



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

PUBLIC AUDIT COMMITTEE

Wednesday 18 January 2012

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CONTENTS

	Col.
INTERESTS.....	365
CONVENER	366
DECISION ON TAKING BUSINESS IN PRIVATE	367
SECTION 23 REPORT	368
“The role of community planning partnerships in economic development”	368

PUBLIC AUDIT COMMITTEE

1st Meeting 2012, Session 4

CONVENER

*Iain Gray (East Lothian) (Lab)

DEPUTY CONVENER

*Mary Scanlon (Highlands and Islands) (Con)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

*Mark Griffin (Central Scotland) (Lab)

*Colin Keir (Edinburgh Western) (SNP)

*Tavish Scott (Shetland Islands) (LD)

*Humza Yousaf (Glasgow) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Alex Anderson (Scottish Local Authorities Economic Development Group)

Ian Davidson (Scottish Government)

Jim Galloway (Scottish Local Authorities Economic Development Group)

Paul Gray (Scottish Government)

John Mason (Scottish Government)

CLERK TO THE COMMITTEE

Jane Williams

LOCATION

Committee Room 6

Scottish Parliament

Public Audit Committee

Wednesday 18 January 2012

[The Deputy Convener *opened the meeting at 10:01*]

Interests

The Deputy Convener (Mary Scanlon): Good morning. I welcome everyone to the first meeting of the Public Audit Committee in 2012 and ask them to ensure that mobile phones are switched off.

Given that we have new members on the committee, I will first ask them to declare any interests that they have that are relevant to the committee's remit.

Iain Gray (East Lothian) (Lab): I do not have anything to declare.

Mark Griffin (Central Scotland) (Lab): I declare an interest as a member of North Lanarkshire Council.

Convener

10:01

The Deputy Convener: We move on to the choice of a new convener. I remind members that the Parliament has agreed that only members of the Scottish Labour Party are eligible to be chosen as convener of the Public Audit Committee. I invite nominations for the position of convener.

Mark Griffin: I nominate Iain Gray.

The Deputy Convener: I confirm that Iain Gray has been nominated as the committee's new convener.

Iain Gray was chosen as convener.

The Convener (Iain Gray): Thank you very much, colleagues. I have an old friend in the Labour Party who used to say, "If I'd known there was going to be an election, I'd have brought the result." That is the kind of election I like. *[Laughter.]*

I would like to say a few words. I am very conscious that it is a privilege to take over the convener'ship of such an august and award-winning committee, which has a reputation for effectiveness. I certainly hope that we will be able at least to maintain that reputation, if not to enhance it.

I know that, at its previous meeting, the committee put on record its appreciation for the service of the previous convener, Hugh Henry, and I acknowledge and understand that, in convener'ship terms, I have big shoes to fill. I will certainly endeavour to do that and will no doubt seek Hugh Henry's wisdom.

Decision on Taking Business in Private

10:03

The Convener: Item 3 on our agenda is to decide whether to take item 5 in private. Do members agree to do that?

Members *indicated agreement.*

Section 23 Report

“The role of community planning partnerships in economic development”

10:04

The Convener: We move to the first substantive item on our agenda—

Colin Keir (Edinburgh Western) (SNP): I am sorry to interrupt, convener. It is just that I should declare an interest as a member of the City of Edinburgh Council.

The Convener: Thank you.

We will take evidence from two panels of witnesses on “The role of community planning partnerships in economic development”. The first panel is from the Scottish local authorities economic development group. We welcome Jim Galloway, head of services at the City of Edinburgh Council and vice-chair of SLAED, and Alex Anderson, economic development manager at North Ayrshire Council and chair of SLAED.

Alex Anderson (Scottish Local Authorities Economic Development Group): Thank you for the opportunity to address the committee this morning.

SLAED represents local authorities throughout Scotland. We are a joint forum for discussion and for sharing experience, expertise and best practice in economic development matters relevant to Scottish local authorities and the wider Scottish economy. SLAED also engages proactively with national and European Governments on behalf of Scottish local authorities. Our mission statement is to provide a national voice for local economic development throughout Scotland, linking the 32 local authorities where possible.

Our two primary objectives are to promote sustainable economic development and economic wellbeing and to promote best practice in the delivery of economic development services. We have seven key aims: to provide a national facility for consultations; to influence and comment on policy; to identify and promote change and encourage innovation; to carry out and publish research; to promote partnership and integrated working; to inform and promote European aspects of economic development; and to inform and influence the setting of professional standards.

The committee asked us to look at three particular issues: the work undertaken by SLAED to develop a range of local economic development indicators; the impact of reductions in economic development investment on community planning partnerships as well as the impact of the spending review; and the impact of changes to Scottish

Enterprise and the abolition of local enterprise companies and local economic forums on local economic expertise and support. We have submitted written evidence in relation to those three areas. I am happy to take questions on our submission and any other issues.

The Convener: The first of those three issues was the development of economic indicators in order to track and manage the performance of economic development. Inconsistency is probably too pejorative a word, but a theme in the report and in some of the written evidence was differences in approach between the 32 local authorities and the CPPs. Although SLAED has tried to produce consistent indicators that the CPPs might use, would it not be more straightforward if there were mandatory economic indicators for all 32 CPPs to work towards?

Alex Anderson: Probably, but 32 councils have 32 issues. In surveys, some local authorities have suggested that they develop in specific areas, such as exporting, while other local authorities have backed off from exporting altogether. National measurements, for example of unemployment rates, are easy to collect and are monitored throughout the 32 councils, but there are specific measurements that relate to individual councils. Although we have tried to identify six or so general areas that could be measured, there is a plethora of other areas that individual councils would wish to measure.

The Convener: How does that relate to national economic outcomes? The connection is not direct, but the Scottish Government has national economic outcomes. For example, it has an economic outcome on increasing export activity in the Scottish economy. If all 32 CPPs said—as you have suggested some do—“That’s not for us. It’s not an area that we’ll look to increase”, one would imagine that it would be extremely difficult for the national outcome to be reached. Is there a difference between what CPPs might feel are the local imperatives or opportunities, and the national objectives for economic growth?

Alex Anderson: Several organisations are involved in the national objectives. For example, Scottish Development International and Scottish Enterprise are heavily involved in exporting through their account-managed companies, so the local authority would look to them to deliver on the national theme of increasing exports. When larger authorities see that objective as a priority, they will also measure it, but that, too, will be done in co-ordination with organisations such as SDI, Scottish Enterprise and Highlands and Islands Enterprise.

Mary Scanlon (Highlands and Islands) (Con): I do not think that anyone is asking the 32 local authorities to have exactly the same priorities. Nevertheless, I was a bit shocked by what the

Audit Scotland report says about the quality of local economic development strategies. Apart from the non-alignment that is constantly mentioned, paragraph 59 on page 19 notes that

“few action plans outlined the expected impact of the actions taken to achieve strategic objectives”.

I do not know how any strategy can work if one knows the objectives but does not know the actions to achieve them.

The report goes on to say that

“only 13 of the 19 strategies set any targets and only four set milestones to measure progress towards targets”.

Reading that as a very new member of the committee, I find it difficult to see how the whole system is integrated, how it works together, and how progress and outcomes are measured. We are talking about the quality of the strategies, but it seems that, although strategies have been set, little has been done to attempt to achieve them. Why is that so difficult?

Jim Galloway (Scottish Local Authorities Economic Development Group): SLAED recognised that that was a problem in 2009-10. When we attempted to quantify the impact of economic development services across the country, we discovered that, as Alex Anderson said, local authorities have different priorities and different economic circumstances in their microeconomic areas.

Our problem lay in trying to identify common indicators so that we could, across the country, compare apples with apples rather than apples with oranges. That led to the development of the national indicators. The development of the improvement plan, in conjunction with the Improvement Service, further recognises the challenges. Once those measures and improvement systems are in place, it will be much easier for SLAED to report against them on a national basis.

We also found that there is a good connection between the CPP and the economic development strategy in some areas but that that is not consistent across the country. That meant that we were able to get measures of economic output from the economic development service but not necessarily from the CPP. We have recognised that the system is not perfect and we have worked with the Scottish Government and other partners to put measures and procedures in place to improve things.

Mary Scanlon: We listened to a great deal about single outcome agreements, the abolition of ring fencing and the historic concordat. We all thought that that would lead to national targets becoming local targets, much more transparency, and local authorities being held to account by

national Government for their economic development strategies. I know that that is not my politics, but it sounded like a good idea. It appears not to have happened. What went wrong?

10:15

Alex Anderson: Economic development is not a statutory function of any of the councils, so they are free to allocate moneys to prioritise or de-prioritise certain elements as they choose.

The SOAs were driven by the Government, and I think that 54 indicators were given—although thought has since been given to reducing that number. The indicators were subsumed into the SOAs and, as members probably know, we are now in the process of reviewing the SOAs. Many of the partners in community planning are now trying to sharpen up on those SOAs, in order to take a more co-ordinated approach across the country. As Jim Galloway said, the system is not perfect at the minute, but on-going work will pull things together.

I re-emphasise that every effort has been made to measure the 53 or 54 indicators in the SOAs and to try to get the numbers down. However, the SOAs will be reviewed anyway.

Tavish Scott (Shetland Islands) (LD): Is economic growth the main objective of community planning partnerships across Scotland?

Alex Anderson: Probably not. CPPs tend to follow an anti-poverty agenda. Crime and safety statistics are considered, as are health issues. The different partners round the table ensure that the group is a community planning group. Economic development is just one element of the work—but an important element. That is acknowledged by the people on the boards, who will include people from Scottish Enterprise and Highlands and Islands Enterprise where appropriate, and people from the councils.

Economic development has a big influence on the direction of their work, but CPPs will still be working on the anti-poverty agenda, the health agenda, and so on.

Tavish Scott: We are constantly told that the Government's main purpose is economic growth, and I am sure that you are very aware of Government publications, ministerial speeches and the like. The context of our inquiry is a report by Audit Scotland into whether community planning partnerships make a difference to economic growth. From evidence that we have heard, we cannot really discover whether or not they do. You have given a fair answer, pointing out that in policy terms economic growth is not the main driver of community planning partnerships. Would I be fair in saying that it is hardly surprising

that Audit Scotland could not find any evidence to suggest that CPPs made any difference to economic growth?

Alex Anderson: My answer would have to be yes and no. Despite the fact that the community planning partnership agenda is so large, specific projects have had an impact on economic development. For example, European funding for employability went through the community planning partnerships. Things are delivered under the heading of CPP, and reports are made to CPPs on progress. On employability in particular, CPPs have a big input. Employability is a route out of poverty, so you would expect it to be of concern to CPPs, whereas inward investment and up-front business development activities are not really directly part of that agenda.

Tavish Scott: What would you say is the purpose of CPPs in the context of economic growth, when Governments say that it is the main priority and the country's main need?

Alex Anderson: That will depend on the partners round the table. Some of them will think that economic growth is the reason why they are there and that it is fully part of their remit. Other partners will have other interests—for example, people from the health boards or people in passenger transport—and they may well have another agenda, which the Government may also be promoting.

The trick in a non-statutory function such as economic development is to pull everything together and get the best out of everybody, finding common ground with health, for example. A route out of poverty can be a route into employment.

Tavish Scott: I take your point, Mr Anderson, but your argument is basically that, because, understandably, not all the partners on the community planning partnerships—which are varied and considerable, as we have seen from the diagrams that Audit Scotland has provided to us—see economic growth as their main task, CPPs' relevance to that agenda is limited. Economic development is not what starts the agenda of each CPP, is it?

Alex Anderson: No, but the councils, as the leaders of the CPPs, have a role in ensuring that economic development is one of the key aims of the CPPs. The evidence that we have gathered from the councils is that they are trying to improve the economic development aspect of the CPPs by declaring it as a priority for themselves and the Government.

Tavish Scott: Are you able to share that evidence with us? In the context of the Audit Scotland report, I am concerned that we were not able to see the evidence to support that argument.

If you have evidence, the committee would be grateful to see it.

Alex Anderson: Yes, we could supply that.

Tavish Scott: Thank you.

Mark Griffin: My question has, to an extent, been answered by Mr Galloway. It goes back to the point about the mandatory indicators. I understand that priorities will vary across the local authorities, but there will be common priorities such as improving employability, increasing employment and reducing unemployment. How much work has gone into identifying the priorities that are common among the 32 local authorities? Do you feel that it would be appropriate for those common priorities to become mandatory indicators?

Jim Galloway: Considerable work and debate took place within the SLAED group in deciding which indicators would be core and which would be discretionary. The core indicators are business support, employability, inward investment, land and property development, and key sector support. They reflect the Scottish Government's economic strategy, which is all about jobs, business support and investment, and all 32 local authorities could easily sign up to those core indicators because, at their various levels of functioning, they are all working towards them.

The discretionary indicators are export support, external funding, tourism investment, area marketing and promotion, and town centre regeneration. Again, those are common priorities for local authorities, but we felt that local authorities could choose the level of work that would go into each of them on the ground and how that would be reported back up through the SLAED group. SLAED undertook considerable work in consultation with our partners, including Scottish Enterprise, on which indicators would be core and which indicators would be discretionary.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): I declare an interest as a local councillor in East Ayrshire. I would not like the committee to think that it has somehow all gone wrong, which is what Mary Scanlon suggested earlier. The whole purpose of the community planning partnerships is to deliver on the single outcome agreements and, specifically, to allow them to reflect local needs and identify local priorities. I do not think that it is an example of their going wrong that there are not hard and fast indicators all over the place. We were trying to move away from the prescriptive micromanagement of everything that local authorities do.

Rather than focus on that, I invite Jim Galloway and Alex Anderson to give us some examples from their experience in their areas of how the community planning partnerships have intervened

in the local economic situation, so that the committee can be more aware of that.

Jim Galloway: Shall I go first, or do you want to go first, Alex?

Alex Anderson: I will go first and give an example from North Ayrshire. The community planning partnership took ownership of an employability programme, of which there are seven key parts. The programme is about accessing jobs and ensuring that people are moving to employability and then into employment. The CPP made a bid for European funding, and it secured 40 per cent match funding.

As a result, we are delivering a £1.6 million employability programme in the area. That is because the CPP put in the bid. It agreed the targets for the programme, which include engaging with about 3,500 people, 400 of whom will go into work and another 400 of whom will go into training or higher or further education. It is a two-year programme. It is running successfully this year and is likely to meet its targets by the end of the next financial year.

The CPP took ownership of the programme and has delivered on it. That is one example of the CPP having had a direct influence and securing funding from elsewhere to back up a programme.

Jim Galloway: One of the strengths of the CPP programme nationally is that it has illustrated that all the different partners are part of the same continuum—they are working on different parts of the same spectrum.

As was said earlier, economic development is a key output of the CPP programme. In Edinburgh, the partners have come together and recognised how their different inputs impact on the local economy and different parts of a person's journey from poverty and social justice issues to employability, getting into work or starting a business, and surviving and growing in that work or business.

There are a couple of very good examples of that. The Edinburgh partnership has led on a review of the employability network, reducing the number of organisations, and the duplication that was going on in the city, from 217 organisations all involved in employability down to one recognised strategy—the joined up for jobs strategy—that is an integral part of the Edinburgh partnership programme.

Through the council, the Edinburgh partnership was also successful in applying for European funding that helped to increase the range of delivery services. That has now morphed into the Edinburgh guarantee, which is looking specifically at issues of youth unemployment in the city. That

has been spearheaded by our chief executive through the CPP and has been very effective.

There are other more recent developments. We had an economic resilience group, which was formed in 2007-08 when the financial crisis occurred. It was very effective in rallying the partners of the Edinburgh partnership and bringing them around the table to ensure that the city was well positioned to support businesses and individuals through the troubles and worst impacts of the economic downturn. That has developed further into the economic development strategic partnership—or EDSP as we like to call it—which has produced a joint plan for economic development in the city.

Willie Coffey: Thank you. Those were two contrasting illustrations of the interventions in two different authorities. We could insist on mandatory reporting indicators, but I do not feel that we would always understand the value. I never thought that I would quote Albert Einstein in the committee, but there was a lovely quotation in one of the submissions:

“Not everything that counts can be counted and not everything that can be counted, counts”.

That is a smashing comment from somebody long ago who was probably wiser than all of us.

You mentioned something that I wanted to ask about—the effect of the recession on your planning in the CPPs. The convener opened with some remarks on that, and you began to mention it. How have you changed your views and approach as a result of the recession?

10:30

Jim Galloway: Partnerships grow stronger in difficult times; indeed, what we did has been compared almost to a war cabinet. The economic resilience group in Edinburgh really rallied round. That partnership had been established earlier in the community partnership structures, and we immediately put in place an economic resilience action plan that had a number of key indicators. I do not have that 2008 document with me, but I can provide the committee with a copy. The aim was to rally round our services in support of individuals and companies that were taking their own resilience measures in order to survive. For example, resources were shared, with the council's advice shop being supplemented by job centre staff and people from the citizens advice bureaux being placed in job centres. Other effective measures that we took included a publicity campaign in which we ran advertisements in the local press, community centres and so on, telling people where they could access services and how services were working together to help individuals and businesses with their problems.

Indeed, the move was so effective that it has been cited a few times as an example of good practice.

Although the situation in Edinburgh, as the capital city, was different from that in other parts of the country, under the resilience indicators Edinburgh came out top of the league for resilience in each of the subsequent two years. We like to think that that was, in some way, down to the actions of the partnership and the economic development service.

The Convener: That usefully moves us on to the second of the areas that the committee had asked SLAED to comment on: the impact of some of the recession's consequences. SLAED's survey indicated that between 2007-08 and 2009-10 there was a 14 per cent real-terms drop in identifiable financial inputs to support economic development. Jim Galloway said that Edinburgh responded to some of those pressures by increasing partnership working, but I wonder whether you can comment more generally on the impact of the reduction in economic development investment on local economic development.

Alex Anderson: Some local authorities have struggled with their economic development funding while others have decided that such funding needs to be increased. My experience—and, indeed, that of Ayrshire—is that with the recession local authorities have put more money into economic development than they have in the past. For example, my local authority required across-the-board savings, but although we had to participate in the effort to make those savings, we got that money back. I think that that was a vote of confidence in the importance of economic development to the area, and North Ayrshire is certainly not alone in that respect.

I think that if we were to resurvey that issue we would find that the majority of local authorities have channelled more money into economic development than they have previously. Indeed, many have carried out monitoring exercises not only on the recession's impact with regard, for example, to the implications of reduced revenue, but on the general impact of welfare reform on their local areas. It is a mixed bag but, as I have said, I think that the majority of local authorities have identified economic development as a priority and have increased their activities in that area.

The Convener: The calculation arising from the 2010 survey demonstrates a reduction in investment in economic development by local councils and the national agencies. However, Alex Anderson says that local authorities have tended to increase their investment in economic development to try to get the benefits of that in the medium to long term, which would certainly be an enlightened response. Are the local authorities

therefore picking up the tab for the reductions in investments by the national agencies?

Alex Anderson: I do not think that they are picking up the tab, but they are becoming more demanding. As they are the lead organisations in the CPPs, they are demanding more of the partners and asking them to increase their activity. That is certainly my experience. We are trying to promote more economic development activity by the partners. Collectively, that is an increase in co-ordination and it leads to results for the local area.

Tavish Scott: I want to follow up on that. In an earlier evidence session, we pushed Audit Scotland on Scottish Enterprise's role in that. We were led to understand that, if CPPs do not follow the six national economic priority areas, they will not—or, shall we say, they will struggle to—obtain investment funds from HIE or Scottish Enterprise. Is that broadly your experience?

Alex Anderson: Yes, that is the experience. I am reluctant to return to the subject of Ayrshire, but it was not an area that shone in relation to Scottish Enterprise's six key priorities—well, perhaps not until yesterday, when we had the announcement at GlaxoSmithKline. The CPP got additional resources from other sources to combat the withdrawal, if you like, of Scottish Enterprise from being a local economic development agency. It has become more of a national and regional organisation.

Tavish Scott: What were the sources of finance that you mention to replace what was lost when Scottish Enterprise pulled out of Ayrshire, as you put it?

Alex Anderson: European funding was certainly a big issue for us. Skills Development Scotland applied for European funding and the Scottish Council for Voluntary Organisations got European structural fund money for employability programmes. All that had an impact in the area. The SCVO received money for the whole of Scotland, so that must have had an impact on all the CPP areas through the allocations that they received. The primary source has been Europe.

Tavish Scott: I am trying to look forward. I take your point that we are where we are and that less money is available so you are trying to find additional resources from other sources. However, Europe's budget is being cut, too. In my part of the world, nothing is coming from there at all now. In those circumstances, how are you making the argument to Scottish Enterprise or the Government? You might want to explain how that works. You have obviously done that in Ayrshire, because, as was announced yesterday, you have won enterprise zone status. However, many areas in Scotland do not have that. How are CPPs in general, and not just in Ayrshire, making that

argument? If Scottish Enterprise is neglecting areas—you will need to tell me whether that is fair—where will investment funds come from at this difficult time?

Jim Galloway: Scottish Enterprise's role on CPPs has changed significantly. In the past, the CPPs' activities on local regeneration were linked with local discretionary funding, which was distributed through the local enterprise companies. That system has now gone. Resource and effort from Scottish Enterprise can successfully be drawn down when local strategies can be aligned with Scottish Enterprise's national strategy. That might be easier in cities, where there is a bigger economy and bigger economies of scale. There are natural clusters, such as that in the finance sector in Edinburgh or in the renewables sector down at the waterfront in Leith. The situation has changed, although it remains to be seen whether that is a change for the better.

Tavish Scott: Absolutely. In fairness, that is a policy question for the Government.

Jim Galloway: The situation has changed and, as a consequence, we have had to change our approach to partnership working with Scottish Enterprise.

We try to find where there are key links between the national strategy and the local strategy. The disadvantage is that, if an area does not have a sector in the top seven, there is a challenge around how effective Scottish Enterprise's resource input is. Alex Anderson referred to that. It is very effective in partnerships and its willingness to align the strategies, but what that means in real terms and in terms of resources can be limited.

Tavish Scott: I have a final question on the matter, which is perhaps a completely unfair one, as it is probably a policy question—if that is the case, you should say so. Are the six or seven priority areas the best ones to choose at the moment, given the economic challenges that the whole of Scotland faces? I totally take your point that we have a disparate economy and that different things work in different parts of the country. Therefore, it strikes me as quite difficult for some areas to align themselves with Scottish Enterprise, as Mr Galloway has just described, when their economy probably does not reflect those six or seven priority areas.

Jim Galloway: I do not think that there is a straight answer to that question. In a national strategy, it is sensible to identify what the key strengths are and to divert limited resources to those priorities for maximum impact. Things can be difficult to understand for an individual local economic development worker at the coalface in a deprived area in which industry is in decline and for which there is a bleak outlook. They will say,

"Why can't I get any help? Is it just because I do not have a big finance or manufacturing sector in my area?" I think that there will always be a dichotomy between the national strategy and specific local actions, but the SOAs and the CPPs are a way of trying to bridge that gap and ensure that the different parts of the spectrum work together.

The Convener: I want to follow up on whether that gap has been bridged. SLAED's written evidence discusses the relationship between the CPPs and Scottish Enterprise. It says:

"some local authorities ... have very little contact with"

Scottish Enterprise

"and there has been no joint on-the-ground activity since the abolition of the LECs."

That rather implies that the more common experience for CPPs in local economic development has been that they have found it extremely difficult to co-operate with or get support from Scottish Enterprise, notwithstanding some of the examples that have been referred to. Is that fair?

Alex Anderson: I think that that is fair in some local authority areas, but other local authorities have a closer relationship, and they have that relationship with the seven key drivers of the Scottish economy. There are areas that have struggled to get local work done since the local enterprise company moved away, but again that takes us back to the fact that it is a challenge for community planning partnerships to look for key niche markets to turn their area around and to continually lobby for additional funding to come into their area.

Mary Scanlon: My question is about paragraph 56 on page 18 of the Audit Scotland report. I appreciate that we may have representatives of two of the best examples of local economic development partnerships in front of us, but I thought that that paragraph was quite scathing about

"the coverage and quality of the analysis used to underpin"

economic growth. Given that economic growth and youth employment are the Government's main priorities, it is quite concerning that Audit Scotland found

"limited or inconsistent use of ... information ...

- limited evidence of a systematic approach to the collection and analysis of relevant economic indicators
- limited analysis of the needs of different population groups (for example, the needs of long-term unemployed people)
- little use of trend analysis
- implications from the economic analysis were not always clearly evident."

As an economist, I find it difficult to understand how a strategy could not have an evidence base. Audit Scotland's recommendation is that CPPs should

"take a more systematic approach to understanding their local economies and use this as a basis for developing evidence-based local economic development outcomes".

To me, that says that it is not happening. Is the CPPs' lack of success, as outlined there, down to a lack of an evidential base on which to draw up an action plan or a strategy to address economic growth and youth unemployment, for example?

10:45

Alex Anderson: I know that Audit Scotland cited the work that was done in East Ayrshire Council in relation to the collection of evidence.

Mary Scanlon: I said that I thought you might be one of the better ones.

Alex Anderson: I am from North Ayrshire Council, whose economic strategy is thoroughly based on analysis. It surprised me when I read what you quoted, because I do not read that happening in North Ayrshire. East Ayrshire Council is next to us, and we were advised to contact it and find out what it is doing, only to find out that it is really not doing anything more than we are. I question that statement in relation to the 32 council areas.

Mary Scanlon: Has Audit Scotland got it wrong? Has it been unduly or inappropriately critical of the approach? Is what Audit Scotland said not justified?

Alex Anderson: I would like to see more evidence for what it says. I am aware of strategies that have been prepared for half the local authorities that must be based on an analysis of the local market area. I question where Audit Scotland got its evidence.

SLAED appreciates that our guidelines suggest that economic development strategies should be prepared for each local authority. The evidence to date is that few local authorities do not have such a strategy, and those that do not are making themselves available to the Improvement Service, SLAED, and the Convention of Scottish Local Authorities to get assistance with preparing an economic development strategy from scratch. However, I believe that a minority of local authorities do not have such a strategy and that the majority have something in place already.

Mary Scanlon: To be fair, Audit Scotland is saying not that local authorities do not have economic development strategies, but that there is no unique evidence from each local authority to underpin them. That is how I read what Audit

Scotland says; it found it difficult to find such evidence.

Jim Galloway: We might be looking at inconsistency in the indicators that were used. Audit Scotland might be looking for consistency across the 32 local authorities, but if there are 32 different sets of economic circumstances, there might be peculiarities or differences in the way in which statistics are drawn together or research is undertaken. You also have to appreciate that 32 different local authorities have 32 different sets of resources or budgets for economic development. I know of some local authorities in which quite modest resource is going into economic development and small teams are focused on getting the job done by going into the street and speaking to the businesses and the people who are looking for jobs, but which do not have the resources to employ researchers and invest in that research.

Returning to Scottish Enterprise, the old LEC system used to be able to help us with local research and economic indicators within the area; if that help is no longer there for some of the smaller local authorities that do not have big research departments or resources, doing that research can be challenging.

The issue goes back to consistency, if you like. The measures that SLAED is now encouraging local authorities to take should improve that consistency. I would hang my hat on the fact that all local authorities will have a strategy and will have used research that is justifiable in their own circumstances, although it might not be exactly the same as the neighbouring local authority.

The Convener: Indeed. That brings us pretty well full circle, which is helpful because we are coming to the end of the time for this panel. However, SLAED clearly believes that work needs to be done on consistency. As I understand it, as well as the guidelines that you have produced, you have made a proposal for an implementation programme in order to ensure more consistent use of those consistent guidelines. Surely that implies a concern, at least in SLAED, that there are inconsistencies or perhaps a lack of quality in some areas. Is that not the case? What progress has SLAED made on its proposal to the Scottish Government for support to roll that out?

Alex Anderson: The Improvement Service has had discussions on behalf of SLAED with the Scottish Government to roll out the guidelines that were prepared and launched by Fergus Ewing in October. To date, we have had funding for year 1 of a three-year programme and local authorities are already chapping at the door and asking to be part of phase one. With 32 local authorities, we cannot do it in a one; it has to be a three-year programme. I think that the Improvement Service

is still waiting for a response on the three-year period from the Scottish Government, but there is certainly a commitment to year 1. The fact that there were sporadic measurements was a concern, albeit that they suited the local area. However, we hoped that if we got like measurements across the country, followed by like training and like targets, we could do comparative work. Given that part of SLAED's role is the sharing of best practice, we hope that best practice can be picked up from one place and replicated elsewhere.

Jim Galloway: I would like to add something. People might read some of the report and our response and assume, because we have put in place an improvement plan and improved measures, that there was something wrong in the first place. It is not always the case that improvement means that there was something wrong, but there is always a case to improve things. As we move forward in challenging times, with the prospect of reduced resources, it is prudent to look to improve and to measure better. However, that does not necessarily mean that something was broken in the first place, although it might not have been perfect.

Tavish Scott: I have a quick question about the relationship between CPPs and central Government. Having location directors is a good principle; indeed, it was started a long time ago. In your respective CPPs, how often do you see your location directors? I wish that there was a slightly better name for location directors—it makes them sound like something geographic. However, do location directors attend every CPP meeting? How often would they attend to provide the link between central Government and local government, or between central Government and the CPP?

Alex Anderson: I can answer only about our local situation. The CPP board meets twice a year. The western director of Scottish Enterprise usually attends the meetings, possibly with the location director. However, given that a meeting takes place only every six months, that would be the answer from North Ayrshire; Edinburgh may have a different answer.

Jim Galloway: In my experience, the location director has been at every board meeting, and colleagues of the location director attend the sub-group meetings.

Tavish Scott: So the general message, again, is that the position is a bit variable.

Jim Galloway: Yes.

The Convener: Okay. Assuming that colleagues have no further burning questions, I thank Alex Anderson and Jim Galloway for their evidence.

10:54

Meeting suspended.

10:57

On resuming—

The Convener: I welcome from the Scottish Government our second panel on the section 23 report. Paul Gray is director-general governance and communities, John Mason is director of business and Ian Davidson is deputy director in the local government division. Does anyone wish to make an opening statement?

Paul Gray (Scottish Government): I will do so briefly. First, I offer congratulations on your appointment, convener.

I welcome the opportunity to give evidence this morning on the report. As it recognises, there have been significant changes to the environment in which community planning partnerships operate since the first Audit Scotland review of community planning in 2006. In particular, the new relationship between central Government and local Government, combined with the introduction of the single outcome agreements that articulate the shared local priorities of community planning partners, places greater emphasis on the need for partners to work together and to use their collective resources effectively to meet the needs of local communities.

I know that ministers have welcomed the report's finding that the introduction of the SOAs has led to improvements in how community planning partnerships monitor and report performance, but I also know that ministers acknowledge, as do we, the recommendations for improvement in the report. Those should be taken forward in the context of the Scottish Government's public service reform programme, which is, as I am sure the committee knows, focused on four pillars: the shift towards prevention; integration of services at local level, driven by better partnership for effective local delivery; strong investment in workforce development and effective leadership; and a sharp focus on improving performance through transparency. I think that some of the earlier questioning of SLAED touched on the latter pillar.

As part of the programme, the Scottish Government and COSLA are undertaking a short review to test how CPPs, using the single outcome agreements, can best support the pillars with a degree of pace and consistency. Discussions will take place shortly between ministers and COSLA at the conclusion of the review.

11:00

The report recognises that the economic development landscape and the part that community planning partnerships play are important, as are the wide range of activities that are taking place to achieve economic development and the different economic geographies in which the activities take place. There is not a one-size-fits-all approach.

It is important that the report is not viewed as a critique of economic development in Scotland. We appreciate that that was never the aim of the study, given its focus on the work of community planning partnerships. The report tries to set the context and scope of the study. Economic development activity rightly needs to take place at different levels and across geographic and organisational boundaries, depending on local circumstances, needs and opportunities.

As the committee will be aware, the Economy, Energy and Tourism Committee conducted a wide-ranging inquiry that examined the fundamental purpose of the enterprise agencies and the impact that the enterprise network reforms have had. That committee took evidence from a wide range of organisations and the Government provided detailed evidence in response, which included information about Scottish Enterprise engagement at local and regional levels.

There is work in train—about which we can say more if the committee is interested—to improve the impact of local economic development services; it is already addressing some of the report's recommendations.

John Mason will be able to support us in answering questions on economic development. He is also the location director for Glasgow, so he can bring direct evidence to bear, should the committee wish to hear it. Ian Davidson will provide me with support on issues around community planning.

If the committee asks questions to which we do not know the answers today, I will not try to make something up—I will provide a response by the end of the week, subject to the information being available.

The Convener: Thank you. You mentioned some of the questions to SLAED on the relationship between national government and Scottish Government outcomes and the CPPs' local outcomes, and how they support each other. I will inject a bit of topicality into that aspect. The economy is clearly a day-to-day concern, and there is press coverage again today of a pretty gloomy prognosis for economic growth in some sectors in Scotland. I think I heard in the past couple of days the Cabinet Secretary for Finance, Employment and Sustainable Growth say once

again that economic strength in Scotland is more positive than it is in the rest of the United Kingdom. However, I think that even he would admit that in some areas—new business start-ups would be one—there is clearly room for improvement, to say the least.

The Scottish Government has recently responded on a national level by creating a new ministerial post with responsibility for youth employment. On employability, as the business gateway is now a local responsibility, as most businesses are starting small and as employability strategies are quite local and CPPs are involved in them, I am interested to know what action the Scottish Government has taken—even in the past few weeks—to translate those national responses to the economic situation into a response at local level in order to create the effect that we are seeking.

Paul Gray: I will bring in John Mason on that, but the key thing is that the location directors are continuing to work closely with the local authorities and community planning partnerships to ensure that the important issues around employability and business development are taken forward comprehensively and coherently.

The committee has recognised that different circumstances prevail in different places. My assessment is that as the location directors progress their engagement, we are looking for local development to take place that responds to those changing circumstances while maintaining a consistent approach.

One of the things that we are trying to work towards is not having the same answer in every place but ensuring that when community planning partnerships set out on a journey they do not chop and change from day to day. Although they need to be flexible and responsive, they also need to provide a consistent path. For example, in Dundee, the consistent and persistent approach that has been taken by the partnership's employability support programme has allowed it to bring in a number of new clients and to enable more than 300 progressions to further activity such as training, education, volunteering and employment for individuals. I can provide more detail on that if the committee so wishes. John Mason might first wish to say something more in response to the question.

John Mason (Scottish Government): First, I highlight the distinction of the changes to the enterprise networks in 2007. They were given a national remit to go after growth companies, growth sectors and growth markets, while the local dimension was to be handled by local authorities and the business gateway, which was to be the primary way of supporting companies at local level. There is a very clear structure of support for

business start-ups and business growth the whole way through the pipeline to the point where a company with growth potential and so on goes into the enterprise network's account-managed system.

As Paul Gray has pointed out, the Economy, Energy and Tourism Committee considered the issue last year and produced a report that set out improvements that could be made to business gateway. The Government has accepted those recommendations and, from October, there will be new contracts that will reflect the committee's recommendations on improving local connections and connections with the national body, and the need for close tie-ups between national and local government. Those new arrangements are being overseen by Fergus Ewing as responsible minister, and Councillor Alison Hay for COSLA, who jointly chair the work to ensure that the connections are being made.

As for the convener's comments on youth skills and employability, I should say that this has been the strongest area in which the CPPs have been involved apart from support to companies. Some CPPs have taken a sectoral approach to such support; for example, in Ayrshire, the CPP has looked at tourism, particularly golf tourism, and has examined how it might help companies and golf courses and link them in with the work of VisitScotland and Scottish Enterprise.

As I have suggested, the CPPs have put a lot of emphasis on employability programmes. We can give the committee further details about a range of those programmes. I will highlight two examples. CPPs try to look at the economy and its connections with everything that makes it work, and most of them have set up either an economic commission or a similar body to examine links between the economy and, say, health, environmental issues and transport issues.

The example that I know most about is the Glasgow economic commission, which last year produced an excellent report that has also been accepted by the Scottish Government. As part of that work, which was carried out primarily by Scottish Enterprise on the commission's behalf, the commission produced a series of recommendations on linking all the things that need to be done, including improving health, getting people fit for work, getting the infrastructure—be it digital, roads or airports—in place, dealing with skills and employability and the role that is played by colleges and universities. Those connections have been made and the report has gone back to the Glasgow CPP, whose single outcome agreement is being rewritten on the basis of those recommendations. CPPs are trying to make those kinds of holistic connections.

Specifically on youth employability, a lot of new activity has been going on for a number of years. I have a responsibility in relation to European structural funds; it became clear in 2010 that we needed a new programme in order effectively to support skills and to get people back into work as the unemployment position worsened.

We negotiated a new programme with the European Commission—the priority 5 strategic skills pipeline, as it is known—and we decided that we needed a strategic approach. We did not want lots of bids from lots of people, so all the CPPs were invited to make strategic co-ordinated bids for those European resources, detailing how they would commit them within their areas, working with their partners, and with their partners putting in match funding alongside the European money to make the schemes work.

As a result, we have so far approved just under £65 million from the new fund, just under £33 million of which has gone to CPPs. Glasgow CPP has received £7.5 million through that funding, which is being used for a range of projects in the city. In particular, it will help communities that have specific problems. For example, there have been issues in Govanhill with getting the Roma community into employment and to access a range of services. Some £177,000 is being committed through the fund to get fit for employment communities who are worst off, worst affected by the recession and most marginalised.

A lot has been going on within the CPPs, particularly on employability. The Scottish Government has recognised their role and given them an increasing role in co-ordinating matters at local level. We will look for that role to continue and improve.

Ian Davidson (Scottish Government): I will comment on the specific point on what has happened in recent weeks. We have written to all community planning chairs and lead officers to reiterate the importance of economic recovery and the three social frameworks, and we have invited community planning partnerships to revise their single outcome agreements in the light of that, as well as to consider it in preparing their annual reports, and to emphasise the importance of public service reform priorities.

Through John Mason's offices, location directors have had briefings on economic development priorities, and I take those messages out. We are confident that there has been regular and on-going engagement with community planning partners about the current priorities.

The Convener: Thank you, Ian.

My question was about how it is possible to respond quickly to get local action to match national desires—not in the medium to long term

but more immediately. Paul Gray started with location directors. John Mason is a location director and he talked about that, as did Ian Davidson.

In evidence from SLAED earlier, the witnesses said that a CPP sees its location director maybe twice a year. That does not feel like a close and dynamic relationship, but that answer may not have been based on the general position. From the other side, is that the degree of contact that you would expect as a location director, or is it a much more hands-on relationship?

John Mason: I will answer generally, then I will answer for Glasgow.

When the location directors were initially put in place, there were just eight of us and I looked after Glasgow, Orkney, Stirling and Highland. As a result, the CPPs got less of my time than they do now that I just deal with Glasgow.

I have attended every single CPP executive meeting, of which there are 10 a year. I have regular meetings with key officials in Glasgow City Council and in health and, as and when necessary, with the fire service and police. In the past year, I have been involved in a number of projects, including the Govanhill example that I mentioned. As I have some policy control in that area, I got actively involved in the really good partnership work that is going on there.

In Glasgow, there were issues to do with engagement with the third sector. There are hundreds of third sector bodies in Glasgow, and the CPP had struggled to find a good way of ensuring that a third sector voice was heard. It also had difficulty in ensuring that the social enterprise side of CPPs was visible to partners.

11:15

I worked with Glasgow City Council and with colleagues in our third sector division to put in place brand new arrangements in Glasgow that led to last year's launch of a brand new third sector interface, which means that the third sector is now represented not only at official level, but at political level in the CPP. A third sector forum has been set up that allows third sector bodies to discuss the various issues and the points that they want to make through the CPP system. I was there at the launch. If I were to go through my diary for the past year, I would probably find that I had committed between 20 and 30 days to that role.

Willie Coffey: While we are talking about the big picture, I note that the Government made its submission in advance of yesterday's announcement about enterprise zone status. Initially, I understood that there would be four such

zones, but the cabinet secretary has extended their coverage by adopting a more thematic approach to enable a wider spread across the communities of Scotland.

That is to be commended, but it leads me to ask about what Alex Anderson said earlier—I do not know whether our Government colleagues were watching that evidence—about areas that are not on the radar or which do not shine from the point of view of the Government's key strategic growth priorities. What impact will not having such exposure have on those authorities? From this point on, what will the impact be on the CPPs and their role in economic development if they do not have such direct exposure to the national priorities?

Paul Gray: Before I bring in John Mason, I want to make a key point. Earlier, I made a point to the convener about CPPs being persistent with the themes and agendas that they have set themselves. In accepting that there is a degree of variability, each CPP has looked carefully at the local conditions that it seeks to tackle.

Willie Coffey makes an important point about ensuring that the CPPs remain linked with the national priorities, but we look to the location directors to ensure that that connection continues while CPPs maintain the trajectories that they have set themselves.

John Mason will say a bit more about the enterprise zones.

John Mason: The enterprise areas are one of many mechanisms that the Scottish Government is using to stimulate growth and, in particular, to get early investment. As, I am sure, Mr Swinney will have made clear, the sites that have been chosen were looked at under a range of criteria. Analysis was done, market conditions were considered and account was taken of the current interests of companies that want to invest in Scotland. All the evidence will be published later this week, including that on the sites that were looked at but not chosen, so it will be clear what evidence ministers looked at in making their choice.

The sites that have been chosen, which will be operational from April this year, were chosen because they were thought to be the ones that would get development going at the fastest possible rate and would support the best prospects for growth, taking into account the growth sectors that are identified in the Government's economic strategy.

Throughout the country, a range of other measures are available to support business and employability. Scottish Enterprise's remit runs to growth companies, not just to growth sectors and growth markets, so any company anywhere in the

Scottish Enterprise area that is looking to export will get support with that. The same is true in the Highlands and Islands. A range of measures are being taken. Enterprise areas are just an additional means of getting development going. For example, other areas will get tax incremental financing—TIF—status, which will help to drive forward development. Therefore, just because the spotlight is shining on enterprise areas, that does not mean that nobody else will get support from the Scottish Government and the agencies.

Willie Coffey: What will be the impact on the CPP areas that do not have enterprise zone or TIF status? Should there be a change in their approach or should they have additional help? Another witness suggested that we should consider new and innovative thinking or seedcorn funding—or something like it—to allow those areas to try to reach the level that other areas in Scotland have already achieved through their having enterprise area status. How might those areas reach that level?

John Mason: We would encourage any CPP or local authority to think creatively about how they could do that. We always look to find new ways to move that forward. TIF status is one such way and enterprise areas are another. The agenda for cities, which the Deputy First Minister announced just before Christmas, involves working with the six cities and their regions to produce propositions that the national agencies can support. That is about empowering CPPs and local government to come forward with propositions for the agencies to support.

In December, I attended a meeting of the Clyde valley CPP leaders group, at which the sole topic was the economy and the economic strategy for the region. The discussion was about how the partners could take action by working together—collectively, but bringing their individual strengths and needs—and with the national agencies, including Scottish Enterprise and the skills agencies. There is a process through which all the CPPs can engage with the agencies and the Scottish Government.

The Convener: Tavish Scott has a question. Does it follow on from that point?

Tavish Scott: It is a bigger-picture question.

The Convener: Okay—carry on.

Tavish Scott: In passing, I point out that small businesses throughout Scotland would have a different perspective on Scottish Enterprise from the one that Mr Mason gave earlier. However, that is not what I want to ask about. I am puzzled by a point that is made in the Scottish Government submission and which Mr Davidson mentioned in his remarks to the convener a couple of moments

ago. Paragraph 2.2 states that your priority areas are

“economic recovery and development and ... Achieving Our Potential, Early Years, and Equally Well”.

What is the priority for Government?

Paul Gray: I suppose that the Government's purpose overall remains sustainable economic growth. However, within that, there are a number of outcomes and indicators that seek to define the strands of activity that should make that up. Am I dealing with your question?

Tavish Scott: So—a purpose is different from a priority, is it? Paragraph 3.3 talks about

“Delivery of the Government's Purpose”.

I have never been terribly sure what that is and how it differs from a priority. Perhaps you can enlighten me, Mr Gray.

Paul Gray: As I understand it, the Government's overarching purpose is to maintain sustainable economic growth for Scotland. Within that, there will be a number of priorities that contribute to delivery of the overall purpose.

Tavish Scott: Okay—so it is not what the permanent secretary wrote in his e-mail to you all this week, in which he said:

“Policy work towards a white paper and beyond will now move ... to the centre stage.”

I take that to mean that it is the central purpose of the Government.

Paul Gray: Sorry, but is that in the permanent secretary's—

Tavish Scott: It is in the permanent secretary's e-mail to you all, a copy of which we have all seen this morning. It states:

“Policy work towards a white paper and beyond will now move ... to the centre stage.”

Paul Gray: It will become prominent in the range of things that we do.

Tavish Scott: So, it is prominent in the range of things that you do. Okay. Thank you.

Paragraph 101 of the Audit Scotland report states that there is

“little evidence of action taken by the Scottish Government as a result of either any SOA annual report or the summaries of overall progress.”

I am sure that you have read that and had a chance to analyse it. Why did Audit Scotland say that to us in evidence?

Paul Gray: Audit Scotland said that because that was what it found. I ask Ian Davidson to give you some examples of the things that we have done since then. We took the recommendation and observation seriously.

Tavish Scott: Before Mr Davidson answers, could he clarify what he said to the convener earlier about the Government writing to CPPs about those issues in the past couple of weeks? The economic situation has been pretty difficult for the past two years and the report has just been published. What has been going on during those two years?

Paul Gray: As John Mason indicated, we have among many other things significantly increased the role and contribution of location directors by more than doubling the numbers that we have been devoting to that.

Ian, do you want to answer Mr Scott's question?

Ian Davidson: I am sorry; it was not in the past couple of weeks, but towards the end of last year that we wrote to ask each community planning partnership to revise their SOAs in light of the Government's on-going commitment to economic recovery and its social objectives.

I will start by saying, as Paul Gray did, that we acknowledge the recommendation and take it seriously, although it has not come as a great surprise to us. Since the initiative took off there has been on-going activity to improve the depth and quality of engagement between the Scottish Government, using location directors, and community planning partners. The starting point was increasing the number of location directors and the support teams that are associated with them.

Location directors engage in real time with the community planning partners. It is not that they go away, write their single outcome agreement, come back in a year, and we sit and consider what we might do on the back of it. Location directors are actively involved with the community planning partners in developing the single outcome agreements and discussing the ways in which the CPPs are meeting the objectives that they have set for themselves. Last year, the Scottish Government gave all location directors a detailed commentary on the success or otherwise of each community planning partnership in meeting its objectives, and those location directors have taken feedback to the community planning partners. In March 2011, we published an overview commentary on the progress that we felt had been made. A range of real-time activity is under way.

Tavish Scott: Do you accept that that must have happened pretty recently? The evidence that the committee got from Audit Scotland on 9 November was:

“We did not find any formal evidence of that happening.”—[*Official Report, Public Audit Committee*, 9 November 2011; c 218.]

Ian Davidson: That activity has been on-going since the framework of location directors was

established. We reviewed the number and remit of location directors more than 12 months ago. We accept that there is an issue about the consistency of the engagement between location directors and the community planning partners. There are also, of course, the different levels at which they engage. John Mason outlined earlier the level of engagement that he has had with Glasgow and we aspire to that level of engagement being the norm.

There are certainly issues for us to look at, but I have outlined a range of things that we do and have done to ensure that we are regularly involved with community planning partners. That stands.

Tavish Scott: I am puzzled about how Audit Scotland could give us that evidence. Audit Scotland obviously speaks to the Government about what is going on when it draws up the reports that the Public Audit Committee gets. How could Audit Scotland tell us in November that it could find no evidence of anything happening when you say that it has all been going on for the past year? Who is accurate?

Ian Davidson: I am setting out for you the level of engagement that location directors have had with community planning partners, the steps that the Government has taken, and the reports that it has published in light of that engagement. I cannot comment on Audit Scotland's conclusions to the contrary, other than to say that we acknowledge that there is an issue about the depth and consistency of engagement with each partnership.

Tavish Scott: Okay. I will try it the other way around. Mr Paul Gray kindly said that he could provide the committee with further evidence by Friday of this week. Can you set out for us, as Mr Mason did earlier, what location directors have been doing during the past year in respect of all the community planning partnerships that would show that Audit Scotland's advice to us on 9 November was not accurate?

Ian Davidson: I cannot set out for you a blow-by-blow account of every engagement that location directors have had with the community planning partners. I can give you a snapshot of the range and type of activity that they have been undertaking.

Tavish Scott: Is that because you do not know?

Ian Davidson: No. It is because it is happening in real time. Location directors are regularly in touch with the community planning partners by phone and in meetings. Their support teams are regularly in touch with community planning partners. I have visited several community planning partnerships to engage in different kinds of discussion on different issues. Location directors are also a gateway for different policy teams to engage with community planning partners. The depth and range of engagement is

extensive, so it is difficult to give you a definitive list. We can give you a strong indication of the types of engagement that take place.

Paul Gray: If the committee—

11:30

The Convener: In response to my question, Mr Mason gave an estimate of how many days in a year he was engaged in working with partners. Would it be possible to provide that for the other CPPs? That answer was for Glasgow, but a moment or two ago you implied that that was at the aspirational end of the degree of contact. Would it be possible to provide an indication of the other CPPs' engagement?

Ian Davidson: We will try to indicate the quantum of engagement.

The Convener: Sorry, Paul. I cut across you.

Paul Gray: Thank you, convener. We should provide the committee with a brief report by the end of the week. Mr Scott, can you clarify that you are referring directly to paragraph 101 of the report? It states:

"we found little evidence of action taken by the Scottish Government as a result of either any SOA annual report or the summaries of overall progress. A number of CPPs reported that they have received no feedback from the Scottish Government following submission of their 2009/10 annual reports."

Is that what you are referring to?

Tavish Scott: It is in there, but I was making a smaller point. Do not get me wrong. My follow-up point was on the wider evidence that we took when we had Audit Scotland with us on 9 November, which was about the evidence that it had gained on the wider role of location directors. Please see it in that context.

Paul Gray: I take your point entirely, Mr Scott.

I will not try to contradict Audit Scotland on this but, to describe it simply, location directors' contact with CPPs and local authority chief executives is not all formal, so we do not have a complete record of all the phone calls, visits and so on that location directors will have made. I will not mislead the committee by pretending that that is what I will present to it. In looking for evidence, Audit Scotland will, quite properly, look for records, minutes of meetings and so forth, but the location director contact goes significantly wider than that. We know that in some areas that contact could be better.

Mary Scanlon: My question follows on from Tavish Scott's question. In paragraph 2.3 of your written submission, under the heading of single outcome agreement annual reports, you say that CPPs

"are not formally accountable to Government."

I am struggling not only with the level of engagement but, in particular, with the focus on economic recovery. How does the Scottish Government ensure that all partners are held to account for their performance in community planning? More generally, how are partnerships held to account for the delivery of single outcome agreements? We have heard about levels of engagement, but I have not heard today about that accountability.

Paul Gray: I will ask Ian Davidson to give some more detail in a second. Many of the community planning partners are locally rather than nationally accountable. The national health service is nationally accountable and is held to account through the annual reviews that are conducted by the Deputy First Minister; however, a number of the other partners are locally accountable and partners such as the voluntary sector are not accountable in the same way as public sector organisations. Ian Davidson will give a bit more detail on the basis of accountability.

Ian Davidson: The first point to make is that such issues were raised in the Christie commission's report. Ministers are committed to taking that report's recommendations into account as part of the community planning review. We will look at accountability as a means of driving forward performance in community planning and on single outcome agreements.

It is not true to say that all agencies have no accountability for delivering single outcome agreements. The guidance that the Scottish Government has given all participants in community planning partnerships is that they are accountable for all outcomes. The people who are in charge of community planning partnerships should hold agencies to account for their contribution to those partnerships. We have all heard that perhaps such accountability levels do not bite sufficiently. As I said, the Government is certainly prepared to look at that, in partnership with local government.

However, it is true to say that, even in existing national accountability frameworks, the contribution of national agencies to community planning and single outcome agreements is taken account of. The health accountability arrangements that Paul Gray just mentioned cover the contribution to community planning and single outcome agreements. The sponsorship guidance that is given to sponsor teams in the Scottish Government makes it clear that national agencies' contribution to local partnership working is a key part of holding those agencies to account.

That is not to say that the arrangements are as robust as they might and should be, but ministers

want to see the evidence for that in a clearer light before making further changes.

The Convener: I will be rude to Mary Scanlon by calling Humza Yousaf, because he has waited patiently for a long time to speak and I have just remembered that he said that he had to leave the meeting early. I apologise for that.

Humza Yousaf (Glasgow) (SNP): Thank you, convener—I will try to stick around for as long as I can.

John Mason, and Mr Anderson from the previous panel, touched on the importance of socioeconomic factors to economic development. Reductions in poverty, health improvements and reductions in substance abuse and in crime rates have a significant role in economic development. Do CPPs understand that? Does that seep down to CPPs from the national Government's priorities?

John Mason: I can talk only from my experience of the CPPs that I have dealt with, but the answer is yes. In the past couple of years, some CPPs have put in place a review of their economic strategy—that has been done by the economic partnership in Edinburgh, the economic commission in Glasgow and the economic partnership that was set up in Moray following the review of defence bases. All those reviews have made the connection that an economic strategy is about not just supporting companies or the skills agenda, but how we get people fit and ready for work. That includes all the issues that you mentioned, in relation to the environment, connectivity and so forth.

CPPs are championing a collective view of what is required to bring forth economic growth, because they have the right starting partners around the table. They have also brought in others, such as chambers of commerce, to take such matters forward.

In Dundee, the CPP's employability programme has concentrated on health issues. The CPP has considered how to address health issues in Dundee to get more people fit and able to go to work. CPPs are taking the broader view of what is needed to get people fit for work rather than simply a narrow definition of economic issues.

Paul Gray: Without any collusion, John Mason has mentioned the working towards health project in Dundee, so I will not cover that again.

John Mason will also be familiar with the joint working by CPP members to deliver the Glasgow child and family services plan, which focuses on improving outcomes for children, young people and families, but whose objective is to assist them to become ready for further or higher education,

training and employment. Social policy aims often have an end economic objective.

Humza Yousaf: Audit Scotland's report did not place too much emphasis on socioeconomic factors. Can they become lost because of the priority that is given to bringing in investment, which is of course incredibly important? Are some CPPs guilty of forgetting the socioeconomic responsibility?

Paul Gray: I do not think so. The report by Audit Scotland properly focused on the role of CPPs in economic development but, as we heard earlier and as was stated in my written evidence to the committee, the three social frameworks—"Achieving Our Potential", "Early Years" and "Equally Well"—are explicitly drawn to CPP's attention. We see an important balance in maintaining the focus on economic development while not losing sight of the social frameworks that we have established. You are right, Mr Yousaf, to point to the potential risks, but in everything that we seek to communicate to the CPPs, we try to maintain that balance so that both sides are seen.

Mary Scanlon: To aid our understanding of accountability, can I ask, particularly given our current focus on economic recovery, what action the Scottish Government takes when a CPP does not achieve the targets in its single outcome agreements? We have heard all about integration, partnerships, phone calls and meetings here, there and everywhere, but what action do you take, in these difficult economic times, when a CPP does not focus on economic recovery and does not do what the Government expects it to do?

Ian Davidson: The CPPs set the targets not for Government but for themselves, as the aspirations that they realistically think they can deliver within an area. In developing their outcomes, priorities and targets, they are in regular discussion with their location directors about their realism and appropriateness. Government is very clear that the CPPs should be the primary arbiters of local priorities and what is deliverable locally, because that is what they were established to do. However, Government has given location directors a detailed note on feedback about the performance of the CPP in relation to its targets, including a critique of its own assessment. I will not pretend that that involves location directors going to CPPs and telling them what they ought to deliver and the steps that they ought to take to improve their performance, because that is the CPP's responsibility.

Mary Scanlon: You said earlier that within the last two weeks you wrote a letter to all CPPs asking them to put an emphasis on economic recovery. Are you now saying that they can choose to pick up on that, and focus on and

prioritise economic recovery, or ignore it and you will not take any action?

Ian Davidson: Ministers are confident that their partnership-based approach to the governance of Scotland and the focus on localism is such that local partners are responsive to the messages coming out of Government. In the autumn of last year—if I said that it was in the last couple of weeks, I did not intend to—we wrote to the CPPs and all the lead officers involved to re-emphasise the urgency of the economic challenges and invite them to refresh their SOAs on that basis. If ministers were not satisfied that partners at a local level were taking an approach that seriously engaged with the issues that had been set out as priorities, then we would need to take action, but ministers are satisfied that local partners are engaging appropriately with those challenges.

Mary Scanlon: Are you saying that since the SOAs and the historic concordat were set up in 2007-08, ministers have been totally satisfied with everything that the CPPs have done and that no action has been required?

Ian Davidson: No, I am certainly not saying that. I refer you to our report of March 2011, "Local Matters: Delivering the Local Outcomes Approach", in which we set out three essential messages. We said that in the context of international approaches to the delivery of outcomes, and based on the research that we have undertaken, the Scottish approach seems to be a sensible one. That approach is working, and we have many case studies, some of which we have illustrated today, that demonstrate how it is starting to bite.

Much still needed to be done, however, and the report contains a range of messages about the areas with which we thought CPPs and single outcome agreements needed to engage into the future. Indeed, those messages were repeated in response to the Christie commission report and form part of the community planning review, which is under way.

11:45

The Convener: Surely there is a very specific relationship between some of the Scottish Government's national economic development outcomes and the local delivery needed to achieve them. When I asked the SLAED witnesses about increasing exports, they said that a number of the 32 CPPs did not consider that to be a priority and did not feel that such an objective was important, given the local economic circumstances. However, one of the Scottish Government's objectives is to increase Scotland's exports generally. If there were such discontinuity and if the contents of the single outcome agreements did not add up and

deliver national outcomes, what measures would the Scottish Government take? Alternatively, if the agreements added up but it transpired that the CPPs were not delivering on their particular segment, what action would the Government take to alleviate the situation and deal with that discontinuity or dysfunctionality between the national and local elements?

Ian Davidson: I do not detect any dysfunctionality or discontinuity. The range of national approaches to economic recovery and development, which John Mason can talk about, provides a policy framework within which local activity takes place and local priorities are set.

It is not true to say that the Scottish Government, through its location directors, gladly receives the single outcome agreement and all that sits therein. There is a process of discussion, of broadening understanding and of challenge involving local partners and, as I just said, we identified in last March's "Local Matters" document a range of areas where CPPs needed to up their game.

However, it is difficult to directly attribute a national outcome 32 ways in a manner that allows us to be analytically confident that the approach is appropriate; instead, we need to understand that the local context and response are appropriate in those circumstances. As you said yourself, convener, things look quite different across the 32 areas. As part of our review, we will undoubtedly need to look again at the consistency and quality of the use of indicators because, as you pointed out, there are certain priorities on which there needs to be a consistent and clear approach in all areas.

George Adam (Paisley) (SNP): I should declare that I am still a sitting councillor on Renfrewshire Council.

I am somewhat concerned by the view around the table that one partner in a partnership needs to be treated almost like a petulant child and chastised for not doing things a certain way. The whole idea behind partnership working is for all groups to be able to work towards the national Government's common goals.

The convener mentioned youth unemployment. In the budget that came in on Monday, Renfrewshire Council, which is one of the partners in the local CPP, got £2.5 million to tackle youth unemployment, which will subsidise 250 new jobs and extra training for 1,300 young people. Should partner organisations in CPPs not be looking at such approaches, taking a lead and showing the way forward in order to deal with an issue such as youth unemployment, which the convener has already highlighted?

Ian Davidson: Absolutely. I think that nearly every CPP could highlight successes of which it was particularly proud and areas where it felt it needed to make further improvements. As you have said, the approach is partnership based. Given the complex interplay of local issues, it is assumed that the best way of tackling the challenges in a particular area is to give local partners flexibility in engaging with them.

Paul Gray: I emphasise that single outcome agreements are agreements—that is the critical point with regard to Mr Adam's comments and Ms Scanlon's questions. Because they are agreements, ministers have routes to address any concerns, particularly through interaction with COSLA. If concerns are not made public—on both sides, I hasten to add—that does not mean that no concerns are ever expressed.

Community planning partnerships provide an enabling framework for the delivery of better public services, but the basic lines of accountability for the constituent organisations that make up the partnerships are not disturbed by the fact that they are part of the community planning arrangements. However, I think that Mr Adam drew our attention to the fact that we need to try as far as we can to encourage what is good and positive about community planning. One of the ways in which we try to encourage development in a range of community planning partnerships is to draw attention to good practice where it exists. I believe that the location directors have a strong role in sharing such good practice across community planning partnerships so that when something is being done well in one area, it can be taken account of and taken forward in another.

John Mason: Youth employability is a good example. The Glasgow example is the one that I know best. The CPP there reviewed its key priorities in 2009-10 and decided that youth employability was one of the key areas that it would pay more attention to. That was agreed by the partners and it now very much features in the CPP. The police, the fire service and everyone around the table state how they can support such projects, for example by taking on apprentices, and how they can align their support. Indeed, there has been some discretionary budgetary movement to the CPP to support projects on youth employability.

On the areas where we would like CPPs to take a stronger role, we try to adopt the nudge approach, to use management theory speak. I referred earlier to the use of European structural funds. In that context, we made it clear that we would welcome employability and skills bids from CPPs rather than from Glasgow City Council or the City of Edinburgh Council. The CPP members formally agreed to that within their machinery and

put in those bids, and half of the money that has become available has gone through the CPPs. We therefore try to encourage a collective set of approaches within CPPs. We are increasingly trying to put in place new mechanisms to encourage that in areas in which we want them to get involved and to take a collaborative approach.

The Convener: I think that consistency has been a theme of both the report and the evidence sessions. I cannot remember whether it was Ian Davidson or Paul Gray who said that the Scottish Government was looking to improve the consistency of the indicators that are used locally, without quashing local flexibility and responsiveness. How will that be done? SLAED has produced the guidelines and proposed an implementation programme that it believes will require three years. The indication was that the first year of that had been secured. What are the Scottish Government's plans to improve the consistency of evidence gathering, statistics, economic development strategy and reporting on local outcomes? I accept that you do not believe that there should be compulsory indicators or the same indicators across the piece, but I think that you said that greater consistency would be helpful.

Paul Gray: Ministers would be more concerned about consistency of outcome than about consistency of input, as it were. That is what I was referring to. Ian Davidson can say more.

Ian Davidson: We recognise the comments that have been made by SLAED and others about the need for consistency in driving performance and ensuring transparency across different community planning partners. Over the past number of years, the Scottish Government has contributed a substantial analytical resource to the local outcome indicators project, which is chaired by the Society of Local Authority Chief Executives and Senior Managers in Scotland in partnership with the Improvement Service. That now has a toolkit of roughly 65 indicators, which we hope are clear and consistent across the piece, and we know from a survey that was undertaken early last year that every community planning partnership is using some or all of those indicators. The review that we are about to undertake must, however, pick up the question whether those indicators are being used consistently and, where they are not being used, whether we are satisfied with that.

I have referred to the feedback that we produced for location directors on each annual report towards the end of last year, which provided a commentary on the analytical approach of each community planning partnership. I have also participated in several sessions in which Scottish Government analysts have engaged community planning partnerships in discussion about their

analytical approach. That has improved over the years, but more work is still required.

Tavish Scott: We heard earlier from SLAED that many areas do not have the capacity to undertake that kind of work. Glasgow was used as an example in the context of a major report that was undertaken last year, with which Mr Mason will be familiar. The reason that was given was that, when the structure of local enterprise companies was removed, so was the capacity to undertake that kind of work. Who will now do that work? I accept your point that there is a gap and that, in order to produce a proper analysis, you need some people to do that work. Who will those people be? In the case of Glasgow, Scottish Enterprise did the work, but I am not sure that that option is available to every CPP unless Scottish Enterprise is volunteering its services for that. Is that your intention?

Ian Davidson: I cannot comment on the specifics of economic development in that context. In a structure of 32 local authorities, the analytical resource that is available to individual authorities is not as deep as local authorities—or, indeed, community planning partnerships—would like. The Improvement Service, together with the Scottish Government, a range of research bodies and local authorities themselves, has engaged with that question, but we are not seeing the scale and depth of good practice sharing across boundaries that we need to see if we are to address that issue. We want that to be taken forward as part of the review.

The Convener: I guess that one of the things that were lost when the LECs and the local economic forums were disbanded was cross-council working. We discussed Ayrshire earlier. At one time, Ayrshire had a very strong LEF, and it may have had to recreate the cross-council relationships that it had then. There is a suggestion in the report that there are some good examples of CPPs working together in partnership when the individual local authorities do not have a big enough capacity to do that kind of work. Is that something that the Scottish Government is encouraging or would like to see? Could we see a cross-Lothian or a cross-Ayrshire approach—something bigger than the individual local authorities? Would you encourage or incentivise that, or does the Scottish Government believe that it is up to individual CPPs to do that if they fancy it or not do it if they do not?

Ian Davidson: There is no doubt that, when ministers talk about the pace and consistency of approach and the need for a greater degree of integration, they mean that CPPs should follow where the outcomes journey takes them. There are a range of different approaches. If you talk to the Ayrshire councils, they will talk about the range

of shared services arrangements that they have entered into; if you talk to Clackmannanshire Council and Stirling Council, they will talk about the integrated arrangements for the management of education and social care. There are similar arrangements between Midlothian Council and East Lothian Council, with which you will be familiar. There are a range of different approaches to the integration of costs, including the move to integrated health and social care.

John Mason will be able to say a bit more about economic development, which is certainly one area in which everybody recognises that the boundaries of an individual community planning partnership are simply not a sustainable proposition for engaging with the range of issues that the communities face.

12:00

John Mason: Obviously, local economies do not work on the basis of CPP boundaries, so it is essential that, for taking action to improve local economies, travel-to-work areas, how the local economy works and other things that can be defined are looked at sensibly.

I mentioned that the eight Clyde valley CPPs' leaders met before Christmas. They committed to joint working to bring forward further incentives and initiatives for employability and supporting companies in their area. That commitment is very much to be welcomed, and we are willing to support it.

The week before last, there was a meeting between the Highlands and Islands authorities and Highlands and Islands Enterprise in which the economic situation and how they could work better in particular were considered. Analytical support is a big issue. It is fair to say that the bigger authorities have a better analytical support function to back up and give evidence for their actions, and we are encouraging them. That was part of the agenda for cities. We are encouraging the bigger authorities to assist the regional approach to the economy and particularly with how we evidence what is going on and the analytical support that is available. The Scottish Government, Highlands and Islands Enterprise and Scottish Enterprise have certainly been willing to support that local analytical work, and they have been involved with many of the economic commissions and their equivalents that have been set up over the past couple of years to give that support.

The Convener: If everybody recognises that economies do not work on CPP boundaries and if bigger local authorities are the only ones that have the capacity to do some of the analytical and strategic work, so smaller local authorities need to

work with them in order to access that work, was that not why we had local enterprise companies with wider boundaries to deliver economic development? Is much of our discussion not about trying to recreate the strengths of the structures that were removed?

John Mason: I think that there were 21 local enterprise companies, which had some benefits. It is clear that there were decentralised budgets for them and they could bring their support to issues, but it was thought that they were cumbersome in many ways and that they did not particularly support the overall approach to progressing economic support. Ministers had a clear look at that when they reviewed matters in 2007. There were benefits and disbenefits, and the ministers took a decision that has been investigated by the Economy, Energy and Tourism Committee and others since then. They have investigated how well the system is functioning.

It certainly remains the view of ministers that that decision was correct; indeed, Mr Swinney has re-emphasised that since the Scottish elections. However, I think that it is recognised that the mechanisms that are in place to bring together the more regional approaches beyond the local approach need to be looked at. We are encouraging that, and we are particularly looking to see how we can do that through the agenda for cities and through Scottish Enterprise and HIE talking to the CPPs about how they can operate more generally. However, HIE and SE are really there to provide expertise and advice, not the budget. That is the difference with the LECs. There is no intention to return to delegated budgets.

The Convener: As colleagues do not wish to say anything more, I thank Paul Gray, Ian Davidson and John Mason for their time and wisdom. It is much appreciated.

The committee will now go into private session. We will give a few moments to ensure that the microphones are switched off and to allow the witnesses and any members of the public who are hiding anywhere to leave.

12:05

Meeting continued in private until 12:31.

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