



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 26 June 2013

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LOCAL GOVERNMENT AND REGENERATION COMMITTEE
21st Meeting 2013, Session 4

CONVENER

*Kevin Stewart (Aberdeen Central) (SNP)

DEPUTY CONVENER

*John Wilson (Central Scotland) (SNP)

COMMITTEE MEMBERS

*Stuart McMillan (West Scotland) (SNP)

*Anne McTaggart (Glasgow) (Lab)

*Margaret Mitchell (Central Scotland) (Con)

*John Pentland (Motherwell and Wishaw) (Lab)

*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Rory Dutton (Development Trusts Association Scotland)

Angus Hardie (Scottish Community Alliance)

Stuart Hashagen (Scottish Community Development Centre and Community Health Exchange)

Colin McLean (Heritage Lottery Fund)

Andy Milne (SURF - Scotland's Independent Regeneration Network)

Eric Samuel (Big Lottery Fund)

David Souter (Scottish Government)

CLERK TO THE COMMITTEE

David Cullum

LOCATION

Committee Room 2

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 26 June 2013

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Kevin Stewart): Good morning and welcome to the 21st meeting of the committee in 2013. I ask everyone to ensure that they have switched off mobile phones and other electronic equipment.

Agenda item 1 is to consider whether to take item 4 in private. Is that agreed?

Members *indicated agreement.*

Regeneration

09:30

The Convener: Item 2 is an oral evidence session as part of our inquiry into the delivery of regeneration in Scotland. We have two panels of witnesses today. The first panel is here to discuss the role of European Union and lottery funding in regeneration. I welcome Eric Samuel, senior policy and learning manager with the Big Lottery Fund; Colin McLean, head of the Heritage Lottery Fund Scotland; and David Souter, team leader with the European structural funds programme delivery team at the Scottish Government. Gentlemen, would you like to make brief opening remarks?

Colin McLean (Heritage Lottery Fund): Yes. In a sense, the Heritage Lottery Fund does what it says on the tin: we are primarily a heritage organisation, although our objective is to make a lasting—that is an important word—difference for heritage and for people, both individuals and communities. We are not a regeneration agency per se, although we firmly believe that, as we said in our written submission, a great number of our projects have a great deal of impact on communities and towns and spaces around Scotland.

Eric Samuel (Big Lottery Fund): We write to MSPs to tell you what awards have been made in your constituencies, but I never take it for granted that you know what the Big Lottery Fund does, so I will quickly describe that. We are a United Kingdom organisation, with offices in all four countries of the UK. I am based in the Scotland office in Glasgow. We still do some UK-wide work, but most of our work in Scotland is Scotland focused, as we carry out policy directions that are given to us by Scottish ministers. Twenty-eight pence from each lottery pound goes to good causes, and Big receives 40 per cent of that amount. We are therefore the largest lottery distributor in the UK and Scotland.

We operate a wide range of grants programmes, ranging from the very small, offering £300 to £2,000, to the very large, dealing with millions of pounds, and we take a variety of approaches to do that. Our mission is to bring improvements to communities and the lives of people most in need. We do that by investing about £1 million a week in such communities in Scotland.

David Souter (Scottish Government): The Scottish Government is the managing authority for both the European regional development fund and the European social fund in Scotland. We deliver them through two separate programmes: one in the Highlands and Islands and one in the lowlands

and uplands. The regeneration focus is largely on the lowlands and uplands programme, for which we have delivered around £84 million of grant against £200 million of expenditure through our urban regeneration programme.

The focus of the structural funds programmes changed in the last programme period, and we moved away from the more traditional place-based regeneration interventions that previous structural funds had funded towards having much more focus on employability. That led to our being fairly restricted in what we can do in regeneration, although we have funded quite a mixed bag of projects, including the JESSICA—joint European support for sustainable investment in city areas—regeneration fund, which should provide a revolving source of funding for regeneration as we move forward.

The Convener: Thank you very much. I will start by asking Mr Samuel and Mr McLean a question. We have had evidence from a number of community groups, not only during this inquiry but in the course of other work that the committee has done, that quite often lottery funding is available for capital works but the groups then find it difficult to cope with on-going revenue costs. Can you comment on that and perhaps give the committee an indication of how you can tackle that in the future? It is all very well having nice new buildings, whether brand new or refurbished, but if you do not have the money to run them after you have established them, that creates even more difficulties and frustration.

Colin McLean: In the case of the HLF, that is fair criticism. We are a project funder and so our funding is for capital projects or time-limited activities projects. From all our projects, we expect clear people benefits, which might be training programmes or apprenticeships through our skills programme. All our projects are required to meet our criteria, which suggest that people need to be involved and have a say in what is happening to their heritage in their place, and that people should participate in activities around the projects to build a legacy. However, we do not provide long-term core funding and we have never seen that as our remit. Therefore, that is a perfectly fair criticism.

The Convener: You say that you do not provide long-term funding, but I wonder about the benefit of spending a lot of money on refurbishing a building or other structure only for that not to be used because there is not enough revenue. Although it is great to save our heritage, it seems a bit daft to put in a huge amount of capital only for a building to go to waste again.

Colin McLean: If some of the projects that we funded went to waste, I would completely agree with you, but I am comfortable in saying that, of the more than 3,000 projects that we have funded

in Scotland, not a single one has gone to waste. When we assess projects, we are keen to ensure that there is a plan for long-term sustainability. That plan might be about involving volunteers in the long term, having a source of revenue funding from other places or receiving funding from us to cover some of the start-up costs through, for example, new education programmes. For that reason, thus far, none of our buildings projects has failed.

Eric Samuel: Most of the money that the Big Lottery Fund gives out is revenue funding, whereas capital funding is probably a fairly small element, although it is a major programme. The growing community assets programme, which I look after, is about enabling communities to take over assets. We stress that we want communities eventually to operate those assets on their own and to make them financially viable and sustainable.

The programme has been evaluated independently, and from that we know how vital it is to provide money for revenue for such projects. For example, we know that it is important to have a project manager from the start to manage a project, and we will supply funding for that. We supply funding for five years, as well as other support. We have a social enterprise called the Social Investment Business, which provides applicants with support with putting together business plans and financial planning.

We are in an interesting time. Like Colin McLean's organisation, we have funded 127 projects through the first round of the GCA programme and we are now into the second round, but none has failed, although I have to say that we have probably had some near things. The financial climate is proving challenging for some projects. Some projects that we funded in the first round are coming back because of the financial situation and because things are not working out quite as was thought in their plans to make themselves sustainable. The Big Lottery Fund Scotland committee has been supportive of those projects so far, as we feel that we have some responsibility to help them. Revenue funding is available from us, as well as capital funding, to help those projects.

John Pentland (Motherwell and Wishaw (Lab): To follow on from the convener's points, we have received evidence on joint projects between, say, a local authority and volunteers. The evidence from the volunteers was that, because they do not have continuing resources to enable them to use the facility, they find themselves excluded. The reason why those projects are sustainable and do not fail is that the local authority—or whoever the other partner is—picks up the cost. However, that is at the expense of the

volunteers, who cannot use the facility because they do not have enough resources to pay for that.

Colin McLean and Eric Samuel said that, until now, there have been very few failures but, as the convener said, in future we might see more. On that point, is any advice given or is any transitional funding available to help organisations such as the ones that we have heard about to help them through the process?

Colin McLean: In fact, we have just introduced a new programme called exactly that—transitional funding—to help our past grant recipients to look again at their business model and how they run their organisations, so that they can get support to rethink what they do with the resources that are available. That programme has just been launched and I do not think that we have made an award under it yet. However, it is in response to the exact situation that you describe and I hope that through it we can find a way to help the organisations that you mention.

Eric Samuel: We also had a programme called survive and thrive, which was put in place not just to help growing community asset projects but projects from other investment areas, to help them through this difficult financial climate.

John Pentland: Will you be making that public knowledge—are you doing a promotion about that?

Colin McLean: We promote all our programmes.

John Wilson (Central Scotland) (SNP): Good morning. For the record, I should declare that I chair a local organisation that is in receipt of several funding strands from the Big Lottery Fund.

I want to follow up Mr Pentland's question about the assets or community facilities that are developed through funding, particularly from the Big Lottery Fund. The submission from the Big Lottery Fund refers to a project in Newmains in North Lanarkshire and indicates that the local library and housing office will move into the new facility that is being built. Who owns that facility—who ultimately has control and management responsibility for it? One of the issues that this committee tries to examine is where funding from the Big Lottery Fund, the European social fund and other European funding programmes and the Heritage Lottery Fund goes to and whether that funding just supplements existing public services, such as local authority services, rather than being a real benefit to communities.

We may go further into the definition of communities and people later on but, before we do that, could you explain what criteria are put in place to ensure that local communities gain an asset and that the funding is not just used by

another organisation as a funding stream to supplement its own responsibilities?

Eric Samuel: The growing community assets programme is quite clear: it is about communities owning assets. We do sometimes face the problem that public bodies do not want to release those assets to community groups. We are not saying that ownership is the be all and end all, or that there is anything wrong with leasing. However, we know from our experience, for example, of operating the Scottish land fund—the lottery funding from 2001 to 2006—the transformational effects that happen when communities take over assets. That is why we are very strict in saying that growing community assets is totally about community ownership. We sometimes receive pleas that we should consider leasing. To be honest, though, our clients tell us that they do not want that. They want overall control of those assets. Therefore we go to great lengths to ensure that the asset is passed to a community group, which is then responsible for that asset and for taking it forward.

John Wilson: I assume that you mean that the community owns and controls the building.

Eric Samuel: Correct.

John Wilson: In the past, the Big Lottery Fund gave grants for refurbishment or new build if a 25-year lease was obtained.

Eric Samuel: We never did that.

John Wilson: That is good, because it gives clarification. A popular misconception is that the Big Lottery Fund would give grant funding for community assets if there was a 25-year lease.

Eric Samuel: We tend to be criticised because we will not do that.

John Wilson: There is still the issue of ownership and control. That ties into Mr Pentland's question about other agencies and local authority departments stepping in to assist and in effect to bale out some community organisations to allow them to continue to own and control those buildings.

09:45

Eric Samuel: We are quite clear that it is about community ownership and that the community group should own the asset. That said, if the local authority or any other public body decides to hire some of the rooms or facilities in the asset in order to provide a service, it gives a degree of comfort because the project will get the running costs. We would positively welcome outside agencies buying services from such assets to give them a chance of becoming financially sustainable.

Colin McLean: Although I agree entirely with Eric Samuel's general point, I think that there can be some exceptions. For example, with Maryhill burgh halls in Glasgow, although the community trust ultimately took ownership of the project, we would have been completely happy for Glasgow City Council, which owned the building, to grant a very long lease, as that would have provided some security not only for the building—the heritage asset—but, as we have heard, for the trust, as it would not have had that ownership headache to worry about.

Like Eric Samuel, we would be happy for public service bodies to take a tenancy in one of our projects and provide those running it with some secure income. A very good example of that is Garrison house in Millport, where the local health service established a health centre and pharmacy in what started out as a heritage project, providing a sustainable use that secures some income.

The Convener: What is your definition of a long lease?

Colin McLean: Twenty-five years. We have had some 99-year leases.

John Wilson: Going back to a previous question, I wonder whether the panel can define the term “community” for me. I know that Mr McLean referred to people, but it would be good to get more clarification on that. After all, there are so many definitions of community; we have a community planning process, for example, and there are all these moves to put communities at the heart of the policy.

Secondly, in its submission, the Big Lottery Fund says that a number of organisations are

“involved in regeneration including, for example, the Scottish Government, SURF, DTAS, HIE, SIS and, at a local level, local authorities.”

Where is the reference to the communities or the local people who are being asked to deliver on some of these major innovative regeneration projects at a local level?

In short, I seek a definition of community and, secondly, I want to know where communities figure in the process at ESF, Heritage Lottery Fund or Big Lottery Fund level.

Colin McLean: We do not try to define “community” in that way. For us, a community is a group of people with a tangible or intangible asset from their past that they want to talk to us about doing something with. It does not matter to us whether that group is a local authority, an established trust or a new body; in fact, we have introduced a new range of start-up grants aimed at bodies that are not yet constituted and which do not know quite what to do with the asset in which they are interested. I hope that our definition of

community is very inclusive, not exclusive; in our view, it is the group of people who are interested in doing something with this or that tangible or intangible asset.

Eric Samuel: The quotation that John Wilson highlighted comes from our response to the question,

“How can the linkage between the various strategies and policies related to regeneration be improved?”

I should make it clear that our growing community assets initiative supports communities, but we did not feel it appropriate to mention it in that particular response.

Like the Heritage Lottery Fund, we allow communities to define themselves and are not in the business of telling communities where their boundaries are. However, we insist that applications come from community groups and that the facility must be community owned and managed and, at the application stage, we check that the project has the local community's support. The group making the application must have a membership of at least 100 people in that community or 10 per cent of the population. I repeat that there is no doubt that GCA is about community ownership.

The Convener: Mr Souter, can you comment from a European funding perspective?

David Souter: With European funding, we do not define the term “community”. In fact, we tend to engage with public agencies, mainly because the audit burden that accompanies such funding is heavy and long standing, and the only way in which we can deliver on that and offer some reassurance to the Commission is by engaging through public bodies.

We co-funded the Maryhill burgh halls, because it was a good project and it stacked up, so it is not the case that we engage exclusively with the public sector. We go to community groups as well, as long as we have some reassurance that the audit and liability can be carried forward.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I want, fairly concisely, to extract some numbers, in so far as we might be able to get them. In doing so, I start by making a distinction between projects and responsibilities. A project has a beginning, a middle and an end, and the end is the most important part. A responsibility is something that has no defined end. It may end up having an end, but that is a different thing. My questions are asked in that context.

What I am interested in—informed, to some extent, by the submission from the Heritage Lottery Fund—is knowing what proportion of the generality of project and responsibility funding comes from you guys and what comes from

elsewhere. In other words, what is the balance—broadly? I am not looking for auditable figures.

Colin McLean: Our average percentage grant is about 50 per cent, so we have levered in roughly the same amount again. We have spent approximately £600 million in Scotland, so that is £1.2 billion in total. That percentage is climbing, for obvious reasons. The lottery is one of the few major sources of funding around, certainly in heritage. There are few heritage projects proceeding now in which we are not involved, and our percentage intervention rates are climbing. In virtually all our programmes, we can now offer up to 90 per cent and, in some of the smaller ones, we can offer 100 per cent. Does that help you?

Stewart Stevenson: Yes, that is a helpful answer to the first of my set of questions. Does Eric Samuel also want to say something?

Eric Samuel: It depends on which programme investment area is on offer. We can offer up to 100 per cent, but our committee tends to look for some contribution—whether that is a financial contribution or a contribution in kind—particularly where growing community assets is concerned. When we are talking about a community, we like to see some contribution from somewhere in that community to show commitment to the project.

Stewart Stevenson: I come to the second of my three strands of questions. What kind of measurable benefit do you expect for every pound that you deploy?

Colin McLean: We do not run an analysis like that. We are looking for outcomes from our investment—we think of it as investment—such as the heritage being better managed and people better understanding their heritage, taking more interest in it, taking better care of it in future, enjoying it more and knowing more about it. We do not run a financial model that says that a pound of this has to produce a pound of that.

Stewart Stevenson: How, then, do you assess the range of opportunities that you have for spending money and decide which come top of the pile and which will fall below the cut? What is the metric, if it is not a financial metric? In saying that, I am not suggesting that it should be a financial metric.

Colin McLean: We now have 15 grant programmes. They are all managed individually, and there is competition at the moment in every one of those. Let us take, for example, heritage grants. Yesterday, I was in London presenting some projects for parks to our board. The competition, as ever, is stiff. There are always more projects than we have resources to support, and our board decided some time ago that, as long as we have managed the applicant's request during the assessment process so that we think

that it is realistic—which does not mean, “What’s the least we can give them?” but, “What is the amount needed to realise the project?”—we will take a decision based on that amount, so someone would not ask for £2 million and receive £1 million from us. We then assess the projects against the outcome framework for that programme, asking whether the heritage will be better managed, and so on—some of the things that I mentioned earlier—and projects compete against one another on that basis. We do not use an arithmetical scoring system.

Stewart Stevenson: Is it fair to say that a key part of your decision making is looking at the ability of the sponsors of the project and their responsibility to deliver? In other words, there is no point in supporting a project that cannot convince you that it is going to work.

Colin McLean: Yes, I think that that is fair comment.

Stewart Stevenson: Let me move on to my final numerical question, if we can get it. For every pound, or unit of benefit—whatever the metric might be—that you expect from projects, how much do you actually get? In other words, I expect to see some failure, because if there is no failure in the system, we are not being ambitious enough and taking enough risks. I just wonder where you see the balance lie.

Colin McLean: In our new outcomes framework—for example, under heritage grants, which cover all the standard heritage projects that you will be familiar with, which in our case are those that request more than £100,000—we do not expect our applicants to meet all our outcomes. They pick the outcomes that they think are most suitable to their programme. We think that that is a much healthier way to operate.

Whereas in the past we have been very good at examining the detail of what people do, we are now much more interested in what difference that is going to make. The assessment or judgment of one against the other is more difficult for us now. It is a new system, which we launched just last year, and it is proving challenging for our decision makers. When we say that projects fail—and I said earlier that we have had very few that have failed—they are not all being measured against exactly the same thing, because we do not think that it is possible to do that in our sector. Projects are not being measured in exactly the same way.

In general, heritage projects are likely to succeed in getting our support if they are involved with something that is at risk or something that the local community believes to be of significance to it. We do not define “heritage” in any way and, if you come to us and say that a thing, tangible or intangible, is important to you, that is enough of a

definition of heritage and importance—we do not say, “No, it’s not.”

In those terms, it is rather easy for us to see that the projects were all important to the applicants and therefore are delivering benefits back to them.

Stewart Stevenson: So the ad hoc definition comes from the project sponsor.

Colin McLean: It comes from the applicant.

Stewart Stevenson: It comes from the applicant. Where does the post hoc assessment come from?

Colin McLean: All through a project’s management, we will work closely with the applicant, making sure that all the invoices are correct—that is the lowest common denominator. At a much more realistic level, we do a great deal of hand holding. We might provide the grantee with a mentor—a project manager to help them to run their project. Projects are difficult to run and we have a lot of experience in doing that. We provide a great deal of support for our recipients.

Eric Samuel: You make a very interesting point. Years ago, a boss in my department said that if we do not fund some failures, we have failed, because it is all about trying new stuff. I would imagine that Colin McLean thinks the same. We are so tightly controlled by our financial regulations and by audit nowadays that we have to be very careful about what we put money into, so we operate a risk-based approach.

Stewart Stevenson: Is the point not that when something fails, you will be judged on when you catch the failure and respond to it, rather than on whether you have failed? Is that not the proper test?

Eric Samuel: We try to make sure that we do not fund failure to start with, but inevitably some things will fail. As Colin McLean said, we are exactly the same. We try to help our grant holders through that journey.

Stewart Stevenson: Are you saying that your absolute focus is to look at a project and say, “This is one that has some defined percentage of potential for failing,” and you will not choose to fund a portfolio of projects with bigger risk? Many of those bigger-risk projects may be ones that deliver bigger benefit.

Eric Samuel: Again, it varies from programme to programme and investment area to investment area, but generally our assessment process is to try to make sure that we fund successful projects. We owe that to the projects themselves, if nothing else.

The Convener: Thank you. I have a list of names: Margaret Mitchell, Stuart McMillan, Anne McTaggart and then John Pentland again.

Margaret Mitchell (Central Scotland) (Con):

Good morning, gentlemen. I will probe a little more on outcomes and how you assess projects. I want you to bear in mind a comment in written evidence from one of the people whom we will hear from later, which stated:

“there was often a marked difference between the outcomes of expensive evaluation programmes paid for by those funding the programme and the perceptions of local people living within communities being regenerated.”

I take on board Mr McLean’s comment that the Heritage Lottery Fund provides niche funding that is not necessarily focused on regeneration, although that can certainly be a by-product. It would be helpful if you could all comment on that.

Colin McLean: I am happy to say something about evaluation. We expect all our projects to do some self-evaluation and we ask the applicant at the beginning to work with us to define how they will evaluate their own success. We do not very often pay for expensive post-project evaluation exercises, so I think that that criticism probably would not work for us.

We are very keen that applicants do their own evaluation because we think that there are lessons to be learned from evaluation for everyone, including the applicants. All projects have associated risk, so there is always something that has to be dealt with along the way, or even after the project has finished. If the applicants do their own evaluation, that is a healthier approach to the science, if I may call it that.

10:00

Margaret Mitchell: Mr Souter has been quite quiet.

David Souter: We have a fairly rigorous evaluation process before we agree funding, which involves peer review of any project to ensure that it stacks up. In terms of the impact on local communities, a lot of our investments tend to be quite long term and involve transport, and it is only when other things happen that their impact can truly be evaluated. We can evaluate whether we have met most of the programme indicators that we signed up to, but we cannot really measure whether that has had an impact on the local community within the time period.

It is absolutely right that we require that projects evaluate themselves, but if they pay for their own evaluation it will not be overly critical. Therefore, after the closure of the programme, we are required to evaluate the impact of the programme, and it is at that stage that we start to see what the impacts have been rather than the outcomes, which we monitor closely.

Margaret Mitchell: You talk about ensuring that a project stacks up. What do you look for?

David Souter: If it is a capital project, we look for surety that there will be revenue funding behind it and that it will not face difficulties. We tend to look for business space, and to ensure that there is a market for it in the area that will provide the revenue funding. If it is a revenue project, we look for an exit strategy from the European funding and we want to know whether other funding has been identified to take the project forward.

Margaret Mitchell: I presume that that would be for the benefit of the local community.

David Souter: Absolutely—although structural funds tend to be delivered through the large public agencies. We tend to look at how the community planning partnerships have engaged with communities, because that is not something in which we have a role to play.

Margaret Mitchell: Do you consult the community on what it thinks about how funds have been used?

David Souter: That is part of the evaluation of the overall programme. When we develop individual projects, it is the role of the agency that has strategic responsibility for the area and for the policy area to bring forward projects that meet the criteria.

Margaret Mitchell: You will forgive me for saying that that is exactly the kind of top-down approach that we have just heard has caused the failure of regeneration in many areas.

David Souter: I fully agree. It is one of the failures of the current programme that, at the moment, we are requiring people to bring in projects rather than giving more security of funding over a longer period so that organisations can deliver a more strategic, bottom-up approach and engage with communities. We tie up a lot of the community groups and community planning partnerships in bidding rounds and pulling projects together instead of focusing them on delivering outcomes. We need to try to fix that for the new programme period. It is a fault with the current programme.

Margaret Mitchell: When an organisation comes along or you have a bid in front of you, what is to prevent your going out and talking to the local community?

David Souter: I suppose that there is nothing to prevent that. I could say that it is resources or that it is not really our role, but there is nothing to prevent our going out and talking to a community group to evaluate a project.

John Wilson: My question, too, is on funding and agency involvement. What is the current grant

funding level for a project? When I worked for a project that received European funding, match funding of 55 per cent had to be found. Is that still the case? It is very difficult for communities to find that level of funding. For a major infrastructure regeneration project, that could be a couple of million pounds.

David Souter: There are two different intervention rates. The figure tends to average out at about 40 per cent in the Lowlands and uplands, but it can go up to 70 per cent in the Highlands and Islands, simply because the programme is different.

I fully recognise the difficulties that small community groups in particular face in building sometimes very complicated funding packages to draw down ERDF and ESF. Since I moved into looking at the European social fund, which involves more local organisations, one of the things that has frustrated me is that we require organisations to spend a disproportionate amount of time building funding packages and drawing funding from the strategic agencies that are responsible for delivering the policy. Part of the thinking for the new programme is that we should try to declutter things, remove that requirement, and lift the audit burden that currently sits with community groups and put it at a level of groups that are better resourced to deal with.

Margaret Mitchell: Raising the funding is one thing, but ensuring that you have the right project at the very beginning by engaging with the community would be a marked improvement. I recommend that you consider that.

Eric Samuel: We evaluate at various levels. We expect projects to self-evaluate, and we will include money in the grant that we give to them to pay the costs of that, but we also provide them with support from a contractor to learn how to evaluate, because we think that it is important for projects to know whether they are succeeding and to have evidence with which they can prove that the project has been successful when it comes to looking for future funding and making a case for it.

We also evaluate at programme level. That happens sometimes although not always. However, the growing community assets programme has been independently evaluated over the past five years. In fact, I have just had the final evaluation through. I will pass that to the clerk, because I think that it will be of interest to members of the committee. Households where the projects were located were asked what they thought of them and whether they had made a difference. We go down to the community level with the evaluations.

A member of my staff conducted an evaluation of the our place initiative. They spoke to

stakeholders and people who were involved in the projects at the local level.

Margaret Mitchell: How much is done at the front end before the allocation of funding in talking to the community and teasing out whether it thinks that a project will have value?

Eric Samuel: We leave the applicants to make that case to us. We question them on that and look for community consultation; for example, what events they have held, and when—whether they were held recently or whether something that was carried out years ago is being relied on. We want up-to-date information about applicants talking to their communities about whether they want to see the project go forward.

Margaret Mitchell: Would it involve their having held public meetings?

Eric Samuel: The applicants could have held a public meeting, carried out a consultation exercise or done anything that can prove that they have the support of the community. We will not support anything through GCA that does not have the support of the local community. We know from evaluating that there is no point in putting money into something that is not supported by the local community.

Margaret Mitchell: What can the local community be?

Eric Samuel: As I said in response to an earlier question, we let the community define itself. We are more interested in hearing about the people who live in the community. GCA is not there to fund communities of interest; it is there to fund communities. We want to see the people who live in the community supporting the projects.

Stuart McMillan (West Scotland) (SNP): Good morning, gentlemen. My first question is to Mr Souter. Can you provide some information, please, on the level of European funds that have been invested in regeneration over the past five years and how much it is intended will be invested in each of the next five years?

David Souter: I can give figures for this programme period. We have delivered £84 million in grants in 13 local authority areas that are targeted under our urban regeneration priority, and that has unlocked expenditure of about £200 million.

The complication with setting out what the plans are for the next five years is that, as you will probably be aware, we are coming to the end of the present structural funds period; the new period starts next year. We are in consultation on the shape of the new programme and the delivery arrangements for it.

Scotland will receive something in the order of €700 million over the next six or seven years. There is no thematic criterion of urban regeneration in the new programmes; the European Commission has set out what the 11 themes will be and urban regeneration is not one of them, although some of the activity indicators would lend themselves to a wider, more holistic definition of regeneration that would include low-carbon interventions at local level and skills development. The best guess is that about €200 million will be available in the social inclusion and employability envelope, but we do not have precise figures for how that will play out for what could be termed as regeneration.

Stuart McMillan: At last week's meeting, I raised the point that, when it comes to regeneration, there will not be a one-size-fits-all strategy for Scotland as a whole, given the country's demographics and the differences between urban and rural communities. That said, when we consider that the various funding arrangements that are in place include the ERDF, the European social fund, the rural development programme and the maritime and fisheries programme, do you think that there are too many types of funding opportunity? Is the landscape too crowded?

David Souter: Within the European funding streams, there is a big push from the Commission to get more effective outcomes across all four funds. The proposals that are out for consultation would see us draw together the ERDF, the ESF, the maritime funding and the rural funding into three thematic Scottish funds. The idea is that that would hide the wiring for project sponsors. If a project sponsor comes forward with a good idea, it should not matter whether the funding comes from a maritime fund, a rural fund, the ESF or the ERDF; it should just be funded as a good idea.

We want to take that a stage further. I think that there are too many funding streams, not only in those four funds, but generally. We have a situation in which project sponsors are building funding packages and then bringing them to European funding streams. We would like to work with the strategic delivery agencies to look at what their plans are for the next five or six years and to align the European structural funds much more closely with the sources of match funding, so that community and other groups can have better and easier access to the funds overall. As well as offering those groups the advantage of a one-stop shop for European funding, that approach would pass on the quite significant audit burden to agencies that are probably better able and better resourced to deal with it over the next 10 or 13 years, or however long the auditable life of the programme is.

Stuart McMillan: Would the other witnesses like to add to that?

Eric Samuel: Are you referring to your earlier question about figures, or would you like me to comment on everything that you asked about?

Stuart McMillan: I would like you to comment on all of it, but the second question in particular.

Eric Samuel: Okay. The first question is not easy to answer, because we fund in rounds. For example, we spent £160 million in the first round of what we call investing in communities, which ran from 2006 until 2010. Our current funding round runs from 2010 until 2015. Over that period, we have an indicative budget of £242.5 million, but I probably cannot specify how much of it is for regeneration because of the variety of the programmes. Some of the programmes, such as the growing community assets programme, are very much aimed at that, but a lot of the programmes are revenue programmes that may do some regeneration, although that is not their point.

Stuart McMillan: I am sorry to butt in, but I would like to pose one quick question. Have you seen an uplift in the funds that are available to the Big Lottery Fund since the Olympic games finished?

10:15

Eric Samuel: I am not sure what link you are making there, but we have certainly seen an uplift because of increased ticket sales. The other problem that we face is that our budgets can fluctuate according to a number of factors, one of which is ticket sales.

You asked whether there are too many programmes. That is something that we are very conscious of, not least because of the operating costs of the programmes, which we are trying to drive down. We try to help in that we operate something called a single front door. It is not a physical door, but access to a team of staff in the office. Basically, our customers do not have to know what they are applying for. They can phone the number and speak to staff, and behind the scenes we will arrange the best programme for them to go to. We try to help them in that way.

Colin McLean: I will give you a range of figures. In the past five years, we have committed £105 million to heritage projects in Scotland. On a generous estimate, we would say that because there are people benefits from all of them, they have all had some impact on regeneration. If we take the tightest definition, through our specific town centre regeneration programme—the townscape heritage initiative—we have committed roughly £15 million in that period. That is the

range, and the true figure will lie somewhere in between.

On whether the landscape is too crowded, like Eric Samuel's organisation, we have one team in Edinburgh, and three of the 17 staff members are devoted to development work, which involves providing advice to applicants. The advice that we give to all prospective applicants is, "Get in touch with us, speak to us, and we'll plug you in to one of our programmes." The range of programmes is a reflection of the consultation that we did with our usual stakeholders and the general public in devising our new strategic framework.

Stuart McMillan: Thank you. I have a final question for Mr Souter and then one for Mr Samuel.

On the European funding that is managed by the Scottish Government and any auditing that has taken place, has the Government been happy or content with the outcomes thus far? Have any projects not achieved as big an economic impact as was hoped for? Has the Government been happy with the outcomes that have transpired from the investment that has been made?

David Souter: In general terms, when programmes are measured against the outcomes that we signed up to at the start, we are content that we have delivered.

A few projects have not delivered as we expected. Probably the most obvious example is one that I mentioned earlier—the JESSICA investment fund that was specifically to create a revolving line of debt finance to unlock capital investment. When we designed the JESSICA fund, the intention was that it would fund projects that were happening in areas that needed regeneration. The shift in the market over the past four or five years has meant that those projects are simply not happening, and we have had to shift the focus of the investment to projects that, five years ago, would have been considered for bank finance. That is not necessarily a criticism of the JESSICA instrument, because it demonstrates that it is flexible enough to deal with different market conditions, but a frustration of mine is that it is not doing what I thought it was going to do at the start and unlocking investments in communities. I hope that, by the time the money starts to be repaid and comes back in, the market will have picked up and we will be able to have a revolving line of credit that can go out. That is probably the project in which I am most disappointed.

However, in general terms, most projects are where we expected them to be. We monitor projects closely and they are required to submit information regularly. Inevitably, because we have 500 projects, some will be more successful than

others, but in general terms we are reasonably comfortable that the money is being spent well.

I think that we could have done better if we had been more strategic in the delivery arrangements and if we had aligned the funding streams a bit more. That is a lesson learned from the current programme period that is informing us for the new one.

Stuart McMillan: My final question—

The Convener: Before we leave you, Mr Souter, I have a question. You said that you could probably have dealt with some of the funding streams a little better. Do some of the difficulties that sometimes exist result from having overcomplicated programmes and policies?

David Souter: The programmes are certainly overcomplicated. How we have separated out the different European funding strands in our current programme does not give us the best result. Being more joined up and more strategic about those strands would give us better results.

The Convener: What do you mean by being more strategic? What do you suggest?

David Souter: That is about joining up the strands at a higher level. We spend a lot of time and a lot of money on administering the different funding streams from Europe on agriculture, fisheries, the ESF and the European regional development fund. We spend a lot of resource on delivering them.

We also spend a lot of resource on meeting the audit burden that goes along with that administration and on all the compliance arrangements. It would be better if we could simplify the whole process and use that resource on ensuring that things are being done more effectively rather than on the bureaucracy of the streams.

The Convener: Are those audit and compliance regulations laid down by Europe or has someone here decided to put that burden on us?

David Souter: It is very easy for managing authorities to always blame the Commission. Options were available to us earlier in the programme period for simplified cost methodologies that would have removed an awful lot of the audit problems that were faced. However, the appetite to make those changes was not there at the start of the programme.

The Convener: You mention “simplified cost methodologies”—not only do the folk out there get annoyed by such phrases, but we get somewhat frustrated by them too.

David Souter: Sorry.

The Convener: Are you saying that, at the beginning of the programmes, somebody decided to overcomplicate the administration, the audit and the compliance of the funds?

David Souter: No. I will define a simplified cost: it is a unit cost for an outcome—for example, if somebody trains 1,000 plumbers, we will pay them X amount for every one of those plumbers.

We have developed the funds and we deliver them in a way that is based on full cost recovery. Basically, whatever expenditure is defrayed in training those 1,000 plumbers, all the paperwork has to be kept for it and people have to hold that paperwork for 10 years by the time the auditors come in. That is what we audit.

Earlier in the programme period, we had the option to sign up to the unit cost methodology, whereby a price is fixed and people are paid for that. The Commission’s thinking on that came pretty late in the programme period—it came midway through it. It was felt at the time that it would not be possible to introduce that option midway through a programme period.

The Convener: So because we have done it one way, we will continue doing it that way—is that it?

David Souter: The issue is more that that is how projects have been funded up to now and it was unreasonable to move the goalposts midway through the programme period. However, we will have to use all the options on the simplified cost and the unit cost to deliver the programmes in the future, because we simply cannot continue with the full cost recovery approach, with all the bus tickets and all the receipts.

The Convener: I might seek further clarification later on some of your points. I am sorry for having interrupted Stuart McMillan, but it was important to get that point clear.

Stuart McMillan: Mr Samuel, the answer to question 6 in your submission touches on the state aid regulations. Will you explain your concerns about them, please?

Eric Samuel: The issue seems to be arising more and more nowadays. In our case, it stems from when we try to get projects to think about how they will become financially viable towards the end of their grant, as I explained earlier. One obvious way in which they can do that is by engaging in fairly low-level, low-key trading activity. However, the word “trading” triggers all sorts of problems as far as state aid is concerned. It can also cause us problems when funding also comes from another organisation. We might take one view of state aid and another funder could take an opposite view of state aid—that happens and creates problems. It has been a particular

issue for the Scottish land fund as far as forestry projects are concerned. In fact, I will go to a meeting about that after this meeting.

I have to give credit to our legal people, because they encourage us to push the envelope a bit on state aid. However, we have to be very careful. It would be all very well for us to say to a project, "We're giving you money, but it could be liable to challenge under state aid regulations," and wash our hands of it, but we do not think that that would be a responsible attitude, so we try to investigate the issue before we give a project money. If a grant is challenged and found to be contravening regulations, the project loses out, because it has to hand back the money and will be fined. We therefore have a responsibility to be clear on the issue.

We try to push the envelope—I am not saying that we break the law; please do not take my comments in that way—as far as we can to help the groups concerned. As I said in our submission, we hope that the committee agrees that our approach is the best one for communities out there.

Stuart McMillan: Have you spoken to similar organisations in other EU member states about the issue?

Eric Samuel: No, we have not spoken to organisations in other EU member states, but we are obviously in contact with other Scottish organisations and, as we are a UK organisation, we look at the matter across the board in the UK.

Stuart McMillan: Have you raised your concerns with representatives in the European Parliament and with the relevant EU commissioner?

Eric Samuel: No, we have not, although we could probably do that. My personal opinion—I am not saying that this is the Big Lottery Fund's opinion—is that it might be better if the matter was taken forward at a level higher than the Big Lottery Fund.

The Convener: Stewart Stevenson has a brief supplementary question.

Stewart Stevenson: My question is on a slightly different subject, convener.

The Convener: In that case, I will add Mr Stevenson to the end of my list.

Anne McTaggart (Glasgow) (Lab): My question, which is for Mr Samuel, is on the our place programme, which the Big Lottery Fund's submission mentions. That programme appears to be excellent and it appears to meet the needs of communities as they have been expressed to us. Is the intention to roll it out across Scotland? It currently operates in only five areas.

Eric Samuel: That is a very new approach for us. We think that the programme has been successful, but we want time to assess that. Having said that, we are sufficiently confident in it that, although we will not roll it out across Scotland, we will do the same thing again in seven other neighbourhoods.

We are in the middle of working through data but, as you can imagine, selecting the areas is not an easy task, because of the various interests that are involved. The programme is a long-term one and its operating cost is quite expensive. As I said, we are always being looked at to see what our operating costs are and to ensure that we are not spending too much on management and administration rather than on getting the grants out there, so we need to be very careful in how we take programmes forward. However, we have been sufficiently impressed by the our place programme to try it again in seven other areas. I hope that we will make announcements about that very soon.

John Pentland: As I was aware of who was going to be on the panel, I did a search to see how lottery funds are helping towards regeneration in my constituency, Motherwell and Wishaw. Anyone who knows Motherwell and Wishaw will be well aware that the area has significant regeneration needs. I was a wee bit alarmed to find out that, although there was funding historically, there has recently been a lack of spending in the area, particularly from the Heritage Lottery Fund. My question is about the criteria. Do you target funding at areas that are in most need?

10:30

Colin McLean: Yes. In each five-year planning period, we choose a small number of local authority areas, which we call development priorities. They are chosen according to two factors. The main one is spend, measured on a per capita basis. The other one is a deprivation measure. At the moment, our three priority areas are Dumfries and Galloway, West Lothian and West Dunbartonshire. I do not think that your area has ever been so low on our league table that it has been in the reckoning for being a development priority area, so there must be other areas of Scotland where we have been spending less.

The development team—our front-of-house help team—focuses its efforts in those areas to encourage communities and others to think about heritage and about projects that they might propose to us. We can fairly say that, in our past five-year period, we had a considerable excess in those areas. It is not every local authority that we find that easy to work with but, in the main, that has been a good strategy.

Eric Samuel: I, too, looked at the figures for your constituency. The Garrion People's Housing Co-operative got about £850,000 from us for a GCA project. I looked at the projects that I thought would be tied in with regeneration. Your area has probably done pretty well as far as GCA is concerned. There could always be more, but GCA depends a lot on the assets that are available in the community and what the community wants to proceed with.

As a lottery distributor, we generally take a similar approach to that of the Heritage Lottery Fund, in that we monitor where the money is going and we look at whether people are getting what they think should be their share. That is where the our place programme came from—we saw that there were cold spots. Similarly to the Heritage Lottery Fund, we send out our outreach team to drum up business and generate support through us or from the third sector interface. Furthermore, local authorities have funding officers who can help communities to think about the projects that they would like to pursue and to put applications together.

John Pentland: It is good to see that Eric Samuel does his research, too.

Eric Samuel: It does not always work, but I try.

John Pentland: You referred to the Garrion People's Housing Co-operative. We raised a question earlier about how a community finds itself in a situation because it does not have a business plan, and there is every chance that support could be removed.

What percentage of your grants go to the most deprived areas? Do they get less, more or the average?

Colin McLean: Because we prioritise our priority areas against two measures—one is low spend and the other is deprivation—we focus our efforts on deprived communities. Our spend in those areas tends to start from a low point, and we put in as much effort as we can to raise that.

In the past five years, we have been successful in some of those areas and less successful in others. A main influencer is the local authority's capacity and interest to use the Heritage Lottery Fund as a tool for whatever purpose. Generally, the deprived communities that have done less well get a lot of attention from us, but none of our funds is defined by place—they are all open to all parts of Scotland, with the tiny exception of the townscape heritage initiative, which is focused on designated conservation areas.

John Pentland: In the past, the explanation for low allocations has been that the number of applications was too low. What are you doing to address that?

Colin McLean: Our development team is working in the areas concerned to encourage people to think about heritage and to bring applications to us. As I mentioned earlier, we now have a suite of programmes, some of which are aimed precisely at community groups that are struggling to develop ideas. We have start-up grants, transition funding and the our heritage programme, which can deliver projects with funds of up to £100,000 from us. We have a range of small, medium-sized and large programmes that we think meet everyone's needs. They have been designed in response to comments that we have received.

John Wilson: My questions are for all three members of the panel. What funding bids have been made on an annual basis or in the funding rounds for the Big Lottery Fund? How far have they exceeded the money that has been available from each of the organisations?

Colin McLean: Averaged across all our programmes, the success rate, if we might call it that, has been in recent years approximately 50 per cent—we have received twice as many bids by value as we have the resources to support them.

Eric Samuel: I am sorry, convener, but I obviously did not do my research thoroughly enough. I cannot give those figures now, but I will supply them to the committee.

David Souter: The European social fund and the European regional development fund are 100 per cent targeted on regeneration areas for certain priorities. All the funding from the European social fund has been absorbed, and we are sitting at about 90 per cent commitment for the ERDF programme. Last week, we launched a call for new ERDF bids; we expect that to be significantly oversubscribed.

John Wilson: I understand that all three sets of funds will be heavily oversubscribed. Local authorities are establishing a number of arm's-length organisations. They have indicated that they will make bids to the Big Lottery Fund, the Heritage Lottery Fund and other funds to supplement the regeneration of existing facilities. How do you view bids, particularly those made by arm's-length organisations for mainstream public services that were delivered previously by a local authority?

Eric Samuel: The biggest risk probably comes from the sports and leisure arms that have been set up, which will probably be eligible to apply to us for funding. However, as far as the Big Lottery Fund is concerned, sportscotland funds sports so, fortunately—if that is the right expression to use—it is highly unlikely that we would have a programme that such bodies could apply to. They could come to the growing community assets

programme for funding, but sports facilities have not been a high priority for that investment area.

The issue has not been a big problem for us so far, but I very much take your point that it could increasingly become so in the future. I cannot give you any satisfaction because, as I said, such bodies will probably be eligible, so we will have to be alert to that.

Colin McLean: In the culture and heritage world, arm's-length bodies are common—virtually every authority has one or is in the process of establishing one. They are most certainly eligible to apply to us. Every local authority can also apply, but that makes no difference to the eligibility status of arm's-length organisations as far as we are concerned.

We have funded a number of projects with culture and leisure trusts that have been entirely successful. However, we need to bear it in mind that we do not provide core revenue funding so, in that sense, we are not substituting for the local authority's day-to-day activities.

David Souter: I can think of no reason why arm's-length organisations would be ineligible. However, in looking at the organisations that have been set up, I see no fit with current or future programmes. That might change as the trend develops, but the activity in which they are engaged would not be eligible for ERDF or ESF funding.

John Wilson: I asked those questions to compare what are in effect public bodies with local communities. There is major competition for funding streams and particularly for Big Lottery funding. The issue is how organisations make a like-for-like comparison between funding of a genuinely community-led project and funding of other projects.

In the Big Lottery Fund's submission, we read about the Helix project in Grangemouth, for which £25 million was awarded to Scottish Canals, Falkirk Council and the Central Scotland Forest Trust. Where is the community engagement in that process? Where is the community purpose in delivering that level of funding for a project when we clearly view regeneration as the regeneration of particular areas that suffer from deprivation? How does that fit into the overall programme?

I understand the purpose of the ESF, what its aims are and where resources are targeted. However, how do we ensure that the scarce resources that are made available through the Heritage Lottery Fund and the Big Lottery Fund are being directed in the right direction to the maximum benefit of the communities that live in deprivation?

Eric Samuel: I said at the start that we have various investment areas and programmes. To echo what Colin McLean said, the Big Lottery Fund can fund the public sector and the private sector as long as the grants that we give are earmarked and we keep careful control so that the money does not go into profits.

We operate various programmes; the living landmarks programme aimed to do large-scale regeneration. As I have explained, of the programmes that I look after at the Big Lottery Fund, growing community assets is all about communities. I have said that our mission is to improve the lives of the most deprived communities.

We have various programmes that operate at different levels. Living landmarks was a UK programme. I am not saying that it was not our problem, because we were part of that. It is great that we got a big programme such as that in Scotland and as part of a UK-wide programme. However, most of the funding that the Big Lottery Fund Scotland distributes in Scotland is based at community level. Under the growing community assets programme, only community organisations can apply for an award.

Colin McLean: We support heritage projects. Our single largest grant in Scotland, which was £21.5 million, was to provide the new Riverside museum in Glasgow. That asset is owned and was built by Glasgow City Council. The project was managed and run by Glasgow Life—a separate, arm's-length organisation that has some community representation on it. I do not think that another project has involved such a range of community consultation on the shape of the project and the opportunity for the local community to tell its stories through the project. That has been a good model for involving the community in a major capital project whose total cost was £80-something million. The community had a serious hand in influencing its content.

The Convener: I call Stewart Stevenson.

Stewart Stevenson: My question is sort of a concluding one, convener. I do not know whether I am last.

The Convener: No, you are not.

Stewart Stevenson: I think that the witnesses can answer my questions quite briefly. In the light of what we have heard, I will probe a bit the governance of your organisations and particularly the role of non-executives and board members. What is emerging, quite reasonably, is that the assessment is judgment based and relates to outcomes. Therefore, you must have the right people with the right experience and understanding to get the quality of judgment.

Are you satisfied that the people who are coming forward to help you to do that job are sufficiently diverse? My use of the term “diverse” is broad brush; I am not talking purely about equalities. Do they have the necessary range of abilities? Are things getting better or worse? How important is the input of non-executives to the success or otherwise of your organisations? That question does not particularly apply to David Souter.

Colin McLean: We have three tiers of decision makers. On applications for up to £100,000, I am the decision maker. The committee for Scotland decides on requests for up to £2 million. It is open to anyone to apply to be on the committee and a diverse range of interests is represented, although there tends to be a heritage component in virtually every committee member. We have one or two people who have been involved in planning and regeneration; someone who has been involved in tourism; someone who ran an urban regeneration company; and people who are familiar with our natural heritage—that tends to be the background. The decision making for requests for more than £2 million is done by our board of trustees, who are appointed by the Prime Minister. They have a range of interests in business and heritage.

Stewart Stevenson: My question was about not who the people are but whether you are content that you are getting the support that you need. I am inviting you not to criticise incumbents but to look ahead to the future.

Colin McLean: We are content. In the small world in which we operate in Scotland, it is quite difficult to recruit committee members, but we have never had fewer applications than we have had places, so there is always a process of choice. We have good representation. As officers, we are happy that we have good support from our non-execs.

10:45

Eric Samuel: Likewise, our Scotland committee members are ministerial appointments, so the question might be better put to the Scottish ministers. Are they happy with the people who apply? Some of our committee members leave office each year, so there is a turnover, and I understand that we have a good application rate for the vacancies. Speaking personally, I think that the committee has a good geographic spread that involves people from throughout Scotland, and other demographics are pretty well covered.

The Convener: John Pentland wants to ask a question.

John Pentland: Is this the last question, convener?

The Convener: No.

John Pentland: It is not the last question. Do you have a position on the increase in the price of a lottery ticket from £1 to £2?

The Convener: That is a bit of an unfair question.

John Pentland: My thinking behind that has two aspects. First, could that increase have an impact on the future of regeneration? Secondly, Colin McLean said that 28p of every £1 goes to good causes. If the ticket price is increased to £2, will that become 56p?

Colin McLean: My answer to your first question is that I do not have a view on that—that is the answer that you would expect from me. We are told that Camelot expects the price increase to raise additional revenue. That is the end of our statement on the matter.

The Convener: Does Mr Samuel have anything to add?

Eric Samuel: No. I do not think that I can add anything.

The Convener: I have a final question. Mr McLean mentioned townscape heritage initiatives, on which quite a lot of money has been spent in various parts of the country. Do you look at the practicalities of the changes that are made? I am thinking particularly about changes to utilities or a lack of change to utilities, which might mean that we invest quite a lot of money in an area but see no real improvement in utilities. That might lead quite quickly to the area being dug up again, which causes a lot of grief after the investment has been made.

Colin McLean: By “utilities” do you mean the services that run beneath roads?

The Convener: I mean gas, electricity and water.

Colin McLean: Sadly, that is beyond my control. Our townscape heritage initiatives are all in designated conservation areas. Through its planning powers, the local authority can impose a number of constraints on how utility companies can behave, but we all know that that is far from perfect. It is a source of frustration for all of us if we invest in a conservation area—in our case, to improve its appearance and heritage—and then see it damaged by the utilities. However, I am afraid that that is outwith my control.

The Convener: Should you discuss that before funding is allocated? I hate to see good money being spent on something that, to be frank, gets damaged quite quickly.

Colin McLean: The areas first need to be designated conservation areas, and we are keen

to encourage local authorities to use what in my time as a planner were called their article 4 powers to restrict permitted development. However, some of the utility companies' activities are beyond the planning controls. Other than through our discussing such matters with the local authorities and ensuring that they exercise the controls that they have, I feel that what you ask about is a little beyond us.

Stewart Stevenson: I will offer an observation. The Scottish road works commissioner—I do not remember whether that is her exact title—has just levied her maximum possible fine of some £50,000 in relation to inappropriate digging up. There is a structure in Scotland through which to seek to control such works. It is quite widely admired internationally, although it is capable of improvement.

The Convener: Regeneration is obviously a long-term process in many cases. Can we hear about your long-term strategies and how you intend to improve on what you are doing?

David Souter: I mentioned that part of our strategy for the next programme period is to try to align the rural funding, the fisheries funding, the ESF and the ERDF. As I said, regeneration is not a specific thematic objective of the new programme, but a lot of activities in the programme could meet the wider definition of regeneration.

The trick for us over the next year between now and the start of the new programme will be to identify the niche for structural funds instead of trying, as at the moment, to spread them across a lot of different activities. By identifying that, we can decide whether the funds are more appropriate to certain activities and less appropriate to others and we can start to declutter the landscape.

The Convener: How will communities be involved in that long-term strategy? Groups tell us all the time that funding can be sporadic and that there can be a short-term outlook. Another frustration of mine is that we give money to something only to see it fail quite quickly, before it has had the opportunity to become self-sustaining.

David Souter: If we can get the funds aligned correctly, one advantage will be an ability to give a long-term assurance that funding will be available for three or four years, with a review built in at that stage. Ideally, the programmes that we start with on day 1 will develop but not necessarily change over the period and we will be able to give partners that longer-term security.

As for the benefits to communities, one of the advantages of working or leveraging funds through community planning partnerships is that community groups can directly access that funding

instead of being required to build funding packages and then come to us.

The Convener: You are being very optimistic if you think that that is happening. I urge you to look at the committee's report on public service reform and see what we think about community planning partnerships.

Eric Samuel: As I have indicated, the current funding round will end in 2015. Before we launch a funding round, we always conduct a huge consultation exercise. In the previous one, which took place in 2010, our clients—or, if you like, our customers—told us that they wanted more consistency and, as you have suggested, they did not want us to chop and change the money that is available and what it is used for.

Obviously, the position will all depend on what people tell us in the consultation, but I would expect a regeneration programme such as growing community assets to continue. We will learn the lessons from the five-year evaluation that has just finished, as I have said. Of course, aside from those lessons, the evaluation contains a lot of useful stuff for communities that are thinking about taking on such projects and we will ensure that that is disseminated as widely as possible.

I think that there will also be consistency with growing community assets because of the proposed community empowerment and renewal bill and the land reform review group's work on the same subject. Given that, it would make no sense whatever for us to take a funding source such as GCA away from the investment portfolio.

Colin McLean: My response has two parts; the first relates to the Heritage Lottery Fund and the second goes a little wider than that.

A strategic framework that we devised after a lot of consultation with our usual customers and the public has come up with the objective of making a lasting difference for heritage and people. We are allergic to the idea of funding projects that we might need to look at again in X years' time, and the sustainability of our investments is a very big factor in our decision making. All our projects must have a people element—whether that be through running a range of activities; being involved in deciding what the project should be; deciding what should happen to the heritage assets in an area and how they should be run, managed or conserved; participating in training exercises; or running education programmes—and we think that heritage projects that involve people in that way are the best means of leaving a lasting legacy.

In a wider sense, we are working through the Scottish lottery distributors forum with our colleagues in the Big Lottery Fund, Creative Scotland and sportscotland to define an area of Scotland where we plan to work together in a pilot

project to see what we can do for that place. You will have to excuse me—we have not quite finished the process, so I cannot tell you where that area is or whether it will be a local authority area or more tightly defined. I hope that that pilot will teach us something about how we can work best with communities for the future.

The Convener: Thank you very much for your evidence. I suspend for five minutes to allow a changeover of witnesses.

10:54

Meeting suspended.

10:59

On resuming—

The Convener: We move on to our second panel of witnesses, to discuss the role of community groups and the third sector in regeneration. I welcome Rory Dutton, development officer for the north with the Development Trusts Association Scotland; Angus Hardie, chief executive of the Scottish Community Alliance; Stuart Hashagen, senior community development adviser with the Scottish Community Development Centre and the community health exchange; and Andy Milne, chief executive of SURF-Scotland's Independent Regeneration Network. Gentlemen, you are very welcome. Would you like to make any opening remarks?

Stuart Hashagen (Scottish Community Development Centre and Community Health Exchange): I shall say a few words about the Scottish Community Development Centre. We have been established for about 20 years in two different organisational forms. We are here to promote and support community development across Scotland, and we see that as involving advising on policy areas, practice development and working directly with communities up and down Scotland.

The things with which we have been associated include the training programme for the social inclusion partnerships, when we had them. We worked to co-ordinate the development of the national standards for community engagement and the VOICE—visioning outcomes in community engagement—programme, which is an online version of much the same thing. The community health exchange, which supports the network of community health organisations across Scotland, is based with us, as is the Scottish co-production network, which tries to encourage co-produced solutions to community problems with the national health service and other bodies.

We also run two or three programmes directly in communities, one of which, health issues in the

community, is a training programme for local community activists. Another programme, which is funded by the Big Lottery Fund, is called ACE—achieving community empowerment—and is a capacity building programme for a number of smaller community organisations. The other thing that I should mention is that we developed and have spent a lot of time with LEAP—learning, evaluation and planning—which is an outcome-focused planning and evaluation framework for all forms of participatory community activities. That gives you an idea of the range of things that we are involved in.

Rory Dutton (Development Trusts Association Scotland): The Development Trusts Association Scotland, as the committee is probably aware, is the independent charitable membership body for community development trusts across Scotland. We have about 200 member development trusts. We are run by volunteers from our member development trusts and we have been around for about 10 years. Our role is very much to support community anchor organisations and to help them establish and develop projects and, in the long term, become more financially and organisationally sustainable. We also deliver a contract for the Scottish Government on asset transfer from local authorities to community groups.

I should add that our director, Ian Cooke, apologises, as he is not available to attend today's meeting.

Andy Milne (SURF - Scotland's Independent Regeneration Network): Thank you for the opportunity to be here today and to speak. I have taken the liberty of circulating a bit of material, because there is a lot to be said about regeneration and I want to be brief.

On the sheet entitled "Regeneration and Degeneration", I have tried to illustrate in a diagram some of the measures that have been brought forward over the past 40 years or so to encourage more community regeneration. In the middle column, I talk about some of the degeneration factors. SURF tries to support all the organisations that are involved in the broad field of regeneration from the private and public sectors, such as housing associations, community groups and voluntary and heritage organisations, but in my view we do not talk often enough about the factors that cause degeneration in the first place, and there is an issue of scale between the two things that it might be worth the committee considering.

In the green column, I have tried to indicate some of the big stuff in the background that, in SURF's view, we do not normally directly link well enough with our aspirations to deliver regeneration in communities. Although there are some

important smaller funds in the left-hand column, in the right-hand column members will see that there are substantial resources that SURF believes could, if intelligently and properly applied, make a much larger impact than they currently do in successful attempts to regenerate communities.

I have also included in the pack a piece on our alliance for action programme, which SURF is undertaking to try to link up national resources with local initiatives, projects, knowledge and assets. That is a testing programme that the Scottish Government is supporting over the next two years, and I will say more about it later if members are interested.

Lastly, there is a brochure from last year's SURF awards—something that we do every year. All the information is online on the SURF website, which highlights more than 100 short-listed projects over six years. In that, you will see the range of work that SURF does to support regeneration around sustainable places, creativity, community-led regeneration, employment and infrastructure.

I hope to try to answer some of the committee's questions on ways in which it might be more possible to connect some of the big resources at hand with the very local challenges, assets and priorities that we have in community regeneration.

Angus Hardie (Scottish Community Alliance): Any points that I would like to make at this stage are contained in the written evidence that I submitted, so I am happy to leave it there and take questions from the committee.

The Convener: I will begin the questions. You heard some of the earlier questioning on funding and how some community groups find it difficult to deal with on-going revenue funding. They get the capital from one source or another, but the revenue funding often is not there. In your experience from the many roles that you undertake, is that situation normal or unusual? How can we help people to come up with business plans to ensure that the original investment can be sustained? Are we doing enough to ensure that we are capacity building, so that folks who take on voluntary roles, which can be a great burden, can do so with confidence and the necessary advice?

Stuart Hashagen: The short answer is yes, it is an issue for community organisations to maintain the revenue to keep the services that they offer going. As we have heard, most of the funding programmes are short term and time limited. Given that most situations in disadvantaged communities are not going to go away overnight, the community organisations that deal with those situations would do much better if they had a longer-term and continued funding stream, provided that they are doing the kind of work that

is important in communities, such as alleviating poverty, addressing disadvantage and improving health. Because funding criteria change, because funding is unpredictable—often a lot of staff time is spent on applying for funding, rather than delivering services—and, as was mentioned earlier, because funding bodies like to invest in new ideas that may carry some risk, community organisations have to be innovative to achieve funding. There are many barriers to achieving the situation that, for most communities, would be ideal—namely, a longer-term stream of funding that they could use in the best possible way.

The Convener: Do you think that those difficulties act as a demotivator for some who want to get involved in their community?

Stuart Hashagen: I am not sure. I think that most people get involved because they are angry or concerned about a local community issue, so that is the driver. When they get to the point at which they need funding to achieve the outcomes that they want, they discover the challenges. Most people get fired up to meet those challenges, but nevertheless there comes a point at which people might feel that they are never going to get funding and so they might lose motivation and energy.

Rory Dutton: Absolutely. Also, the issue is not just about revenue funding; it is about funding to create and establish the community vehicles that will take forward regeneration. In the more disadvantaged areas, where community anchor organisations or groups are not established, we find that more than just revenue funding is needed. Support and funding are needed to get those organisations up and running in the first place.

I certainly agree that core funding is critical. It takes a lot of time to develop income streams and many anchor organisations are working hard to do so. Any business takes a long time to develop; there is a long period when core funding is absolutely essential while an organisation is trying to deliver for the community and also trying to develop income streams. We have seen that, when a voluntary group that is struggling gets core funding, it makes a big difference. A good example of that is Highlands and Islands Enterprise's community account management programme, which involves LEADER funding. We are told that the recent evaluation of that has been extremely positive.

Core funding is needed. The issue is not just about projects, although it is great to have the project funding that we talked about earlier, because a bit of core cost can be built in to cover that overhead, if you like. However, groups must consult their communities to find out what is really needed and to get appropriate developments. That work must be covered, as well as the work that is

involved in finding out about all the funding, making applications, progressing initiatives, building partnerships and so on.

The Convener: One thing that we have found as we have gone around the country, not only for this inquiry, is that a bit of seedcorn money can sometimes make a huge difference and that what is required is not a huge amount of resource, whether money or people, but a kick-start.

Mr Dutton referred to the LEADER programme. Again, we have heard in places where we have been quite a lot of criticism of that programme and the amount of hoops that groups have to go through to access even very small amounts of money from it and other sources. What is your experience of that?

Rory Dutton: For the programme to which I referred, all the hoops are largely handled by the intermediary, which is Highlands and Islands Enterprise, and community groups simply employ development officers. The groups do not have the degree of administration that is involved in applying directly for LEADER funding, because an intermediary applies on their behalf. However, there is a big demand on community groups that are involved in LEADER-funded projects. The biggest issue with LEADER is to do with cash flow, because groups have to spend money and then seek reimbursement. That is a huge issue for organisations that have no capital reserves or regular incoming cash flow.

The Convener: Rather than being overreliant on intermediaries, would it not be best to get rid of some of the hoops and declutter the processes that folk have to go through?

Rory Dutton: Yes, absolutely. We hope that the people and communities fund will provide core funding for community anchor organisations. In some local areas, community benefit funds come from things such as wind farms, and organisations can get funding for development officers. The problem is that a lot of the funding is for only one, two or three years. Regeneration is a long-term process that requires an organisation continually to develop and build on successive initiatives. There must be that continuum, which all the different funding programmes must key into.

Andy Milne: Rory Dutton's point about sustainability and sustained effort is important. If we look at the SURF awards booklet and at what has been allocated over the years, we can see that a lot of it is for the Highlands and Islands area. SURF is concerned with not only urban areas but the whole of Scotland. I would say that one reason for those successes is the sustained and settled approach that Highlands and Islands Enterprise has delivered in its area by connecting up people, place, economy, transport, technology

and regeneration in a way that does not seem to have been possible in the denser urban setting in Scotland in which programmes, regimes and branding turn over every three or four years. I suggest that that is simply a reflection of the greater political temperature in the centre of Scotland as opposed to the more rural Highlands and Islands area. However, the issue of sustainability is key.

We might want to ask what we are trying to achieve. There was a question earlier about addressing need, which is important. Ultimately, regeneration is about trying to address poverty and inequality. However, for the areas with the greatest difficulties, it may not always be possible to bring forward organisations that are already well equipped, well networked and well resourced to take on responsibilities. In the first place, we look for participation, which can take place in many forms—that is what we need to support. We must not assume that people will want to start by owning, running or managing an asset. We need to support people to be more actively involved in their community and grow capacity to make intelligent decisions as to what are assets and what are, in fact, liabilities. Sustainability is important, but so is not making assumptions that the endgame is community ownership.

11:15

The Convener: It is interesting that you used the term “regime”, Mr Milne. Do you use that terminology because you believe that too much is being done from the top down rather than from the bottom up?

Andy Milne: Actually, to a degree, I think that not enough is being done from the top down. If we consider the right-hand column in my “Regeneration and Degeneration” paper, we see that the Scottish Government probably does not think enough about how its decisions on procurement, infrastructure and service targeting are most effectively engaged in so that they will benefit the communities that are in greatest need.

There is a danger in shifting that major macroeconomic and social responsibility on to already fragile communities with a lack of capacity and, frankly, on to people who are trying to pay their bills and hold their families and communities together. To ask them to solve the macro problems that Governments at national, European and international levels have created and failed to address over decades seems to be a bit of an ask.

We need to sort out the right level of intervention. Given my professional background, I am very much in favour of community-led regeneration and community ownership. However, I do not believe that they will deliver what we need

to be delivered in the absence of effective action from the top through the allocation of much more substantial resources.

The Convener: I think that we will come back to that issue in greater depth.

Angus Hardie: The absence of revenue support is the issue that we hear about most from communities, I think. We heard from the earlier panel of funders that a view just seems to have invaded the funders' world that revenue is much harder to come by.

Last week, when I was at a project in Rutherglen, we were reminiscing about the good old days of urban aid. With urban aid, it was possible to get revenue funding for five years, or seven years if an organisation was lucky and got extensions. With seven years' revenue funding, an organisation really could do something. However, with a year's funding, a body might just be getting to grips with the job and then it is in trouble. We have to rethink our attitude towards revenue funding and the balance between revenue and capital. We have constant debates on that with the Big Lottery Fund and others.

Another aspect is about capacity and whether the most disadvantaged communities get their fair share of what is available. It is not just about the need to go in and build capacity, because we have been working on capacity building for a long time and in some regards it does not seem to work—or it does not seem to change the balance of who gets the cash when it is out there.

Rory Dutton made an interesting point. There are ways of building capacity by investing directly in communities, which has been worked on for quite a while in the Highlands and Islands. Eric Samuel spoke about the our place approach, which seems encouraging, as it is about targeting communities that have missed out and saying that we will work with them until we can come up with a project that will gain traction in the community. We have to rethink our approach to building capacity in the communities that appear to need it the most.

The Convener: One thing that a lot of other folk have talked about is education and investment in education in deprived communities. Should we be looking at that much more than is currently the case?

Angus Hardie: Do you mean in terms of mainstream education?

The Convener: Yes.

Angus Hardie: I used to work in schools, and my experience of education, just over Arthur's Seat in Craigmillar, was that the schools got a fair amount of the additional resources that were available from the council. However, the issue was more complex than what was going on in the

school, and the project that I was working with was trying to make links between the home and the school and to raise the value of education within the home.

The Convener: Was that the community schools formula?

Angus Hardie: Actually, it was a precursor of that. It was called the instep project, but it melded into the new community schools idea. The thing that surprised me when I was working in the schools, given that Craigmillar is one of the areas that had a lot of regeneration focus, was that the schools largely saw themselves as outwith that discussion on regeneration. It was a strange disconnect, because although that was the biggest physical and financial resource going into those communities, it did not seem to blend with the other money that was going in in the name of regeneration, capacity building or whatever. I always thought that that was anomalous.

The Convener: That is an interesting but not unsurprising point.

Andy Milne: Although it is a subject of some controversy, particularly in secondary schools, the curriculum for excellence regime is opening up interesting avenues in terms of how young people think about themselves as citizens and about their participation and creativity, and I see some hope in that.

To take up Angus Hardie's point, schools are often the centre of communities. They are where people meet to pick up their kids and chat about how things are, what is working and not working, problems with traffic and jobs and so on. They are hugely underused resources as community anchors and, over the years, as you will know, convener, there have been many efforts to create community schools that genuinely interact with the forces around them. There is tremendous potential both in the education process and in the schools as buildings and functioning hubs in communities, and we could do much more to link in with that.

As Angus Hardie said, the ability of young people to have a positive educational experience and a positive general experience in their school is greatly affected by external financial, social and economic factors. We are doing some work at the moment with Children in Scotland to look specifically at the impact of those factors on the ability of headteachers in primary schools not just to sustain positive educational outcomes but to use that as the basis for greater interaction in the community. You are right, convener, to put your finger not just on the process of education but on the physical realisation of that process, in the form of schools, as being key to the potential for regeneration in some of the most disadvantaged

areas where other so-called anchor organisations and other forms of capacity are currently missing.

The Convener: I will take a question from Margaret Mitchell. We have been mentioning education and she is about to see some teachers.

Margaret Mitchell: It is not a related point, gentlemen. I thank you all for your submissions. My question is a general one. The committee has received evidence of successful individual community projects but, despite that, the statistics show that there is not a general improvement in deprived areas. From reading your submissions, I know that you all have ideas and suggestions about that, so I would like to go along the panel and find out why you think the situation is as it is and what can be done about it.

Stuart Hashagen: I absolutely agree that there are many examples of successful community initiatives. In fact, it is probably true to say that the wider world does not necessarily know how much has happened in many communities. There is probably a lack of public relations, marketing and communication of the positive gains that have been made, and that is an issue.

Having said that, I come back to what Andy Milne said earlier when he asked what expectations there are for community projects to resolve big issues of poverty, disadvantage and lack of achievement. My view is that they are part of the mix, but are not the whole picture. It is important that communities can take action on issues of particular concern to them, but that alone will not change the deprivation statistics.

I was at a meeting with members of a housing association last night and, although this is not firmly established evidence, it was suggested that the deprivation statistics for the areas where the association works appear to have become better over the period when the association has been playing a wider role in the local community regeneration strategy. That is hard to substantiate as lots of other things are going on, but the statistics seem to be better than they were—and that is in a very disadvantaged part of Glasgow.

Margaret Mitchell: You mention that

“CPPs are seen ... as inter-agency planning vehicles instead of facilitators and enablers of neighbourhood work.”

You suggest that, if CPPs were to

“prioritise supporting engagement and capacity building”,

they would be much more effective.

Stuart Hashagen: Absolutely. I mentioned the national standards for community engagement, which the then Scottish Executive commissioned. That was specifically to address the requirement in the Local Government in Scotland Act 2003 that local authorities should engage with community

groups in setting up community planning. We came up with an interesting and agreed definition of community engagement, which meant that there should be a debate between public bodies and communities about what the needs, issues and opportunities are. Plans should then be set to achieve change through partnership between the various bodies.

My view is that we need partnerships. We cannot leave everything to community organisations, and we cannot leave it all to government either. There needs to be an evolution of effective partnership work between communities and the people who provide services and support to them.

Rory Dutton: Community-led regeneration is a long-term process that, in my view, has barely begun. There are patches of fantastic success where there have been particularly determined groups. However, there are swathes of areas where there are no such groups and nothing is happening because there is no focus or vehicle.

Much of that is to do with people's confidence and belief that they can make a difference and that they will get the necessary support to make that difference. What you will have seen in some areas is the potential. What we really need to do now is to provide support so that the germs of initiatives that are starting in other areas can be supported, so that they can get established and so that we can support people to take them forward. That can be replicated more broadly.

I mentioned the asset transfer programme. It is largely the better-off communities that have expertise and groups in place that are taking the opportunities. We are not finding that to be the case in the most disadvantaged areas, where people do not have the infrastructure of community groups. In such areas, there is not the belief among people that they can do it, and they do not have confidence that they will be listened to and taken seriously. The issue is one of commitment, resources and timing.

It is a long-term thing. In the fullness of time, if we pursue the policy of supporting community-led development, it will take place more broadly across the more disadvantaged areas.

Margaret Mitchell: I think that your suggestion of establishing a knowledge and skills exchange fund addresses that.

Rory Dutton: Absolutely. It is great to have the young folk involved in community-led development within the groups and projects. A lot of our members have youth-oriented initiatives, but the best way in which to inspire people, to give them a bit of self-belief that they can do it too and to see what is possible—in other words, education in the broadest sense—is for them to go and see how

other groups have done things. There are leading lights in various areas. We had funding for that, and we are continually endeavouring to get more funding to cover the costs of groups going out to see how others have done things. That is about education and spreading the belief that things can be done. It is about spreading knowledge of what can be done. It is really transformational when people go on the groups.

Margaret Mitchell: That is an excellent idea.

Andy Milne: Picking up on Rory Dutton's point, I note that, unless we consider and address the underlying issues of inequality and poverty—if we move simply to support communities that come forward to take on community projects and assets and developments—we will end up increasing the level of inequality rather than decreasing it. Some of the largest, most successful community-owned asset management programmes in Scotland happen in areas where there are already substantial levels of resources, networks and connections among people who do not fall within the deepest Scottish index of multiple deprivation—SIMD—statistics. There is a job to be done there.

11:30

That goes back to my earlier point about what we are using the tool of community capacity building to achieve. It is right to use it to build participation, confidence, networks and skills, but it is not correct to suggest that the tool is a way of delivering community regeneration and addressing inequality and poverty. It is not reasonable to expect the projects, good as they are and wherever they are, to overcome, for instance, what I view as the much greater regressive impact of current tax and benefits policy. For example, Dundee City Council has said that the changes to the welfare system will take £28 million out of the pockets of the poorest people in the city. Although excellent community-run projects in Dundee are doing excellent work, they will simply not overcome the impact of broader policy changes.

I agree with Rory Dutton about the need to learn and share experience. There are a number of networks, of which SURF is certainly one; indeed, the Scottish Government used to run what was called the community representatives forum, which morphed into something called the community voices network. The aim of those modestly funded Government initiatives was to bring together community projects and activists from all over the country to share experience and learn from each other. However, the approach was let go of in 2011, leaving what I think is a gap in the landscape. If we are serious about trying to learn from all the successful projects that SURF and others identify over the piece, we need more

sustained effort to build those networks and share that experience to ensure that people do not feel isolated and that they are inventing the wheel.

Margaret Mitchell: In general, we welcome the removal of ring-fenced funding to give local authorities more autonomy, but the downside has been that, because local authority budgets have been under pressure, the previously ring-fenced £148 million community regeneration fund has

“not re-emerged ... in ... community planning spending priorities.”

Is that a concern?

Andy Milne: It certainly is, and I believe that it has been validated in the committee's recent excellent report on how community planning partnerships are or are not working with regard to community capacity building and community engagement.

I make it clear that I do not particularly blame local authorities for the position. SURF's membership includes lots of authorities, many of which are doing an excellent job under difficult circumstances. However, it is not surprising that money that was previously specifically targeted at certain things through what was the community regeneration fund and then the fairer Scotland fund—for example, 80 per cent of the urban programme was targeted at disadvantaged areas—and which has now been mainstreamed through community planning into the council's broad functions gets dissipated and lost and does not land in the most disadvantaged areas.

I think that you have already heard from the University of Glasgow's Annette Hastings, who has done excellent work on examining where public services and public service investment land in communities. The fact is that they land not in the areas of greatest need but in areas that are already relatively well resourced. There are two reasons for that. First, the organisations and people in well-resourced areas are good at complaining about their street not being clean enough, the kerb being broken or whatever. Secondly—and interestingly—Annette Hastings uncovered that service providers' default position is to provide a different response to middle class and working class complainants.

The Convener: Before Margaret Mitchell turns to Angus Hardie, I want to play devil's advocate on ring fencing. As you will know, I was the chair of a social inclusion partnership for many a year. In my opinion, that ring-fenced money often funded things that should have been funded from mainstream budgets; if you like, it was used as a cash cow to prop up the local authority, which was not doing certain things in an area. Is one of the dangers of ring fencing money that it allows

various public bodies to withdraw further from providing mainstream services in particular areas?

Andy Milne: The short answer is yes. Having worked on a project in Wester Hailes under a social inclusion partnership—or what morphed into the community planning partnership—I can say that you are absolutely right. The original new life for urban Scotland partnership, which at the time was situated in Wester Hailes, identified five specific goals for outcomes from the partnership activity that was based on that ring-fenced funding—which, I should say to Angus Hardie, was largely urban aid funding. Three of those goals—about community safety, local facilities and housing and environment—were achievable within the bounds of Wester Hailes from a reasonable investment, but the other two, which were about income distribution and unemployment levels, were not achievable because they depended on factors outwith that geographical area.

That is where the larger policy decisions come in, as they can bring about change by addressing poverty and inequality. Ring-fenced funding has a sensible role to play in engaging communities, voluntary organisations, local councillors and local businesses in specific tasks, but it is not the right tool to deal with all the problems that we need to address. We need to be more intelligent about picking the right tool for the right job.

The Convener: I am sorry, Margaret, but I needed to clarify that issue.

Margaret Mitchell: Can Angus Hardie answer the original question?

Angus Hardie: I am sorry—the trouble with being last is that I forget the question.

Margaret Mitchell: It was about the fact that, although there have been a lot of successful individual community-led regeneration projects, they have not improved the statistics more generally in deprived areas.

Angus Hardie: There have been a lot of very good community-led projects, but I sense that they have squeezed through the gaps and have maybe come about because of happenstance or serendipity rather than as a result of a considered strategic direction from either Government or local government.

The emergence of community-based housing associations in Glasgow is perhaps an example. They emerged because the council did not have any cash to provide the housing that it needed to provide, so it was forced into a situation in which such an approach was the only option. In addition, the Government at the time was prepared to support locally based housing associations. It is great that they got traction, but I cannot imagine the same thing happening nowadays, even though

they demonstrated time and again the value of community-led housing associations—not large city-wide ones, but very localised ones.

The dominant culture is still to take a top-down approach, despite the evidence that we produce. I cannot quite figure out why that is still the case.

Margaret Mitchell: The people and communities fund, which has been mentioned, is a good example of what you are talking about. Although it aims to encourage community-led regeneration, the Government still said, “Here are the criteria. Here is what we want you to do with this.”

Angus Hardie: That is right. It is perhaps because of the pressures that result from the demands that have been made on the fund, but the picture that emerges from an analysis of where the cash has gone is slightly confusing, given that the fund is supposed to support community anchor organisations. Most of the money has gone to housing associations, and not all of them are locally based housing associations. I cannot understand how the largest social landlord in Europe qualifies as a locally led organisation. I also cannot understand how one of Edinburgh’s finest cathedrals qualifies as an anchor organisation.

Confusing messages therefore emerge from what was supposed to be one of the main planks in delivering the strategy. Although the strategy was published 18 months ago and it is all about shifting the landscape towards community-led regeneration, we have not seen much evidence on the ground of how it will be delivered. Quite big question marks hang over the strategy because we have yet to see evidence of delivery.

John Wilson: I will follow up on Angus Hardie’s last point about where the resources have gone and whether they have gone to the right communities and the right organisations in those communities.

Do panel members want to comment further on Angus Hardie’s point? Have the resources that have been spent in the past 30 or 40 years gone in the right direction? For example, I have experience of the new life for urban Scotland initiative, given that I worked in Castlemilk from 1987 to 1994 and I know at first hand what was delivered by that initiative in Castlemilk. Were the resources targeted at the right individuals and organisations to deliver the right outcomes for these communities?

Angus Hardie: If we go back to the new life for urban Scotland initiative, I think that the answer is that they were not. Recently, I was out in Wester Hailes for a rather sad event, as the council was going to demolish the main community hub that was developed at that time. It was really the last

symbolic act of those days of investment in Wester Hailes, which ran into something like £125 million. Where is the benefit of all that investment?

I cannot remember exactly what Andy Milne said—I do not know how he manages to have that kind of memory—but the new life for urban Scotland initiative had five key quality of life outcomes. The area still has high levels of unemployment relative to the city average, and the educational attainment and aspirations of young people are poor. Some of the housing investment has clearly made a difference, but it still feels like a disadvantaged area.

We are doing something wrong if we are throwing all that money at an area and it is just sliding off, in a sense—none of it is sticking. We should be changing our approach, but we are not doing that. That is what is so bewildering about this. We seem to be continuing to deliver regeneration pretty much in a top-down fashion, as always. We have to change that.

Andy Milne: I am at risk of disagreeing with Angus on this.

The Convener: That is allowed, you know.

Andy Milne: Oh, good—I will go ahead on that basis. I am not sure that investing £125 million over that period of time and over that geography is anything like a sufficient amount to deal with the challenges that people in those communities were facing and the changes that have taken place since.

In the document that I brought, I raised some issues about the changing employment patterns that we have seen over the years. We now have an extremely low-base, low-skilled, low-paid employment pattern in Scotland—there is much more part-time, temporary work. Work is how money comes into households and it is what affects people's abilities to look after themselves, to be good neighbours, to look after their families and to support their local institutions.

Against that background, the sums that we have put into area-based regeneration are just not going to do it. They will deliver individual projects from time to time that will last for five, seven, eight or 10 years. Individual people will grow through that process—they will learn new skills, make new friends and build new networks. They will most likely move out of places such as Wester Hailes and go and find a house somewhere else.

Places such as Wester Hailes, Craigmillar, Easterhouse or wherever are functions of how the broad economy works. It is not about those places—the solutions to that broad economic framework do not reside in those places, and the problems will not be addressed by investing in community projects.

We are now down to a people and communities fund of £6 million. That is less than £8,000 for each of the 15 per cent most deprived communities in this country. I accept the convener's point that small amounts of money can make a difference, but will £8,000 do that? You will know from yesterday that the fund has been closed due to overdemand. At £6 million, it is a 50 per cent reduction on its predecessor, the wider action fund, which was directed only at housing associations and was reduced by 50 per cent three years ago.

Such tools will not deliver the outcomes that the committee is looking for. Those outcomes will come through the £9 billion procurement budget and the £17 billion infrastructure investment plan over five years. How those resources are used, targeted and allocated—how public services are directed—will achieve community regeneration.

Part of that process will be the ways in which communities can be engaged and consulted and can then participate, take ownership and be involved in participatory budgeting—making budget decisions and so on. However, there is a real danger that the genuinely held aspiration of the Government's regeneration strategy to see more community-led regeneration will obscure the much bigger picture and the much bigger resources that are at hand to deliver on poverty and inequality, which is the issue at the base of regeneration and degeneration in Scotland.

11:45

Rory Dutton: The money that has gone in historically has clearly not worked, because we have ended up with the problems being as bad as before. If the previous approach had been effective, we would not be having this discussion, to an extent. If we are into the business of disagreeing, I would probably take issue with a few things that Andy Milne said. We have not seen the potential of community-led development, because we are only scratching the surface. It is a long-term, cumulative effect; something happens and we build on that. It is not a question of having an initiative that is there and then gone.

The main strength of community-led development is that, whatever we end up doing, it is tuned to the needs of the area. It has come from the people in the area, they have bought into it and it is their agenda. Their energy, time, expertise and attention to detail are then harnessed and when they get a bit of success, that breeds another success and they go on. We have seen time and time again that a relatively modest project that a group does inspires it to try things that are more ambitious and still more ambitious, so I do not think that we can judge the potential of community-led regeneration in general

terms. As was said in response to an earlier question, its potential has not been tested. It has a lot of potential. I am not saying that it is purely that, or that it is an either/or situation; it is a mixture of both. As Angus Hardie said, we have to get resources to those areas in order to get the whole community-led development process kicking off there.

Stuart Hashagen: I will make two points. The first is that regeneration is about poverty, at the end of the day. We are in a situation where the poorest communities have at least a triple whammy, and possibly a quadruple whammy. First, income to families through the welfare benefits system is reducing. Secondly, as we have mentioned, local government is also having to reduce budgets, and I suspect that it is cutting back disproportionately in the communities that most require those services—the poorer communities. Thirdly, local government also has to cut back on its funding to community and voluntary organisations, which also work in the more disadvantaged areas, and that is a further issue. On the other side of the equation, poor people spend more to manage their lives. At the meeting that I was at last night, we talked about the activities of payday loan companies. In many cases, money that goes into those communities goes straight out of the door again, so there is a worsening problem of poverty and disadvantage in the worst areas.

That leads me to my second point. The question was about the overall direction of funding over the past 20-odd years. We can give only a general answer to that question. My take on it is that the emphasis has been on physical and economic funding, and there has been a gap in the amount of funding coming to social developments and social regeneration. That is the starting point of any kind of community renewal or regeneration—people must have the confidence, skills, networks and engagement to allow them to get to a point where they can consider setting up a development trust or getting funding. It can be a long-term process. The GoWell study in Glasgow, which is interesting, is saying that we can almost draw a direct comparison between the level of cohesion and support in communities and the quality of life that people in those communities have. The missing link has largely been in social development funding.

The Convener: John Wilson must be brief with his question, because a lot of folk still want in and we are well through our time. Let us have a brief question and brief answers, please.

John Wilson: I will try to be brief. I want to address the issue of economic development. Andy Milne referred to the SURF awards brochure that he gave us as part of his evidence, which says

that a number of the organisations receiving awards were in the Highlands and Islands. How much is that down to the different approach to social and community regeneration that Highlands and Islands Enterprise has, compared with that of the largest economic regeneration agency in Scotland, Scottish Enterprise? Should Scottish Enterprise have more focus on economic regeneration in deprived communities and on the community asset transfer debate, as has happened in the Highlands and Islands?

The Convener: Do not feel obliged to answer. Let us have Mr Dutton first, followed by anyone else who wants to respond.

Rory Dutton: Absolutely. I work in the north and I see a lot of this. The artificial separation of enterprise development from social and community development is not helpful. Where it has succeeded in the Highlands, it is because the development of confidence among the people in the community is considered part and parcel of getting more business and economic activity to come along.

There is now a huge sector of community-run enterprises, but the anchor organisations are also involved in promoting opportunities for private businesses. HIE has got it right in as much as it understands that it is no good only to support businesses and infrastructure; it has to support businesses, infrastructure and community groups and initiatives. The latter play a vital role and are an important part of the mix.

Andy Milne: The point is well made. The physical and political space in the Highlands and Islands for people to consider the options for land ownership and energy generation is far greater than it is in the dense urban centres. I would go so far as to suggest that the psychology of deprived communities in dense urban areas is such that they have no conception of the possibility of owning land and assets in the way that people in the Highlands and Islands do.

There is much to be learned from the Highlands and Islands model, but it would require the positive intervention of an organisation that is dedicated to that purpose. Scottish Enterprise does not play that role, because it was removed from its remit some time ago. Communities Scotland, which also had that role, was wound up altogether. Local authorities have different interests in the debate and there is an absence of an advocate for that approach in urban areas.

Angus Hardie: There is a contrast between the holistic approach in the Highlands and Islands, which takes in not only socioeconomic but cultural development and support, and the rest of Scotland. It seems that, in the rest of Scotland, we need to have hypothecated arrangements to deal

with the amounts of money, perhaps because they are so great, and things do not join up at a local level. For some reason, they manage to do it in the Highlands, perhaps because of scale, and we see the results.

Anne McTaggart: My question has been answered fairly well, but I have another question for Mr Dutton in light of the conversation that has just taken place. Does he have any experience of the difficulties that communities face in obtaining publicly owned assets?

Rory Dutton: Absolutely. We are charged with running the community ownership support service, which focuses on local authority asset transfers to community groups. As I said in my opening comments, there is a dearth of such transfers in the more deprived areas. Much of that is down to the fact that the groups and the confidence to take such initiatives forward do not exist in such areas. They do not have the infrastructure—the groups—or the skills to do it, and they do not have the belief that they could do it.

We get many inquiries from such areas, but there is a long journey. We have to consult the people to find out whether they really want a transfer to happen, and we have to determine what they would do with the asset and who might help to run the organisation. There is a long journey in getting a community organisation up and running that might research and progress the transfer. Resources are needed to make that happen, and they are not available just now. There are no resources to create the sparks of ideas, to get people into a working group and then into another group, to start liaising with the local authority and then to start resolving the other issues further down the road. Those issues include cultural attitudes about transferring local authority assets to the community and things that we have not yet touched on but that were mentioned earlier, such as state aid, the valuation of assets and common good.

There are other barriers further down the line but, in many areas, the first barrier is that there is no community infrastructure and no belief that transfer can be done. We need a lot of effort in more deprived areas to address that. After that, there are the barriers that are common to the rest of the country—the other issues that I mentioned briefly.

Stewart Stevenson: I want to go back to the start of our conversation—that is, to the issues of people and capacity—because I think that we have got very process-bound in the past half hour. I wonder what “capacity” means. Let me test with you my own definition: capacity is accounted for when an individual’s abilities, experience and ability to develop are matched to the task that they are going to undertake. Is that a fair definition?

Rory Dutton: Absolutely—on both an individual and a community level. Just as an individual needs to have confidence, skills and ability, within a community the infrastructure, links, organisations and confidence—that sense of identity—are needed, too, so that both the community and the individuals within it have capacity.

Stewart Stevenson: Let me take that further. In communities with relatively little capacity, in terms of both individuals and organisations, if there is a mismatch between individuals and their tasks, you can improve the individuals or shrink the tasks. To what extent is work being undertaken in communities that are particularly disadvantaged in terms of capacity to help them find tasks that are small enough, so that individuals can build belief in themselves, have a few successes and therefore move on to tasks that are bigger? It might be as simple as an individual in a community getting one dog waste bin on a lamp post. Once one person has achieved that sort of success, they feel that they can make a difference. To what extent are we helping people with low capacity find tasks that will help them build to a position where their capacity grows?

Stuart Hashagen: My first response to that is to say that it is not up to the rest of us to find tasks that communities should take part in. Community development is based on people having the opportunity to think about what future situation they would like to have in their community and what parts of that they can achieve themselves. The capacity-building process is really about saying, “Well, if people have the ability to take that forward, that’s fine; if they haven’t, where can they get support to achieve that?”

From the meeting I attended last night—which has been very useful for me today—I know that a local group has recently acquired lottery funding to create a community centre. They would not have done that by themselves; they have done it with the support of the housing association that most of the tenants are part of. The housing association provided the community group with organisational and administrative support. The community group is in a shared ownership situation with the housing association, so although it has responsibility for the way that it operates, for management and so on, there is a backstop position. The group had a lot of support to get to the point that it has reached.

On your broader question about the definition of community capacity, we have done a lot of work on that.

Stewart Stevenson: It is not just communities, but individuals as well.

Stuart Hashagen: Yes—individuals and communities. However, we are talking about community regeneration, so I think that we need to be aware of what community capacity entails.

We say that there are four broad headings. First, communities need the understanding, knowledge, skills and confidence—the learning or education side of things—to be able to act in the first place in the situations that they deal with. Secondly, they need a level of organisation, whether that consists of informal networks, bigger organisations or entities as large as community-based housing associations. Thirdly, they need some political influence so that what they want to see happen can be explained and justified to decision makers. Finally, equalities are very important, so that we are not just advantaging people who already have power at the expense of others. The equalities debate underpins all this.

Stewart Stevenson: I want to pick up on something that you just said. Are you suggesting that decision makers are outside communities, rather than inside them?

Stuart Hashagen: At the point at which a community wants to do something, decision makers are outside communities. Community planning should work so that decision makers are actively within the communities where those things are going on, but it rarely happens in that way. If we are talking about community-led projects and developments, those start within communities, and when they get to a certain point it becomes important to engage with decision makers, policy makers and funders to make them happen.

Stewart Stevenson: So the decision makers outside the community are those who stop communities doing things?

Stuart Hashagen: Not necessarily.

Stewart Stevenson: I am sorry—I am just putting propositions, as a challenge.

12:00

Stuart Hashagen: Change has to come from somewhere. The intention with the social inclusion partnerships was to create a structure in which community needs and issues could be raised by the community. Various public bodies were involved in social inclusion partnership bodies, and there was an administrative system to bring things together. Plans were drawn up, and that took things forward. I am not suggesting that all social inclusion partnerships have worked perfectly, but with that partnership approach the structure was not bad.

We have facilitated discussion between local decision makers and communities, and it has become clear that the outcomes for both were

much the same. However, after that conversation, they were able to work much better than they had been able to do previously. There is something to be said for facilitating conversations and debates and getting people talking to one another about needs and issues and what can be done about them.

The Convener: I will come in and play devil's advocate again. You said that social inclusion partnerships were among the best fora for bringing all those folks together. That is not my experience, and it is not the experience of many others who have been involved in social inclusion partnerships. Would it be fair to say that, in many areas, many partners did not take part?

Stuart Hashagen: I said that they did not all work properly. However, where it was the intention that partners should come together, I am not sure that any other structure did the same thing in the same way on a local basis.

The Convener: Would it be fair to say that, in certain places, partners hijacked the entire thing in order to drive the main projects in their line of work, rather than doing anything else to benefit the community?

Stuart Hashagen: Yes. Within the partnership, power relationships played out, and the voice with the most power probably got its way most of the time.

The Convener: I am sorry to lead you down this line, but would you say that, where decision makers lived in the communities, which was often the case, people on the social inclusion partnerships saw less of the other partners, because they did not want the hassle of having those decision makers at the table?

Stuart Hashagen: That could well be the case.

Rory Dutton: I will pick up on a point that Mr Stevenson made. We often talk about quick wins being really good. In the early stages of a community group, it is possible to get some quick wins from relatively small projects, to gain confidence and so on. However, at the communities day that we held in April at the Parliament, in the chamber, the main message was that people should not limit their ambitions.

Time and time again when I have gone round groups, and when people have gone to visit other communities to see what they have done, it has been possible to see how a lot of things can be achieved with a huge dose of common sense, plus confidence, with bolted-on additional skills provided by the supporting agencies. With a huge dose of common sense, confidence and commitment, communities can achieve an enormous amount.

I am the last person to play down any sense of ambition and aspiration. We should never underestimate the potential of people, even those in the most deprived areas, once they get behind a project and develop a belief in it, to turn things around using their basic life skills, common sense, determination and so on.

The Convener: And gumption.

Andy Milne: The underlying premise of your question is absolutely correct. People begin their involvement in communities from the most simple participatory levels—going to community barbecues, quizzes and galas. Those are the sorts of things that I used to be a bit disrespectful of, frankly, but I began to realise that they were the lifeblood of the community process, by which people came to know one other as they came together to discuss issues, building up a bit of networking and confidence as they did so. They then found themselves as directors of housing associations, land and development trusts and so on. It is a progressive process, which we have not sufficiently invested in over the years so as to build the capacity that is required now to deliver the community-led regeneration that is highlighted in the national Government strategy.

On the other side of the coin, there is a little danger that people patronise communities a bit when they say that the problem is a lack of capacity in communities. Many communities have levels of knowledge, assets, and connections that the private sector, consultancies and organisations would die for. We fail to access and engage those to the best possible effect.

My last point, which I will make as briefly as I can, is that there is a great deal of capacity to build in the other organisations and institutions that need to engage communities. On the official side, there is a lack of skill, knowledge, ability and willingness to get into the same room and enter dialogue with community representatives who will tell officials things that they do not want to hear. I have direct professional experience of that. The extent to which communities struggle to get a point over and the degree to which officials refuse to engage in the debate are jaw dropping.

Angus Hardie: I agree with everything that has been said on what is understood by the term “capacity”. I understand—perhaps this is the point that Stewart Stevenson was making—the reluctance to put in paid staff who might move faster than the pace of the community. The reality is that all the other agencies that a community must deal with if it is developing and regenerating its area have armies of paid staff, so the community needs to be tooled up to be able to sit at the table with those organisations. That builds capacity and levels the playing field to a certain extent.

Stuart McMillan: My question is for Mr Hardie. About half an hour ago, you spoke about the £125 million that was spent in Wester Hailes and the community hub building that was knocked down. Are you suggesting that in the past some regeneration activities were too focused on the short term rather than the medium or long term?

Angus Hardie: We never really knew what the timeframe was—it was perhaps 10 years or so, which seems like eternity to a community worker, so there was no need to worry about the end point. However, that was our biggest mistake. We should have captured some of the £125 million and invested it in an asset that would generate a long-term income stream and allow us to continue some of the services that were developed over the period. That happened before all the talk about community ownership of assets became the norm. It might seem crazy, but that was the reality.

The Convener: I was interested that you said “we” with regard to community workers developing an asset. What about the community?

Angus Hardie: I was working for and employed by the community as a key adviser, so I was speaking collectively. The community would have had to buy the assets. In fact, we set up an organisation with that aim in mind, but it did not deliver that. It is interesting how such things can be diverted.

The Convener: Do you want to respond to the question, Mr Milne?

Andy Milne: What was the question?

Stuart McMillan: I asked about the short-term approach.

Andy Milne: You are right about the focus on the short term. My mind was diverted because I was thinking about what Angus Hardie said about Wester Hailes and the issues about assets and ownership.

I remember that the community had to make a decision fairly early on about whether it got on board the bureaucratic process that was the new life for urban Scotland initiative and all the meeting rounds, regimes, strategies and reviews that went along with that, or whether it concentrated on building its own structures, assets and initiatives. There was an on-going debate about that.

In the case of Wester Hailes, huge amounts of energy and time were thrown into engaging with the bureaucracy of the partnership. Angus Hardie’s analysis is correct in that, out of that process, not enough was secured and locked down for the long-term benefit of the community.

You may remember that there were four new life for urban Scotland areas. The one in Whitfield pulled out after five years after the high flats were

knocked down because it was thought that it had done enough. At least in Castlemilk, Wester Hailes and Ferguslie Park, income and effort were more sustained.

My general point, which Rory Dutton and others have referred to, is that over the piece we just do not stick at things long enough. We do not have enough faith. The Scottish Government set up urban regeneration companies in 2004, and we were told that that would be a 15 to 20-year commitment. They are now effectively being wound down, but that is being done in the knowledge that the difference that needs to be made will take at least 25 or 30 years in a benign economic environment, never mind one that has been turned upside down since 2008.

Stuart McMillan: On that point, I have a question about the URCs. Some of them were set up in 2006, and some before that. Do you think that some of them were actually set up to fail?

Andy Milne: No. I think that some existing initiatives that were already in place were badged as URCs; that certainly happened. SURF was involved in facilitating the discussion process, and originally the Scottish Government's thinking was that there would ultimately be between 15 and 19 URCs across Scotland. The first three that were set up, in 2004, were badged as pathfinder URCs. We were to learn from them and there were to be learning networks around them. The second three that came along after the publication of "People and Place: Regeneration Policy Statement" in 2006 were largely the result of political pressure and some signalling of a need to respond in particular areas.

It is interesting to note that what never really happened out of that was analysis. We have spent hundreds of millions of pounds on URCs, and for a long time the Scottish Government website listed them as the top item of regeneration activity. What have we learned from that? Unless I am missing it, there has not been a deep evaluation or analysis of where that money went and what was achieved. Almost all those projects—all but one of them—have been long-term members of SURF, so we know that lots of good work happened, but there has not been that analysis. We have spent hundreds of millions of pounds on our high-profile regeneration model, and we have not analysed the outcome or spread the learning from that outcome.

Stuart McMillan: When the URCs were set up, do you think that in some areas there was an underestimation of the costs of the remediation of the land and other assets that were given, before anything could be developed?

Andy Milne: Yes, I think that that has certainly been the case, but that is not in itself surprising. It is not surprising that a developer might enter a

particular venture and then find that there is some hidden difficulty in delivering the outcome. However, the greatest difficulty was that all the URCs were predicated on the previous model of rising land values and rising property values, and on its being possible out of that to secure the longer-term assets for the community that Angus Hardie talked about. The 2008 debt-led banking crash that ruined that model ruined URCs' business plans. They were left scrabbling—I am sorry, but that is too pejorative; they were left to prioritise what they could actually achieve in that changed economic landscape.

Stuart McMillan: One other area that has not been touched on at all today is the impact of tourism and leisure on regeneration. In smaller communities in some areas of the country, the introduction of a small boating club or marina can facilitate regeneration. Do you have any comments about tourism and leisure?

Rory Dutton: Those are key elements in the mix. We have members who have pontoons and moorings, visitor centres, campsites—you name it; they are all part of the mix. In fact, our conference in September will kick off with a fringe meeting on community tourism, which is seen as an increasingly important aspect of regenerating an area, by encouraging visitors not just to come into but to buy into the community, to find out more about it and feel part of it. When they are in the area, we want visitors to make the maximum economic impact by using local suppliers, businesses and products. I agree that tourism is increasingly important.

The Convener: One of the things that I have found today is that there is a hankering for the past, and I do not think that the past is necessarily as rosy as has been described in some of what has been said. I want to hear what you think needs to be done in the future to ensure that community groups and the third sector have their say in regeneration matters.

12:15

Stuart Hashagen: My short answer is that, as I said earlier about social development, I would like to see more people being assigned to neighbourhood development work who could go into communities to work with people and link them up. As Andy Milne said, people begin their involvement through barbecues and that sort of thing, but we need people who can organise those to get people together. We have got to where we have got to, but if we do not invest some support into building communities from the bottom up, as the phrase goes, we will not get beyond this point without replacing that community energy and activity in the most disadvantaged communities.

Rory Dutton: Fundamentally, we are looking for a reorientation of effort, if you like, so we are talking about providing core funding that allows community initiatives to be established and grow. We need a culture change whereby the public sector takes the lead from the agenda that is set by the community about what needs to be done. In the fullness of time, we should find that the agenda is set by increasingly strong and sustainable community groups, which should be given effective support from the agencies around them to make projects happen.

We are really talking about taking community-led regeneration seriously and putting meaningful resources into it. There should be a reorientation whereby people in communities set the agenda for regeneration in what is, after all, their area—it is their community and their lives. We should give communities ownership of and responsibility for regeneration and trust them to deliver. However, communities should be able to pull on the weight of other public resources, such as grants and so on, to help to deliver that. They should be given support to ensure that regeneration is delivered and that safeguards are in place.

Andy Milne: My three colleagues have all made an excellent case for community-led regeneration and support for community organisations, so I will not repeat what they have said.

Instead, I will direct your attention to the green column on the right-hand side of my diagram, which is labelled “The big stuff behind the scenes”. If the committee could have an impact on linking our aspirations for community-led regeneration not only with the expired £6 million people and communities fund but with the £17,000 million that was spent on infrastructure in the past five years, the £9,000 million potential annual procurement spend under the procurement reform bill, physical and economic planning, targeting of public services and housing investment, it would be able to create the conditions on the ground—as they say internationally—that would result in a thousand flowers springing up. That has happened elsewhere across the globe, where economic conditions have changed and aspirations have been raised by higher levels of investment, education and services.

Angus Hardie: I concur with Andy Milne that, in some respects, the resources that are currently being made available to regeneration are chicken-feed compared with large procurement budgets and infrastructure spend. If we could bend some of that into making regeneration a mainstream activity—rather than the fringe activity that it seems to be at the moment—that would transform things.

Let me also just restate what has been a theme today. When local people lead the process of their

own regeneration and shape their own future, the outcomes are almost always better, and the evidence is there to prove that. On the edges of the regeneration debate, Dr Harry Burns is now a complete convert to that idea. He is always promoting co-production, whereby local people are put in charge of their own health instead of having things done to them. We should take the lead from people such as Harry Burns, who is a real leader in the field.

A last plea, which is slightly disconnected from what I have just said, is about the state aid issue that one of my colleagues mentioned earlier. We need to try to get a grip of state aid and put the issue to bed one way or another, either by getting an exemption certificate for the regeneration industry or by drilling through the issue and sorting it out. State aid trips us up all over the place—in renewable energy, in forestry and in asset transfer. The issue is constantly present. As we have heard from lottery colleagues, state aid is often the big barrier to so much that they could do, so we need just to sort it out. I think that the threat often does not exist, but is used as a kind of bogeyman that nobody is prepared to lay to one side. That is my big plea to the committee.

The Convener: I am sure that we will look at state aid in some depth, as we have done previously. Quite frankly, I think that the issue is often risk averseness rather than anything else, but that is an aside.

Thank you very much for your evidence, gentlemen. I will suspend the meeting for 10 minutes once we move into private session.

12:20

Meeting continued in private until 13:01.

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