that is that we can invest in the bricks and mortar of the houses, but if people feel unsafe when they go outside because we have not tackled youth disorder, they will vote with their feet and move out of a community.

**David Orr:** That is right. We cannot separate those things. There has to be the kind of joined-up thinking that the Executive and others have talked about.

**Robert Brown (Glasgow) (LD):** I would like to explore the question of homelessness expenditure

and requirements. Your submission recognises the need for proper finance of that area. On page 3 of the submission, Shelter Scotland estimates that

“the new homeless duties will require additional capital costs of around £41 million over three years”.

That is a very precise figure for an area to which it is notoriously difficult to put figures.

I am conscious that there are duties in the Housing (Scotland) Act 2001 and duties that will arise as a result of the new arrangements in the homelessness task force report. Much of that is to do with the temporary accommodation and with the support needs that come with that. Why do you say that the figures are inadequate? What do you think we can do to pin them down more precisely? Where, in particular, does the figure of £41 million come from?

**Liz Nicholson:** I will start with the matter of the £41 million. Work was done for us to estimate the costs of temporary accommodation under the new duties for non-priority-need applicants. We took the existing numbers of non-priority-need applicants and the costs and additional capital allocations that were made for temporary accommodation in the late 1990s and we upgraded that figure. We had something fairly concrete in terms of costs and numbers. That is where we have reached with the £41 million. It is obviously not an exact figure, but it is closer to the mark than the allocation of £23 million that has been allocated for all homelessness duties under the Housing (Scotland) Act 2001.

One of the problems with the new duties to extend priority need that will be introduced under that new legislation is linked to housing investment. The task force was clear that the new duties should not apply until there is a sufficient number of houses for people to occupy. One of the ways in which we were going to ensure that was through the local housing strategies, through estimating the need in given areas and then making an assessment about whether the legislation should come into force.

The problem with that is that it is not possible to remove priority need in one area just because the area has sufficient houses—it has to apply throughout Scotland. The fact that we have made that commitment presents a difficulty. It is supposed to happen over 10 years, but we may never see it being implemented. We cannot move to increase the supply of decent housing at the rate of the slowest local authority. We have to ensure that the investment is there. The task force's thinking was that the removal of priority need would be linked with increased investment. If everybody in Scotland is to have the right to housing, there has to be the increased investment in the housing stock.

**The Convener:** Thank you very much for your attendance and your evidence, which we found very useful. If there are any points on which you wish to expand later, we will be more than happy to receive written evidence from you.

We now move to our social inclusion panel session. I welcome our visitors: Councillor Corrie McChord, the modern governance spokesperson of the Convention of Scottish Local Authorities, and Norrie Williamson, director of finance; Andrew Fyfe, executive director of the Glasgow Alliance; and, from the Highlands and Islands social inclusion partnership, Councillor Margaret Davidson, vice-chair of the children and young people's joint committee of the Highland Council, and Ann Clark, the council's head of policy.

I thank you for attending. We will use the usual format. You can make an opening statement if you wish, then we will move to questions from the committee. I do not know who is going first.

**Councillor Corrie McChord (Convention of Scottish Local Authorities):** I do not mind going first.

First, we appreciate being asked to give evidence to what we regard as an inquiry into funding for eradicating deprivation. The financing and resourcing of the process of eradicating deprivation has been with us for years. I am thinking of the regional councils' social strategies in the 1980s. The trouble was that no meaningful progress was made at that time because of the restrictions that the inflexible grant-aided expenditure system imposed. We feel that the GAE system is still inflexible and that is why we continue to ask for an independent review of local government financing.

Previous reviews have not been holistic but have worked within the GAE system. Therefore, we could not address problems that we saw at local level. At that level, we are still dealing mainly with the symptoms rather than the causes of deprivation, although we are making progress in the causes in some areas. That has been done in tandem with the Social Justice Committee and the social inclusion aspects of the Parliament. We are still taking a sticking-plaster and Polyfilla approach compared with what we need to do.

The fragmentation of services has not helped in particular areas in terms of people's understanding of how services are delivered and their affordability. Affordability is a big issue that must be addressed, particularly in housing and in water and sewerage services. It is clear that people in some areas cannot afford the additional burdens of those charges. I do not want to relate anecdotal, evidence-based points on that matter, but there is a problem out there. We do not believe that continuing fragmentation will help us in the future.

**Norrie Williamson (Convention of Scottish Local Authorities):** I will broadly supplement Councillor McChord's comments. The prime purpose today is to consider the budget process for 2003-04. I apologise for not being in a position to submit written evidence. The time scale was against us. We are developing detailed written evidence that will look at costing local government services. I hope to have that evidence with the committee within the next couple of weeks. Beyond that, our evidence will consider the whole process of a spending review, which is a relatively new process within central Government. We feel that that process needs an overhaul to ensure greater dialogue and to ensure that the eventual budget figures are realistic and not idealistic.

**Andrew Fyfe (Glasgow Alliance):** I will make three points. The first will be about the current position and the second about the important link between the social inclusion budget and other budgets that deliver social justice. Thirdly, I will say a couple of words about the growth in the empowering communities budget.

On the current position, there is no doubt that, since 1999, social inclusion funding in Glasgow has been important in the drive towards having increased community capacity and real accountability in local decision making about projects that local communities would support and that would make a difference to them. It is important to say that the social inclusion partnerships are becoming increasingly strategic, which means that they are looking at how their budgets can match other budgets. In particular, they are looking at how mainstream budgets can make a big difference to the regeneration of communities.

There is a feeling that there are still too many initiatives. That is not because people are against innovation or do not want to be involved in such changes, but because of the constant demands to work up proposals and to think about processes, often in the middle of the year. That situation can mean that one almost takes the eye off the ball of the main strategic outcomes.

My final comment about the current position is that in Glasgow and, I think, in other parts of Scotland, we have been lucky with the social inclusion partnerships because they had forward projections for three years, in which one year was fixed and two years were provisional. However, this year—for the first time—the forward projection consists only of one fixed year and one provisional year, which makes planning more difficult. As the budget process rolls forward, the ability to have provisional figures for years 2 and 3 will be important.

My second point concerns how the social justice budget fits with other budgets. Just as the

mainstream budgets make the biggest difference in greater Pollok, although the social inclusion budget is important, so will the other budgets be important to social justice in Scotland. The committee should think about ways in which health and education expenditure can hit the social justice mark. Only by doing such joined-up work will we achieve what we want.

The detailed budgets that have been provided propose a substantial increase in the empowering communities budget. I understand that that has not yet all been allocated to a particular purpose. I suggest that, rather than thinking from the top down about the initiatives that could use that money most usefully, we could turn that round and consider social inclusion partnership priorities or community plan priorities in local authority areas and match the increased resources to those identified priorities. That would make everything that we do more strategic and effective.

11:00

**Councillor Margaret Davidson (Highlands and Islands Social Inclusion Partnership):** I thank the committee for inviting us to give a presentation. We had planned to concentrate on rurality factors as they affect the housing budget and our social inclusion partnership, but we deal with rurality factors in some of the paperwork that we have given the committee as background. We agree with the conclusions of the Scottish Executive's papers on poverty and social exclusion in rural areas. We just need to build on that and factor in some considerations.

I will emphasise some of the findings from our social inclusion partnership. The social inclusion partnership in Highland is unique. The SIP is an initiative of the Highland well-being alliance, which is our community planning partnership, and is thematic. It centres on young people who are aged from 14 to 25 and it is targeted at 12 communities, which gives us a cross-section of the Highlands. The SIP is intimately tied up with the survival of one or two of those communities. Its aim is to get young people engaged with their future.

I will describe the three key issues that have arisen from our SIP programmes. Expenditure of mainstream budgets for economic development, housing, health, transport and education has the most impact on rural poverty and social exclusion. We would like rural factors to have greater influence on housing budgets, over which the committee has influence. I will return later to some of our thoughts on further research into that.

Although understanding is growing about poverty and social exclusion in rural areas, there is a long way to go. Mistakes are still frequently made. Our background paperwork has two sheets:

one gives examples of spending decisions that acknowledge rural circumstances; the other gives examples of how decisions can discriminate against rural areas. That continues to happen a lot, and not just in relation to mainstream funding.

Increasingly, we must apply for lottery funding to bolster mainstream services. We applied recently to the New Opportunities Fund for money for out-of-school care, which is growing rapidly throughout the Highlands. The postcode system that the new opportunities fund uses means that only two tiny communities in the Highland Council area received any funding. We will start to use lottery funding for physical education and sports in the next year, and I hope that it will be better targeted.

Our communities have a limited number of people who can participate in collective action and partnership. Therefore, we must have an integrated approach to tackling disadvantage in rural areas. We have done some outstanding work with health services in the past two years. As the role of Communities Scotland develops, I would like Communities Scotland, Highlands and Islands Enterprise—which has a social remit—and the Highland Council, whose councillors are out there day after day at the coalface, to share their experiences. I would like to see integrated working—not just partnership working—with shared appointments and perhaps, as with joint futures, integrated budgets. Only when we do that will we use the best resources to get things working for people and, to do that, we need a political lead. We have had that with children's services, and I appreciate the lead that the First Minister has given with the Executive's "For Scotland's children" report and with the changing children's services fund. We need to build that into other areas where it will have the same sort of effect. The role of Communities Scotland is central to that.

Social exclusion of young people in rural areas takes three forms. First, it is about access. Young people consistently say that they need affordable access to places and activities. That is at the top of their list whenever we speak to them. Secondly, they have limited options. For many young people in the Highlands and Islands, the sense of attachment to their roots is extremely strong, but they expect to have to move away to succeed. Conversely, those that stay are the most disadvantaged and have limited options in housing, training and employment. We hope to break that cycle of low confidence and we must do so using the sense of self-reliance and pride in their country that young people have. Thirdly, there are social constraints. The importance of family history, cultural attitudes and social networks in rural areas are perceived by young people as major constraints to making personal changes towards independent living.

On the committee's consideration of spending priorities and where it could perhaps bring some influence to bear, we need increased support for mainstream community education services, particularly for community development and the development of youth work. When Peter Peacock was Deputy Minister for Children and Education, he started a national youth work development project. He was trying to tease out learning outcomes from youth work. I believe that we should build on such work and consider how we can use the experience of our SIPs to make a difference in that regard.

We must continue to fund projects that work in rural areas and that target young people who are in need. A particularly successful project in the Highlands has been the young tenants support work, which has reduced markedly the turnover of tenancies. Members should also realise that, when moneys have been distributed, the less populated areas and the SIPs that have taken a thematic approach—such as the Highlands and Islands SIP—have had problems with distribution of some parts of the funding. For example, the distribution of drug funding among SIPs in 2001 and 2002 made no allocation to the Highlands SIP because of the SIP's thematic approach.

I am going to the "Highland Youth Voice" conference this weekend; I know that the young people there will say that what they want most at the moment is a national concessionary fare for young people. Transport is such a social exclusion issue in rural areas that a national concessionary fare, so that 16 to 18-year-olds in particular can get cheap fares, is very important to young people.

On housing—which as a councillor I have always found opaque and difficult to deal with—we need some clear focused research on homelessness in rural areas. There is much hidden homelessness and we must consider the way in which we tackle that, and we must lean on the self-reliance that is built into rural communities and work on schemes such as rural home ownership and community self-build. Those are the things that my self-reliant families are really interested in.

**The Convener:** Thank you.

I was struck by the emerging theme about whether we should consider what mainstream budgets are doing in relation to social justice, as well as consider the issues that are often seen as closest to it. There has in my experience been the same issue about bending the spend.

Does the presentation of the Scottish Executive budget lend itself to effective comparison with previous budgets? How could presentation be improved to improve transparency? Do the monitoring mechanisms for measuring the

Executive's progress in relation to targets provide adequate systems for measuring performance? If not, what changes would you like to be implemented?

**Councillor McChord:** I will leave the first question to Norrie Williamson. In response to the third question, I say that the performance measures are adequate.

Any idea of indicators of local quality of life has been missing in the recent past, and those indicators would be helpful. A national overview of that has been expected for some time. The lack of national headline indicators has not helped us to interpret situations locally. The old Department for the Environment, Transport and the Regions issued such indicators for England and Wales a couple of years ago.

Outcome agreements have been mentioned this morning. We would be happy to be accountable in outcome agreements for our local stewardship, provided that those agreements were discussed and agreed locally with the Scottish Executive. That is one way forward.

My view—it is not COSLA's view—is that the better neighbourhood services fund has had limited effect, because performance has not been adequately structured. The fund should have been managed in a more rigorous, outcome-related way, instead of its finding its way—I believe—into council tax reduction, which does not help deprived areas. The fund could have been much more helpful. We look forward to that money being mainstreamed, but a more rigorous approach to it should be adopted.

**Norrie Williamson:** A difficulty in the budget process is linking inputs with vital outcomes as part of a monitoring arrangement. That difficulty is not helped by the various pots and streams of money for initiatives. It would be better if that money were mainstreamed, as Councillor McChord suggested.

In our evidence to the Local Government Committee's local government finance inquiry, we talked about the significant difficulties with ring fencing and challenge funding of resources, which create annuality and bureaucracy, and with the lack of a strategic approach, because of one-off announcements.

Developments occurred as part of the previous spending review process, such as the announcement of three-year settlements for councils. Such developments must be built on. Although the main grants were announced, money was hived off to initiatives for local authorities, and core services tended to be forgotten.

We are approaching a part of the spending review process that presents the ideal opportunity

to address that system and to ensure that we have quality core service provision in local authorities. We can consider the opportunity beyond that to develop new initiatives or policies strategically in the longer term.

The problems of different pots of money in local government are exacerbated by the different pots of money in the public sector and the voluntary sector. All those issues must be brought together so that all partners are working together to deliver on the ground what the public want.

**Andrew Fyfe:** I am looking narrowly at the level 2 budget heading for social inclusion. It would defy many people outside this room to describe what is in the reviving communities budget and in the empowering communities budget. The purpose of those budgets is not entirely clear, which is a problem. It should be clear what the social inclusion budget pays for. We are struggling to measure the value that is added by that expenditure. We want to know how much European money, how much lottery money and how much money from a variety of other sources, such as the private sector, is drawn in to match that money and to make a difference. That is not easy to do but, presentationally, it would be important.

The social justice milestones give us a basis for measuring progress. I agree about the importance of qualitative as well as quantitative measures. Each social inclusion partnership is working hard to move from having a plethora of compulsory core indicators and measures to having fewer measures that will allow us to measure progress. Those indicators will be amended this year. That will be helpful, because in every part of Scotland, we will be able to say what is working and where we are not succeeding.

**Councillor Davidson:** We are piloting local outcome agreements in children's services. As community planning really begins to get going at community level, I would like to see local outcome agreements on social justice issues.

11:15

**Ann Clark (Highlands and Islands Social Inclusion Partnership):** In terms of ability to monitor the budget, I agree with the points about mainstream budgets, reduction in challenge funds and so on. The only other thing that I would say is that it is important that we continue to support communities in understanding the budget process in future.

From our perspective it is important that measurements and indicators are rural-area friendly. Unfortunately, as a recent report from the Scottish Executive emphasised, more often than not they are not rural-area friendly. We are

particularly interested in, and would welcome, adaptation of the social justice targets and the inclusion of an indicator of access to services as a good measure of social justice in rural communities.

**Cathie Craigie:** Have your organisations been involved in the development of the annual expenditure report, or previous Scottish budgets? If so, will you explain your involvement and whether it was a positive experience?

**Councillor McChord:** Over the years that we have been involved, it has probably not been a positive experience. However, there is a feeling that there is now much better and more direct involvement. Whether it involved communication with Westminster, Whitehall or Dover House, our past involvement was very remote. We have much more input now.

**Norrie Williamson:** Things have improved, but they could improve more. It is an evolving process, from which we can all learn and which we can improve for the future. The spending review is a relatively new process in central Government. Improvements were made a couple of years ago, when there were policy discussions between politicians at central and local government level. Unfortunately, those policy discussions tended to be held in a vacuum—there were no financial realities attached to them. As part of the exercise we are going through now, we want to provide that financial reality so that, between April and June, COSLA politicians can perhaps discuss with ministers the priorities and policies that can be implemented within the available resources.

**Andrew Fyfe:** We have not been directly involved until now. We welcome the chance to be involved and hope that the process continues to evolve.

**Cathie Craigie:** No matter what walk of life we are in, we would all probably like more money. However, as the recipients of funding from the Scottish budget, do you think that the funding that is attached to the social justice budget has proved to be enough for the intended purposes? If not, what additional funding is necessary to provide adequate services?

**Councillor McChord:** The money is not enough. It is certainly true that none of us gets enough money. Local authorities can be more efficient, and will be more efficient in future, particularly in terms of e-governance and so on, which will make a difference to the way in which local government is funded and does its business. We can find efficiencies within that. It will create staffing difficulties and so on for a couple of years, but we need at local government level to find more resources and target them better. We must find more resources in the public sector in general. I

hope that community planning in the forthcoming local government bill can assist in that in future.

We need more resourcing from the Scottish Executive and the Scottish Parliament to make things much more meaningful. The work that has been done on social justice through the Parliament and the Executive has been laudable, but it will merely scratch the surface until we apply the resources more meaningfully.

**Norrie Williamson:** As Corrie McChord says, local authorities aim to introduce efficiencies wherever possible, to reshape service provision in order more effectively to deliver services on the ground and, more important, to work with partner organisations to ensure that that happens.

Looking solely at the resources within local government, much of the difficulty has been that previous reviews have not been comprehensive and they have been relatively self-financing within the grant-aided expenditure system. We are promoting a much wider review of the overall resources that are necessary to tackle deprivation and poverty. The funding has tended to be a sticking-plaster job until now. We welcome any resources that come our way, but awards have tended to be one-off resources such as the £21.5 million in 2000-01 and the £10 million in 2001-02, the better neighbourhoods services fund and the changing children's services fund. There should be a radical review to establish whether all those are pulling together and working effectively to provide the service that we want.

**Andrew Fyfe:** Additional resources are always useful. We have spent a lot of time ensuring that the resources that are available are used to the best effect. In the budget process, we should think about whether there is extra money to address the matters that I have spoken about, in terms of empowering communities. We should think about the best way of empowering communities and we should not think about it just in this room; we should probably have a wide discussion and we should—if there are additional resources—ask people what the current priorities are in their area, community or whatever, and how those priorities might be applied. As well as considering additional resources, we must make the best use of those that are available.

**Councillor Davidson:** Let us return to mainstreaming. Perhaps we should receive some useful transitional moneys such as the changing children's services fund, which is helping us to build up services that have run down over the years and that need major change. Through the SIPs, perhaps we could receive some transitional funds that would help us to mainstream social inclusion funding over the next three or four years.

**Ann Clark:** The specific social inclusion moneys

were very welcome because they were the first sign that there is recognition that rural areas, as well as urban areas, experience deprivation problems. Traditionally, additional funding for regeneration activities has been focused on urban areas. We hope that that recognition will continue in any review of social inclusion partnerships and social inclusion funding. I echo Councillor Davidson's point that mainstream resources are really important. We are now concerned about what will happen when our social inclusion funding finishes. As Councillor Davidson said, it would be helpful if at least some of that funding could be mainstreamed.

**Mr Gibson:** Your emphasis is on mainstreaming budgets, and I acknowledge your comments. However, do you feel that the social inclusion partnership network is at the right level or should it be expanded? If it should be expanded, should the emphasis be on area SIPs or thematic SIPs?

**Ann Clark:** Are you talking about the network for community representatives or—

**Mr Gibson:** No, I am talking about the areas that are covered by social inclusion partnerships, which are either geographic or thematic. Should there be more SIPs and should they be maintained as they are, or should they be allowed gradually to wither away and be replaced by mainstreaming?

**Ann Clark:** The extra resources have been welcome and have allowed us to tackle issues that we did not tackle previously. However, in general, we would prefer funding to be directed through mainstream budgets to ensure maximum flexibility at local level regarding the needs that those budgets meet. We have learned a lot from our social inclusion partnership. However, we know that if we use geographic areas, the majority of people who are in disadvantaged circumstances will live outside those geographic areas.

We have taken a thematic approach and have learned lessons. Although we thought that that was the most appropriate approach for a rural community, it has, in our remote communities, proved to be challenging to focus money on one section of the community. In some areas, that has proved not to be the most effective way to spend our money. The difficulty with any additional ring-fenced programme is that there will be inflexibilities at the boundaries. Therefore, we argue that it would be better to direct that money to community planning partnerships, which can consider local needs and target money locally in the most responsive way.

**Andrew Fyfe:** In Glasgow, we have 10 area-based SIPs, Castlemilk Partnership and three thematic SIPs. If we were to establish more SIPs in the city, we would be likely to consider doing so

on a thematic basis, although I am not saying that there are not areas outwith the SIPs that have real needs and real disadvantages.

It is important that we are learning through the SIPs about a different way of working and of engaging area communities or communities of interest with agencies that hold the mainstream budgets that can make a difference. It would be tragic to lose that. Whether we call them SIPs or partnerships of a different kind, as we develop our community plan in Glasgow, we ought to have a mechanism for every area through which the agencies that spend money—perhaps not as much money as in some priority areas—and the communities in those areas can work together. There is no doubt that we get better value through people working together, sharing information and working through projects together than we do through people standing alone. I seriously hope that we will not reach 2004 or 2009, for example, and say, “We tried SIPs, but they are finished.” We need to develop and stretch the idea so that it is effective. When I talk about mainstreaming, I am thinking about mainstream budgets meeting local needs in a particular area, as agreed by a SIP or a similar organisation.

**Councillor McChord:** I agree with most of what Andrew Fyfe said. The new life for urban Scotland initiative was a bit of a curate’s egg and nothing was put in its place. It is too early to contemplate SIPs withering on the vine before we know what would replace them. I agree that thematic SIPs might be the way forward in respect of a range of issues. Currently, there is an awful lot of noise in the system about best value, community planning, e-governance and a range of issues of which we have not made sense. We must think of links between SIPs and between issues at local level before we can make sense of them.

The green paper on community budgeting has hit the desks in the past couple of days and is welcome. It outlines a bottom-up approach that seriously considers the local community and its needs, and proposes consideration of budgets following needs, instead of needs following budgets.

**Mr Gibson:** Communities Scotland will have a far larger role in the allocation of funding for social inclusion than Scottish Homes did. How would you like its role to develop?

**Councillor Davidson:** I would like its role to develop in an integrated way. It should serve the needs of community planning. I am pleased that others have said that today. Communities are ahead of us—they are looking for community planning. I have gone through the local plan in rural Inverness, which has caused me some sleepless nights. Communities are clearly saying to us, “We don’t want to know where our housing

allocations are—we want to look at much wider issues, but you have us all engaged in the planning process.” They are ready for community planning and we must serve that readiness. We must start to work, through SIPs, to respond at community level.

Over the past three years, I have been involved in a major expansion of pre-school care and child care in the Highlands. We managed that expansion because we had a ring-fenced budget for three years. The ring fence has just been removed and money has been mainstreamed into education, but it was extremely useful to know what we had for a few years and that money was not simply put into the mainstream budget. The process was gradual.

**Councillor McChord:** As far as we can see, Communities Scotland is adequately funded, but I question whether it has the human resources to be effective in local areas. I think that about 60 staff service the whole of Scotland. Councillor Davidson said that links and working in tandem with the community planning process are important. Staff are spread thinly.

**Ann Clark:** Communities Scotland’s role should be to support the development of local strategies. There is an opportunity to make a link across its responsibilities for community learning and community regeneration. The challenge for Communities Scotland will be exactly how, at a national level, it can support the development of local housing and community learning strategies and link that to community planning.

**The Convener:** There is time to squeeze in two more brief questions.

11:30

**Linda Fabiani:** I am interested in the operation of SIPs over the past couple of years. The witnesses must refresh my memory about how the budgets work. The witnesses in the previous panel session talked about clarity and flexibility. In the witnesses’ experience, have the established SIPs met their budget requirements? Are the witnesses happy with the monitoring of the expenditure? Have there been underspends and what is the flexibility for carryovers?

**Andrew Fyfe:** In the early years, as the SIPs in Glasgow hit the ground and began to get organised, they did not always use their full budget. We were pleased that we were able to negotiate end-year flexibility for some of the extra money. In general, most of the available money is fully allocated, committed and spent, although we are working on the thematic SIPs, which still run a little under their budgets. This year, we hope to be close to the budget and to use end-year flexibility for the few SIPs that do not spend all the money

that is available to them. The situation is improving.

**Ann Clark:** Our situation is similar—there is a mixture of the positive and the not so positive. The expenditure for our SIPs was profiled to be under budget in the first year, to grow, and then to tail downwards. We anticipated the difficulties of spending to target in the first year. On average, the SIPs spend more than 90 per cent of their budget and we are generally able to negotiate end-year flexibility. However, the decision on carry-forward sometimes comes late in the year, which means that we cannot always plan for flexibility.

**Linda Fabiani:** I am interested in Margaret Davidson's point about integrating budgets, which sounds wonderful on the surface because it might cut down bureaucracy and deal with some problems. However, there are huge problems in the idea of Communities Scotland, health boards and councils sitting down and working out who will take the lead on the matter.

**Councillor Davidson:** That is why I used the term "political lead". Councils and the health service pool budgets on joint futures and they are beginning to pool budgets on integrated children's services; pooling is possible, but it requires a strong political lead.

**Linda Fabiani:** I am interested in COSLA's view on whether pooling is possible.

**Councillor McChord:** In its submission on the proposed local government bill, COSLA said that the bill might be better if it were a local governance bill and if it addressed some of the issues that Linda Fabiani raised. That would give some of the organisations about which we are talking more responsibilities for community planning and providing best value. There is good will at local level in a number of areas, but it does not cover Scotland completely.

Joined-up budgets are the way forward, but capacity is also important. The flexibility in budgeting for SIPs is welcome, but in my experience, at the beginning of the process, the budgets were not spent because of the capacity. When we gave local activists discretion to spend budgets, the capacity that exists now was not there, nor was there the capacity for officers in the public sector to deal with the problem. That situation is improving, but there must be funding.

**Robert Brown:** During the earlier panel session, we spoke about the difficulty of identifying housing expenditure. I was particularly interested in the support mechanisms in social justice budgets for work such as drug addiction projects, which will help to achieve homelessness targets and to stop the revolving door syndrome. Do the panel have any observations on the adequacy of the linkages

between sub-priorities and housing priorities? What are the budgetary effects of those linkages?

**Councillor McChord:** Such priorities can be compatible—obviously, I do not think that they are completely compatible at the moment. Communities Scotland could play a role in that in the future. I am optimistic about housing strategy across Scotland. However, things are not joined up at the moment. I hope that once the proposed local government bill is passed, more linkages will be considered in the future. We have been half-promised that by the Executive—a look at governance rather than government in the future.

**Andrew Fyfe:** In terms of linking up at a big picture level, we now have better and clearer social justice targets from the Scottish Executive. The Glasgow Alliance has a community plan for the city that echoes many of those social justice targets in a competitive environment, getting both competition and social inclusion into the city. That then flows through into the social inclusion partnerships.

We have been going at it for about three years and it takes quite a long time to get everything lined up. Each year, however, it strikes me that the policies and priorities are better lined up. The important thing is that we are able to send feedback up the line. The community plan for Glasgow should reflect what the social inclusion partnerships are saying. The social justice agenda for Scotland should reflect what each community planning partnership is saying.

**The Convener:** Thank you for giving your presentations and answering our questions. I note that you said that further information will be coming from COSLA and we look forward to seeing that. If there are further points that you would like to raise, we would be happy to hear from you.

We move to our final evidence-taking session, which is with the voluntary sector panel. I welcome from the Scottish Council for Voluntary Organisations Lucy McTernan, who is its director of corporate affairs, and Stephen Maxwell, who is its associate director. The format is the same as before. You may make an opening statement and then we will ask questions.

**Stephen Maxwell (Scottish Council for Voluntary Organisations):** I will say a few brief words about the voluntary sector's view of the budget process. We are grateful for the opportunity to come and give our views to the committee.

The voluntary sector has always faced difficulty in engaging in a process such as national budgeting and financial reporting systems. Many of our member organisations are single-issue organisations that will always give prominence to

the absolute level of expenditure and campaign vigorously on that. In a sector that is as decentralised and diverse as the voluntary sector, it is difficult to aggregate all the differing aims and ambitions of our organisations and turn them into a coherent view of spending priorities.

Today, we would like to concentrate on how the system enables or obstructs the voluntary sector to secure maximum value from the public funds to which it has access. Those funds are not substantial in comparison with those for local authorities or health board. Nevertheless, about £800 million a year of public funds comes into the voluntary sector in revenue funding. The sector adds another £1 billion or so to that sum from other non-public sources. Overall, the sector makes a significant contribution to the achievement of public policy goals.

We are not convinced that either the current process, or the criteria for assessing and reporting on value for money, secures the best contribution or maximum value from the voluntary sector.

The budget process makes it difficult for the sector to identify the specific sums of money under different spending heads that are going to the voluntary sector. Without better information on the size of the budgets that are available—at least on paper—to the sector, it is difficult for the sector to come to a clear or consistent view. The information deficit in the Executive's publications and in the systems that we have for gathering information is a serious problem, with which the sector has been struggling for a number of years.

The other area to which we wish to draw the committee's attention is the way in which the public funds that come to the sector are assessed in terms of the value that they secure for the community. The reporting mechanisms do not adequately define the added value that the voluntary sector is able to bring. If the sector's contribution is to be fully appreciated, there is a case for the ambitious development of additional criteria to assess added value in public expenditure.

The best-value element of the proposed local government bill, which Councillor McChord spoke about, offers an opportunity to move at least some way towards securing a better definition of the added value that the sector can contribute, but until that work on identifying more sophisticated criteria is done, public policy makers and decision takers will always be at a disadvantage, along with the voluntary sector, in identifying how well the sector is spending money. The community planning element of the proposed local government bill provides another opportunity to get closer to the added value that we believe the voluntary sector can release.

I have listed two of the areas in which there is enormous scope for improving the evaluation of the voluntary sector's contribution and, by extension, the way in which the voluntary sector can contribute to the budget-making process.

**The Convener:** I will start with the general questions that you will have heard me ask the other panels. You say that there are difficulties with information and the way in which the budget is presented. One area that we are exploring is comparisons with previous budgets. Do you have any suggestions about how that can be tackled, because I assume that you think there is a difficulty? Equally, from your perspective, how effective is the monitoring of the Scottish Executive's progress in relation to targets that it has identified? How can that be tackled?

**Lucy McTernan (Scottish Council for Voluntary Organisations):** It is pretty much impossible to compare the expenditure in the voluntary sector with that in previous years, because that information is simply not available. As Stephen Maxwell said, we need more transparency about the public money that is flowing through the various delivery arms of Government into the voluntary sector. It is not just about the £9 million or £10 million that comes under the social justice heading and goes into generic voluntary sector infrastructure; it is about the role of voluntary organisations across the spread of policy areas, whether it is health, education or transport, because until that can be seen clearly, it will be impossible to have a sensible evidence-based discussion about the role of voluntary organisations and the contribution that they make to public life and public policy outcomes.

This is not just about money. It is about the voluntary sector and the delivery of public services and community priorities of one sort or another. It is about volunteer inputs into the management and community ownership of organisations, and therefore the responsiveness to local needs that is built into voluntary sector delivery. The measurement of the impact of voluntary sector delivery needs to be much better.

We have been considering how we can examine, in a user-friendly way, the concept of social capital and the value that that can add over and above the cash value of services. It is clear from the SCVO's research that the voluntary sector levers significant extra funds into public policy and community priorities, over and above what is contributed by the state. That should be acknowledged.

The Minister for Social Justice recently announced a strategic funding review and we are quite hopeful that that will give us the opportunity to put into perspective, on the one hand, direct

grants from central Government, funding from local government, and funding that is delivered through non-departmental public bodies and agencies of the state, and, on the other hand, the income that the voluntary sector generates through its own activities, through donations from the general public and through funding from bodies such as grant-making trusts and national lottery money distributors. Until we have the big picture, and until we have taken into account the non-cash value of the voluntary sector, we will not have any sensible benchmark or baseline to allow us to make comparisons in future.

11:45

**Karen Whitefield (Airdrie and Shotts) (Lab):** You have said—it was in your submission too—that the amount of money that the voluntary sector receives is not necessarily the main thing that you are looking for. However, does the SCVO consider adequate the overall level of expenditure that the Executive gives to the voluntary sector? Does the Executive have the balance right between direct funding and the funding that goes through non-departmental public bodies and local authorities? If the funding is not adequate, how could it be improved?

**Stephen Maxwell:** I do not think that you could ever get a gathering of voluntary organisations to say that they were getting enough money. Many of the organisations that the SCVO represents are close to the front-line—or coalface—problems. I am sure that they would give you compelling evidence that they need more resources to carry out their work.

As for the balance between direct and indirect funding, I feel that the voluntary sector's funding relationship with the public sector could be improved in a number of ways. The sector accepts that, if it wants to play a bigger role in public service delivery, and if it has a distinctive contribution to make to public service delivery—as we believe that it has—it will depend for a large share of its funding on public sector agencies. The sector's funding relationship with those agencies could be greatly improved. We hope that ways of doing that will come up in the review of strategic funding that the Executive is committed to. Following the discussions on water charges and the voluntary sector, it was decided that a strategic review of funding would be launched. In that review, we would like the Executive to consider how the voluntary sector, as a provider of public services, can be funded on an equal, non-discriminatory basis with public sector bodies and any private sector bodies that are involved in public service delivery. There is enormous scope for improvement and we hope that we will be able to secure those improvements over the next few years as a result of the review.

**Karen Whitefield:** The SCVO is a beneficiary of direct funding from the Scottish social justice budget to allow capacity building for the sector. Have those funds been sufficient? Have they allowed you to meet the objectives that the Executive has asked you to meet?

**Lucy McTernan:** We are not here today to make funding bids to the Scottish Executive. We acknowledge that Executive investment in generic voluntary sector infrastructure has increased over the past couple of years. That is extraordinarily welcome. However, funding to the voluntary sector is not only about infrastructure; it is about having a combined strategy to expand the role of the sector. Investment in the infrastructure alone will not be enough.

The SCVO has a broad role to promote the interests of the sector and find ways to support its growth and its great and increased contribution to the delivery of public services and broader community priorities. We would welcome an even greater opportunity to engage in policy and economic discussions, with the range of Scottish Executive interests, about the contribution that the voluntary sector makes. Recognition of the role that infrastructure bodies such as the SCVO play would flow from those discussions.

Building on Stephen Maxwell's point, I think that it is not a case of our holding out a cap to ask for more money and saying, "We will do a better job if you give us more money." We would like the opportunity to demonstrate the added value that the entire voluntary sector contributes to public services. A series of decisions by policy makers, across the spread of policy areas, that are based on recognition of the benefits of working with the voluntary sector more constructively and fairly would flow from that. We hope to build up evidence that will make the case for greater funding of the voluntary sector rather than just ask for more money.

**Linda Fabiani:** I am aware of the SCVO acting as an infrastructure organisation—as an umbrella group. How much of what you say in your submission is the opinion of the SCVO? Do the voluntary organisations that form your membership have the chance to inform the views and opinions that the SCVO brings to Parliament? Is there recognition of your membership's ownership of the potential to speak about the budgets and make their opinions known? Have you received opinions from your member organisations about the budget and the budget process, other than the obvious point that everybody wants more money?

**Lucy McTernan:** When the AER was first published in its new glossy format, we went to great lengths to inform our members and the wider voluntary sector that that information was available

and we encouraged them to submit their comments. We have reported, on behalf of the voluntary sector as a whole, the response that we received. The response is that, although the attempt at transparency is extraordinarily welcome, it is still not terribly useful or meaningful to voluntary organisations, except in the area of generic infrastructure, which the AER covers under the voluntary sector and equalities heading. The average pre-school play association or health promotion organisation does not know where it fits within the health or education budget heads. In principle, the information is more transparent, but it is not meaningful to organisations.

The views that we express to the committee are based on that general feedback. Our responses on the budget and the broader policy issues are also endorsed and steered by our policy committee, which is elected from our broad membership. We work carefully and closely through local councils for voluntary service and other community of interest network bodies to ensure that the voluntary sector recognises, and feels that it has ownership of, the messages that we bring to the Parliament and the Executive.

**Linda Fabiani:** Do you have a view on how the process could be improved? What could the committee recommend should be done, through an initiative of the Parliament or the Executive, to enable groups in the community to find it easier to tap into what is happening centrally?

**Stephen Maxwell:** I was interested in the remarks that were made earlier about community planning. Although it is not particularly well identified in the proposed local government bill, the possibility is emerging—in the draft guidance to the bill—that a distinct local community dimension could be built into the community planning process through both a local community plan, or a local implementation plan, and what is called locality or community budgeting. The voluntary sector would have an important role to play if that local dimension of council-wide community planning were firmly established and properly resourced.

That would allow communities, through their own local organisations, to play a much more influential and powerful role in deciding on the spending priorities at their level than is currently possible anywhere in the structure. If we had to select an area where we were going to put some effort into enhancing the infrastructure of the sector and enabling it to play a bigger part in determining at least a part of the budgeting process, I would target limited resources on building the local infrastructure in the context of the wider community planning framework.

**Mrs Lyndsay McIntosh (Central Scotland) (Con):** I have listened carefully and am interested

in what you said about how much additional income you can generate from your organisations. Has the SCVO ever been involved in the development of expenditure reports, at any stage? Have you ever been asked for your tuppenceworth—or should I say your billion pounds' worth?

**Stephen Maxwell:** In the first round of the budget-making process—rather than the reviewing process—we were invited to consider whether we could extract from the decentralised, diverse voluntary sector, a view on what the spending priorities should be.

**Mrs McIntosh:** And what happened?

**Stephen Maxwell:** Rashly, we sent out invitations to the intermediary bodies in the voluntary sector and, rather as we anticipated, we got back a list of bids for increased expenditure. We do not really have a mechanism within the SCVO for coming to decisions about what priority a bid from the environmental part of the voluntary sector should have relative to a bid from a community care organisation or a children's organisation. We do not have the capacity at the SCVO at a national level to determine priorities for the sector as a whole. At that level, our contribution to an overall budget-making process is bound to be limited.

I would think that specific parts of the voluntary sector, through their intermediaries, would be far better off engaging at an earlier stage of the budget-making process through their departments. That is perhaps where the voluntary sector's influence on the budget-making process could be maximised at a national level. The best opportunities at a local level, involving the local voluntary sector infrastructure and the CVSs will probably arise through a particular interpretation of the community planning process.

**Lucy McTernan:** On a technical level, we have not engaged with the Executive statisticians or economists at all, which is a great shame. Even the outline figures in our written submission about the level of income that we, through our own charitably funded research operation, have established as flowing to the voluntary sector, show a significant sum. If we consider the doubling of that figure through the income sourced elsewhere, we can see that there is a significant impact on the Scottish block budget as a whole. That is without even building in the non-cash added value that we have spoken about. It is now time that the people with the intelligence about the voluntary sector sat down with the Executive's financial people to build that into the picture in a much clearer way. At the moment, we are operating on only a partial view of the overall Scottish economy.

**Stephen Maxwell:** If the best-value process under the proposed local government bill is to operate effectively, additional information about how different providers add or do not add value to the defined public pound will be required. Without that information, it is difficult to see how best value can be an extended or more sophisticated way of assessing where value resides or can be located, rather than just a rationalisation of existing procedures.

**Mrs McIntosh:** Perhaps overtures will be made to you in future.

**The Convener:** We have no more questions. Thank you very much for attending and for providing us with your written submission, which we have found very useful.

11:59

*Meeting suspended.*

12:07

*On resuming—*

## **Housing (Scotland) Act 2001 (Homelessness)**

**The Convener:** Item 3 concerns the Scottish Executive's consultation on the use of interim accommodation for unintentionally homeless applicants in priority need. I am sure that the committee remembers that, at our meeting on 23 January, we agreed that we would consider today our response to the consultation. A response date of 5 April has been set and the committee's views have already been sought. We have received nothing in writing. I give the opportunity for a brief discussion on the drive of our approach. I emphasise that the discussion should be brief, as we have had time to think about the matter.

**Robert Brown:** It seems to me that the consultation paper does not put enough stress on measuring and identifying the success of the arrangements that are put in place. We want to try to get rid of the revolving-door syndrome, as well as to ensure that support is targeted and given where it will make a difference and not given where it will make no difference. The tone of the paper is a little negative. For example, the second-last bullet point of paragraph 7 says:

"interim accommodation should not be used where support needs can reasonably be met in permanent accommodation."

That is the wrong way round, to my taste. Is enough emphasis laid on the success or otherwise of support for homeless people? Should some mention be made of the need to keep records of outcomes so that they can be measured effectively? Measuring the success of support would be possible, although it would be a bit trickier to measure than some matters.

**Cathie Craigie:** I take Robert Brown's point. The second point of paragraph 9 of the consultation paper, which sets out the proposed content of the subordinate legislation, states:

"interim accommodation must be accompanied by a clear programme of support; with an end date in place or a clear timetable for review."

When we discussed the homelessness task force's final report, we noted that something like 27 per cent of people who find themselves homeless chap on the door again. Some measure of the success of support is needed. If it is appropriate, perhaps we could add something to paragraph 9 to deal with Robert Brown's point. That paragraph is a proposal for subordinate legislation, so we would probably have to take advice on the wording.

**The Convener:** We could flag up to the Executive that we think that it is important to include something about monitoring. However, I would work on the assumption that such matters would be monitored. The Executive would not put such arrangements in place if it did not monitor whether they were working. Nevertheless, given the lack of success in the past and the level of repeat applications for support, it would be reasonable to emphasise monitoring.

**Mr Gibson:** What you have said is certainly the case. It is clear from the homelessness task force's report that monitoring will be a key aspect of the arrangements. Ultimately, we all want homelessness to be eliminated, or at least minimised. We could almost take it as read that the Executive will monitor the effectiveness of support. I am not being complacent, but the Executive has sufficient safeguards on that issue. Monitoring and continued assessment are not only fundamental but can be taken as read from the discussions that we have had with the Executive on the issue. We do not need to add anything specific to the proposals.

**The Convener:** Perhaps our response should reflect our discussion and seek reassurances that the Executive's commitment to monitoring would extend to the provisions concerned.

**Mr Gibson:** A belt-and-braces approach would do no harm, although it is not strictly necessary.

**Robert Brown:** We know from the figures that there is a high level of repeat presentation of homeless applicants. We have a less clear view of what works, and does not work, in preventing that. Support for young care leavers and people who leave institutions is obviously relevant to that, but it is important to get the flavour of how we should approach support—whether we should concentrate on the more difficult cases or on those in which a little help could avoid repeat presentation and thereby reduce the numbers—and how we monitor it.

**Mr Gibson:** The paper that we received from Shelter prior to the debate on the homelessness task force's report detailed such matters. The measures that Shelter suggested have reduced repeat homelessness to around 5 per cent. Shelter suggested a number of measures in response to the homelessness task force's report that, if implemented, would be successful. Those measures have been taken on board.

**The Convener:** I suggest that I draw up a response to the Executive on behalf of the committee in the usual way. If that response seems to be at variance with what members have suggested, we can revisit it. Is that agreed?

**Members indicated agreement.**

## Fuel Poverty

**The Convener:** Item 4 is consideration of our response to the consultative draft of the Executive's fuel poverty statement. The Executive has published the draft; responses are invited by 31 May. The clerk has provided a paper on the background to the consultation and other aspects of fuel poverty that the committee has considered, including the issues that were raised by Communities Against Poverty and petition PE123, from the Scottish warm homes campaign. The clerk's recommendations are: that we hold an evidence session on 1 May with interest organisations; that the draft consultation be referred to the Health and Community Care Committee for its input to our response; and that the draft response be considered at our meeting on 15 May.

I will take any comments that members want to make in relation to the consultation at this stage, but I would particularly welcome specific responses to those recommendations.

12:15

**Karen Whitefield:** It is important that the committee responds to the Executive's consultation. I generally support the clerk's recommendations. The only thing that I suggest is that we need to speak to local authorities about the consultation, given that they are heavily involved in the central heating initiative. It would be useful for us to get a flavour from local authorities of how the initiative is working. It would be useful to take evidence from local authorities, or from COSLA.

**The Convener:** I seek the committee's agreement to the other witnesses that are listed. I assume that members would agree to add COSLA to the list. Do members wish to make further additions to the list?

**Cathie Craigie:** I agree with the clerk's recommendations. We have to consider which organisations we should take evidence from. We should hear from the Scottish warm homes campaign. It would be excellent to hear Age Concern Scotland's view on the needs of the elderly population and on how the central heating programme is going. Like Karen Whitefield, I think that COSLA should be on the list—perhaps in place of the Chartered Institute of Housing in Scotland. I am not seeking to add to the list, but I think that COSLA would be able to give us an overview, because its member organisations feed in views about how local authorities are working with the various housing associations.

I would rather that Scottish Power was on the list

in place of Transco. Metering is a reserved issue, but members will recall that when we took evidence on fuel poverty, people's ability to use the electricity that they need was, and always will be, an issue. I always remember the example of the woman who switched off her radio alarm clock at night in order to save money and reduce the amount of fuel that she was consuming. Scottish Power should be asked to come to give evidence.

**Mr Gibson:** I would certainly be happy to see COSLA on the list and I have no difficulty with hearing from Scottish Power. The issue of debt blocking is important and the cross-party group in the Scottish Parliament on consumer issues discussed it in great detail. It should be fundamental to the discussion and the evidence that we take.

I met Friends of the Earth Scotland recently and heard that it has a number of concerns about insulation standards. I would like that organisation to be involved. Our list appears to be growing and I am not desperate for any organisation to be removed from the list, but I would like COSLA and Friends of the Earth Scotland to be included.

**Karen Whitefield:** Given that Friends of the Earth Scotland is part of the Scottish warm homes campaign, it should already be represented.

**Mr Gibson:** I realise that, having met Friends of the Earth Scotland recently. However, I think that the organisation wants to raise a number of specific issues. Perhaps it could be the representative of the Scottish warm homes campaign, which would get round the problem.

It seems from the report that measures will be monitored very well.

**The Convener:** It would be a matter for the Scottish warm homes campaign to decide who it wants to send to give evidence. Coming to give oral evidence would not preclude anybody from providing written evidence. We might want to think of a broader group of organisations from which to seek responses; the list would need to be brief—I do not want to generate extra work for people.

I suggest that we ask the clerks to send invitations to appropriate folk to submit evidence. We can then see what will be manageable in the time that we have allocated. It is clear that there is a desire to hear from the range of organisations who are driving the issue and who are affected by it. I am sure that we want to hear from COSLA and the campaign groups.

**Mr Gibson:** I am certain that the Social Justice Committee wants to be inclusive rather than exclusive. The way in which we organised the evidence today—three or four organisations represented on a panel—might be one way to tackle the issue. For example, the warm homes

campaign might send two or three organisations to present joint evidence and there is no reason why Transco, Scottish Power and Scottish Gas could not come and present evidence under a similar arrangement. Given the importance of the topic, we should be sure not to exclude anyone. I agree with your suggestion that we invite written evidence, convener.

**The Convener:** Is it agreed that we seek to get a broad range of voices to give oral evidence, to be bolstered by requests for written evidence? Do we agree to refer the issue to the Health and Community Care Committee?

**Members indicated agreement.**

**Robert Brown:** I have a small point. I think that we need to get a flavour from landlords of any practical difficulties that are emerging. I do not mean private sector landlords; I was thinking that we could take evidence from a housing association or a council. If we hear only from umbrella bodies, we might miss the flavour of the practicalities on the ground.

**The Convener:** We will need to consider carefully the people from whom we seek comments.

As agreed earlier, item 5, which is consideration of the Scottish Executive's response to our interim report on the licensing of houses in multiple occupation, will be discussed in private.

12:21

*Meeting continued in private until 12:30.*



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