



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 11 September 2013

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LOCAL GOVERNMENT AND REGENERATION COMMITTEE
23rd Meeting 2013, Session 4

CONVENER

*Kevin Stewart (Aberdeen Central) (SNP)

DEPUTY CONVENER

*John Wilson (Central Scotland) (SNP)

COMMITTEE MEMBERS

*Richard Baker (North East Scotland) (Lab)

*Stuart McMillan (West Scotland) (SNP)

*Anne McTaggart (Glasgow) (Lab)

*Margaret Mitchell (Central Scotland) (Con)

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

*attended

THE FOLLOWING ALSO PARTICIPATED:

Councillor Mairi Evans (Angus Council)

Aubrey Fawcett (Inverclyde Council)

Stuart Jamieson (Inverclyde Council)

Jim McAloon (West Dunbartonshire Council)

Jim McCaffer (South Lanarkshire Council)

Andy McCann (Highland Council)

Rachael McCormack (Highlands and Islands Enterprise)

Alan McKeown (Angus Council)

Duncan McNeil (Greenock and Inverclyde) (Lab)

Allan McQuade (Scottish Enterprise)

Councillor Lawrence O'Neill (West Dunbartonshire Council)

Councillor Thomas Prag (Highland Council)

Councillor Chris Thompson (South Lanarkshire Council)

CLERK TO THE COMMITTEE

David Cullum

LOCATION

Committee Room 2

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 11 September 2013

[The Convener opened the meeting at 09:30]

Regeneration

The Convener (Kevin Stewart): Good morning, and welcome to the 23rd meeting in 2013 of the Local Government and Regeneration Committee. I ask everyone to ensure that all mobile phones and other electronic devices are switched off.

This is our colleague Margaret Mitchell's last meeting before she moves to her new role on the Justice Committee. I am sure that we all hope that she enjoys it. On the committee's behalf, I thank Margaret for all her efforts—her input has been appreciated by most members, most of the time. *[Laughter.]* I realise that she takes the job of scrutiny to heart and is very assiduous in that regard.

You will be a real loss to this committee, but we wish you all the best in your new role.

Margaret Mitchell (Central Scotland) (Con): Thank you, convener.

The Convener: Item 1 is evidence on regeneration. We have three panels of witnesses representing local authorities and the enterprise agencies. They have submitted written evidence, which members have in their papers.

I welcome the first panel. Councillor Mairi Evans is convener of the infrastructure committee and Alan McKeown is strategic director for communities at Angus Council. Councillor Chris Thompson is chair of the enterprise services committee and Jim McCaffer is head of regeneration services at South Lanarkshire Council. Councillor Lawrence O'Neill is vice-convener of the housing, environment and economic development committee and Jim McAloon is head of regeneration and economic development at West Dunbartonshire Council.

Do any of you have brief opening statements?

Councillor Lawrence O'Neill (West Dunbartonshire Council): I apologise on behalf of West Dunbartonshire Council because our convener is, unfortunately, unable to attend due to there being a committee meeting this afternoon; we hope that it will have a positive regeneration outcome for West Dunbartonshire.

The Convener: Very good. You are welcome, Councillor O'Neill.

Councillor O'Neill: Thank you.

The Convener: I will ask the first question. Can you give us an idea of the size of funding for, specifically, regeneration activity? Beyond that, can you indicate what proportion of those moneys is used for community organisations and community-led regeneration? Councillor O'Neill—do you want to start?

Councillor O'Neill: In West Dunbartonshire we have been setting the budget over the past year or so, and we have now embarked on a 10-year capital regeneration investment that is worth somewhere in the region of £133 million. We are building new care homes and schools, and are investing £85 million in housing to meet the Scottish housing quality standards. There has been quite a turnaround in the region. Under the previous council administration, we were potentially going for a partial stock transfer, but under the new administration, from May 2012, we changed that course. The officers have now come round to that, and will be delivering fully to the Scottish housing quality standards in spending £85 million on 10,000 or so houses. We have also embarked on building two new care homes with provision for, I think, 90 beds each.

We will take on board suggestions from the community in particular about how we can move forward. A lot of our budgeting work, certainly for the capital programmes, has involved asking communities what they would like. We will continue to involve them throughout the process.

A lot of money has been put aside, which often worries me with regard to budgets. We have many challenges in West Dunbartonshire, such as the fact that Clydebank is an old industrial town, the question how to make West Dunbartonshire attractive to regeneration and the question how we can provide an infrastructure that helps regeneration to progress in our communities.

Like most authorities, we face massive challenges with unemployment—in particular, youth unemployment. We have set aside £2.83 million from the council's resources and we are working alongside the Department for Work and Pensions and Skills Development Scotland. We set the ambition of bringing in 1,000 jobs in 1,000 days in administration and are way ahead of what we had hoped to achieve—we are at 66 per cent of our target.

We face many challenges and we are putting in a huge amount of money. As one of the council tax payers of West Dunbartonshire, that does not quite give me sleepless nights, although it might. We are heading in the right direction.

The Convener: Feel free to bring in Mr McAloon to answer my next questions. What is the "huge amount of money" that has been allocated

to regeneration? I reiterate that I would really like to know what proportion of that money is going into community projects and community-led regeneration.

Jim McAloon (West Dunbartonshire Council): I would be happy to provide the committee with the overall figure. I endorse what Councillor O'Neill said. Through the community planning partnership, the council has listened to the community. For example, we recently ring fenced money for a social enterprise challenge fund. That provides an opportunity to encourage communities to set up enterprises to support themselves.

This year, we are looking to support three social enterprises, and the nine applicants will be assessed later this week. Each successful start-up enterprise will be supported with £15,000 in its first year, and will have business gateway support. There will also be support through the money that we have set aside for employing people, which Councillor O'Neill mentioned and which is additional to Scottish Enterprise and Skills Development Scotland support. That £2.83 million has been supplemented by a further £300,000 from the council.

Councillor O'Neill mentioned that we are at 66 per cent of the target to achieve 1,000 jobs in 1,000 days. The council has made a fantastic effort on its own; we have taken on more than 175 modern apprentices this year alone, and 100 per cent of those youngsters have gained jobs at the end, through the council.

The Convener: The committee is really interested in getting the detail on the specific budgets and the proportions. It would be useful if those figures could be sent to us.

Councillor Chris Thompson (South Lanarkshire Council): Our figure for regeneration funding is £9 million. That must be looked at in the wider context. We see regeneration as an integral part of the work that we do. The decisions that we make on housing, schools, purchasing through the council and employability are all linked. That involves working together with our partners through the community planning partnership.

We have regeneration areas in not only built-up areas, but rural areas. Like our colleagues, we face some very testing issues. We made significant progress up to 2009-10, but that will—unfortunately—slip back because of the changes that the United Kingdom Government has made. There are mismatches between the UK Government's policies and what some of the rest of us are trying to do. Those mismatches include the work programme—which, to be frank with you, is of no use in a regeneration area—and, of course, changes to benefits, which again affect

regeneration areas very dramatically. If you do not mind, convener, I will ask Jim McCaffer to give more details in a few minutes.

The Convener: Certainly.

Councillor Thompson: Clyde Gateway is an urban regeneration company of which I am a founder member. We are working with that organisation in what is one of the most deprived areas of South Lanarkshire and Glasgow, with highly contaminated land and some of the worst figures in the country for long-term unemployment, poor education standards and so on. Those are the sorts of things that we see.

We in South Lanarkshire have a regeneration strategy that goes back a very long time and we have a poverty strategy that also goes back a considerable time. There are no quick fixes for such situations. If we want to regenerate such areas—I think that we all do—we have to be in it for the long term, which means consistent investment over 20 to 25 years. Regeneration is about changing the economic situation for many people who live in the area, and it is not just about putting up buildings and decontaminating land, but about changing lives; it is about getting people back to work, getting them economically active and improving their health, their education and their ambitions. That is a big, big ask, but if we continue to invest, I think that in years to come, whoever is sitting at this table then will see that that investment was very worth while.

Regeneration is a central part of the council's policy. It is supported by all the political parties in the council and by the independent councillors. We all have the same view: we need to tackle the worst areas, we need to invest in them over a long period, we need to measure how we are getting on, and we need to work with the Government and other agencies to ensure that money goes where it is most needed.

Jim McCaffer (South Lanarkshire Council): Councillor Thompson mentioned the £9 million of support that the council gives to regeneration activity in South Lanarkshire. As other authorities will testify, that money is then used to lever in money—from Europe, from the Scottish Government, from the Big Lottery Fund and from other sources.

We spend about £9 million per annum on employability programmes. My West Dunbartonshire Council colleagues mentioned the outcomes in relation to West Dunbartonshire. We try to support about 5,000 people per year through those programmes. We also spend about £1 million on business support programmes.

Councillor Thompson mentioned poverty: we have a specific tackling poverty fund of about £5 million that helps health improvement

programmes, family support programmes and employability programmes. Through the LEADER programme we spend about £500,000 a year in our rural area. We also support the Clyde Gateway initiative directly with funds of just under £1 million per annum and we spend about £5 million per annum on capital works.

The Convener: Do you have at your fingertips the proportion of that money that is spent on community-led projects?

Jim McCaffer: I do not. Clearly the LEADER programme, which is about rural development, is very much about bottom-up, grass-roots initiatives, so all of those resources would be included, as well as the bulk of the tackling poverty funds that involve working with local communities. All of that £5 million budget is linked closely to community needs.

The Convener: Further detail on that would be extremely useful for the committee during the course of its deliberations.

Councillor Thompson: May I come back in on that point?

The Convener: Do so very briefly, Mr Thompson, please.

Councillor Thompson: To add to what Jim McCaffer said, we have a community planning partnership board that the community sits on with our partners. We fully involve the community in decisions that are made and recommended to the community planning partnership.

We recently started new initiatives in the worst 5 per cent of areas in order to ensure that we are building the capacity of those communities to make their contributions. The difficulty for us is that in many of those areas it can be very difficult for people to get involved as volunteers, so we are, with our partners, spending a lot of time in those areas building that capacity to contribute, to be involved in decisions and to make a real difference to what we are doing. That work is ongoing. I am sure that Jim McCaffer will be glad to supply information to you, as well.

09:45

Councillor Mairi Evans (Angus Council): To be honest, I find it quite hard to quantify the amount. We probably have a similar capital spend to other authorities of similar size, but it is hard to put a figure on how much we spend on regeneration, including the whole social aspect, because the money is, obviously, divided among various projects across social work and education, especially when we take into account work such as early years intervention, if we are discussing regeneration in its broadest context.

We do a lot of our work through the community planning partnerships. We have a community grants scheme, which helps community groups with various activities. The scheme probably has a budget of about £160,000. We work well with community groups, particularly in the area that I am from, which is Brechin, where we have a very strong group.

There is a lot of community planning and community activity, but rather than such groups seeking money from the council or our allocating a budget to help them, our approach is to try to help them to access money elsewhere, if you see what I mean, for all their different activities. In that way, they are trying to plan for what Brechin's future will look like 10 or 20 years down the line. We just help to facilitate the process and provide support through community planning.

As I said, I find the economic and social regeneration aspect a little hard to quantify, if you are looking for hard figures.

Alan McKeown (Angus Council): We will bring together the figures in the same way that colleagues have said they will and break them down into various aspects, including our capital spend from various big projects. As Councillor Evans highlighted, Angus Council has shifted from a budget-led approach to an outcomes-led approach. We try to use money flexibly so that we see added value and connections with, for example, building new schools or working with our colleagues in the national health service around hubs. We work through community planning to tie such developments in with the provision of sustainable economic regeneration jobs during the building process, and with sustainable employment during the lifetime of the projects.

Getting into some of those things means getting out of some of our other estate; we are wrestling with those issues. A key issue that we are wrestling with is community asset transfer, which involves valuing assets against the rules around best value, which the council has to achieve for general fund assets, and balancing that with what communities feel they can afford to pay and what they want to do with the assets. There is a positive shift from a budget-led approach to an outcomes-led approach.

The Convener: Am I right that what you are saying is that you ensure that mainstream budgets are used to help regeneration?

Alan McKeown: Yes.

The Convener: Does the same go for the other authorities? I would like yes or no answers.

Witnesses: Yes.

The Convener: You are bending the spend to get the most out of it. We will probably return to that aspect shortly.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I will focus on capital spend in my questions, which I address to all the witnesses.

The first contribution was from Councillor O'Neill, who gave us a very impressive list of projects. If the council had no regeneration department and no regeneration project, which of those projects would not proceed?

Councillor O'Neill: I do not know whether at this point we should defer to the officer.

Jim McAloon: That is a very difficult question to answer, particularly for an officer.

Stewart Stevenson: Will I attempt to assist you by—

The Convener: Perhaps you could depoliticise the question for Mr McAloon.

Stewart Stevenson: It is not a political question.

The Convener: I know, but officers are always wary of such questions. You should maybe ask what priorities would still stand.

Stewart Stevenson: No. That is not what I mean at all, convener, if I may say so.

I have heard a list of projects. However, if the council was doing no regeneration, I think that you would do every one of the projects anyway, because you still need new schools, new accommodation for the elderly and so on. I want to tease out what capital spending is happening only because you are doing regeneration. I start from a position of not being clear. It is easier when it comes to revenue, but on capital spending I am not clear. I will go round the table, if the convener permits that.

The Convener: Do you want to try again, Mr McAloon?

Jim McAloon: One of our key projects is a new civic building. That project has absolutely been driven by the need to make a difference in the local area and it links in with the review of town centres that has just been completed. Town centres have to be about much more than the retail experience; they have to be attractive centres that the community wants to use.

Through the Scottish Futures Trust, we have worked with all the public agencies on their asset strategies. We are still only part of the way through that process, but we have already identified a partnership of need, which relates to police presence. We have also carried out an assessment of the economic impact on council

staff spend in an area. All that work points to the fact that the town that would benefit most is Dumbarton.

The council could put a new civic headquarters anywhere, but we are trying to link the project to the regeneration needs of Dumbarton. We are also linking that with the new building for Our Lady and St Patrick's high school, which is another regeneration project. We are currently considering the location of the school. If a walkway bridge was put in place, the daily flow of traffic into the town centre would multiply tenfold. Those are a couple of examples of projects that are being driven by the regeneration requirements of the town. They are aimed at increasing footfall and increasing the need for the community to come into the town centre. Our belief is that that will uplift the existing retail experience and will encourage new retail to come in.

Stewart Stevenson: What I am hearing you say—you can agree or disagree—is that you are using communities' needs in order to prioritise spending that you might normally, for quite proper policy reasons, take forward in any event in areas where the regeneration impact will be greatest. Of course you will not always achieve that, but that is essentially the aim.

Witnesses indicated agreement.

Stewart Stevenson: I see heads nodding, so I will move on to questions for Councillor Thompson and his team. You said that regeneration is integrated into everything that you do, so I suspect that you are in the same position. Remember that I am focusing on capital expenditure.

Councillor Thompson: We have a capital budget of £5 million to £6 million for regeneration. Let me address your question. It is always good to get a question from a lawyer, because they are usually pretty testing.

Stewart Stevenson: I am not a lawyer.

Councillor Thompson: Are you not? I thought that you were

Stewart Stevenson: I am a mathematician.

Councillor Thompson: That is worse.

Stewart Stevenson: I count things. You have just insulted at least one member of the committee.

Councillor Thompson: I apologise for that, Stewart.

If we did not have a regeneration department and budget, we would need to go back and look at our capital plans. Remember that I told you that the council's policy is to concentrate our funding in the most deprived areas. We are replacing every single primary and secondary school in South

Lanarkshire on the basis of the condition of the schools. If we could not put money into regeneration, we would need to make a decision on what would be started first. In many of the areas in which we are involved in regeneration, the problems in the schools are very great, so we would invest there first. We would do the same in respect of housing; fortunately, we are not in that position.

Such decisions would be political and are not things that I would ask Jim McCaffer about, but things that my colleagues of all parties and I would need to sit down and look at. The situation is not going to change unless politicians make qualitative decisions about putting money into such areas over a long period of time. I hope that those figures add up for the mathematician.

Stewart Stevenson: That is helpful. Councillor Evans, your official specifically highlighted the building of new schools. Would those schools be built if you had no regeneration strategy? A lot of things get bad regeneration, and I am starting from the position of having some deep scepticism about that. I am absolutely here to be persuaded, however.

Councillor Evans: To be honest, Angus Council does not have to pretend not to have a regeneration budget or a regeneration committee, because we do not have those things. As with the majority of capital budgets, the money is assigned to the greatest need. We have two big school projects going on in Brechin and Forfar, both of which are community hubs, but they would not have been possible otherwise—they were not planned for. It was through the Government that we were able to go ahead with them.

We have in the budget some money assigned for regeneration, but that is purely through other projects for which we have had to make bids. If it had not been for money from the townscape heritage initiative, we would not have been able to regenerate the centre of Brechin, and if it had not been for the conservation area regeneration scheme, we would not have been able to go ahead with the work in Kirriemuir either—we were successful in obtaining funding for that. Those things were not in the capital plan and were not budgeted for, but we have had to make allowances for them because we were successful in bidding for those funds.

Stewart Stevenson: Thank you, convener.

The Convener: Thank you, Mr Stevenson—the non-lawyer. We now turn to a lawyer—Margaret Mitchell.

Margaret Mitchell: I was just thinking that it was as well that you did not call our mathematician a banker, but I remember that he is a former banker.

The Convener: He would deny that as well. Let's not go there. [*Laughter.*]

Margaret Mitchell: Can I tease out a little bit about community-led regeneration? You talked about encouraging communities and including them in the process. To what extent have the CPPs in your areas supported community-led regeneration?

Councillor O'Neill: There is an emerging process around the proposed community empowerment and renewal bill, and in West Dunbartonshire we have developed a new framework for community engagement. We have a citizens panel, which we are trying to augment, and we have public reassurance initiatives.

Like most of the panel, we always struggle to connect with young people and get them actively involved. We do not want to always go down the line where it is the same older folk—I am probably getting into that age frame—who show up and put in a huge amount of effort across a swathe of different committees and communities. How do we involve our young people in that and how do we engage them through social media and so on? We are looking at how we use our citizens panel, and at best practice nationally, to try to involve young people. They are our young communities of today, but they will be our older communities in the future.

We have a community participation committee in West Dunbartonshire and we have brought many members of communities on to that from a number of relevant community structures. We have brought them all together to influence the agenda that we, as politicians, deliver. We are also looking at new community involvement. We have six distinct wards, so we have broken them into six distinct neighbourhoods and we are looking at involving the community more in that.

An issue that we have—certainly in relation to the proposed community empowerment and renewal bill—is how we can engage effectively with communities and whether the legitimate point of contact would be a community council or another organisation. An issue not only in West Dunbartonshire but beyond is how active and effective our community councils are. A lot of work is being put in, and we encourage as many people as possible in West Dunbartonshire to be part of their community councils. Some people who have come to my surgeries have been involved in their community council since its inception, when the Local Government (Scotland) Act 1973 came into force.

By all means, we wish to harness people's experience and knowledge, but we also need to freshen them up and hear from other folk about what could be done. We are looking at a wide

swathe of measures that can and will be taken, with community involvement throughout.

10:00

Margaret Mitchell: If a local organisation or a group of people had an idea for what they thought would be a good community initiative, how could they get that to you? How would the council be made aware of that?

Councillor O'Neill: You have just teed that up for me, Margaret.

As part of our disposal strategy, a number of community facilities are probably going to be closed and demolished. In Duntocher, within my ward of Kilpatrick, a whole collective of local folk said that they did not want to lose their community facility, so they came together and formed a steering committee. With the assistance of Provost McAllister and lots of officers within the council, including community learning development officers, education lets officers and regeneration officers, they looked at the feasibility of their taking over the running of the facility in the village of Duntocher.

I am delighted to say that, only a few months ago, the facility was handed over to the community, which has taken ownership of it and responsibility for it. That has not come without its challenges, but they have all stepped up to the mark and want to have the facility. Without that, the councillors or council officers would probably have decided just to close the building, as it was companiesting too much and was not delivering. It is now bright and shiny, and it is being used daily.

Margaret Mitchell: To go back to my original question, given everything that you are doing to engage with the community, you would not necessarily see CPPs as being the main driver for community-led regeneration.

Councillor O'Neill: No. They definitely play a major part, but I would not say that they are the main driver.

Margaret Mitchell: Okay. Let us hear from Councillor Thompson.

Councillor Thompson: In South Lanarkshire, the community groups are involved throughout the whole process of making decisions, right up to the CPP. The thinking is that we should be doing things not for people, but with people. We do that in a number of ways, including through the community capacity building that we are doing in the worst 5 per cent of areas; the regeneration partnership that I mentioned earlier where the decisions on many of these things are made—the voluntary organisations and local communities sit on that; the LEADER programme in rural areas, which they also sit on to make decisions; and

Voluntary Action South Lanarkshire—VASLAN—on which they are also represented. Those groups are all around the table and can put their views and wishes directly to the CPP. Also, let us not forget Clyde Gateway, the urban regeneration company.

The important thing for us is that we continue to build capacity in those areas. We are doing that by setting up action groups, youth groups and community-led projects such as that which Councillor O'Neill mentioned. Certain things in communities will attract people to come along. Sometimes it is an environmental project aimed at cleaning up spaces or creating a garden, or it could be about youth unemployment. It is about homing in on the things that the communities see as important and then bringing the strength of the CPP to bear in order to do something about them.

We regularly provide drop-in advice centres in some of the community hubs, whereby we sit down with people in the community who want advice on how to do things and what the next steps are. We have officers who advise them on exactly the steps that they need to take, and those officers then feed back to the council.

Part of capacity building is about encouraging people to get involved and to come up with projects that they think should go forward. The challenge for us is to find a way to fund projects and put them into a programme. We are currently getting a good response from communities, but I stress that we need to build capacity to ensure that communities have the knowledge and skills that they need if they are to take things to the next step. Someone talked about attracting outside funding, which is important.

It is about giving people back a bit of confidence and ownership of the community in which they live. The council's role, as I see it, is to try to serve communities' needs and to support and help them.

Margaret Mitchell: That sounds good. Let me give you a practical example of such support. Many communities would dearly love to hire and use assets that councils own, but sometimes they are not given access to buildings after hours or even during the day—perhaps for health and safety reasons—or the charges are prohibitive. Will you comment on that?

The Convener: Councillor Thompson, will you be brief? We have a lot to get through.

Councillor Thompson: We are keen to work with communities. We have a community asset transfer scheme, to try to help people who want to take over an asset—

Margaret Mitchell: I was not talking about taking over an asset. I was talking about assets that local authorities own and run, which have

spare capacity that people are often not able to use.

Councillor Thompson: We are only too happy to work with people on that. If you know of examples, please flag them up to us and we will look at them carefully. If there is spare capacity and we can find a way of ensuring that the community can benefit, we will do that.

Margaret Mitchell: Okay, thank you. Did Councillor Evans want to respond to my question on CPPs?

Councillor Evans: What you talked about is exactly what we are doing. We have vacant buildings throughout Angus that we are letting community groups use. If a building is vacant or on the market, we are not doing anything with it. What is the point of having it sit there doing nothing, when people could put the space to good use? It is about working with community groups to see what they need and whether we can facilitate things.

My party is in administration now but was in opposition in the previous term. It seemed to me that there was a massive breakdown between what was happening in the strategic-level community planning partnership and what was happening with local community planning on the ground. There was a big disconnect there and it seemed that community planning was only as good as the local officer—if a ward had a good one they made a big difference, but if it had a bad one nothing happened and we heard nothing but complaints. I could not have told you what the strategic-level CPP discussed or what were the outcomes of its discussions. It is only as I get more involved now that I can see what is happening. We are working on how we tie what people need at the most local level with planning at the strategic level, so that we bring everything together.

You will probably hear me say more than once that Brechin is our flagship example of how community planning works. Regeneration in the town pretty much kicked off with the townscape heritage initiative, which had funding of £3 million. The town centre was run down, but with the funding we were able to give the whole place a new lease of life.

At first, people in Brechin had to be dragged along kicking and screaming—they could not see the purpose of what was happening. However, we brought in retail experts from Merchant City in Glasgow, who helped to bring our retailers together to think about how they could improve the town. Things have snowballed from there. People have set up events throughout the year, and the work has completely changed the way in which Brechiners think about their town. Instead of

moaning about the place, people are saying that Brechin has a lot to offer and that there is much to get excited about.

The work was supported by community planning all the way along. As it happened, our community council reformed, so we had a new group of positive-thinking people there. The work of the local partnership, the community council and the retailers group, with support from local community planning, has completely changed Brechin. We hope to build on the experience and spread the approach across Angus.

Alan McKeown: There is a point to be made about wider community planning and some of the frictions between national agendas—on the disposal of NHS land through the disposals book, for example—and how they do or do not contribute to strategic alignment.

We might decide that we would like to do something with old hospital sites, for example, by developing housing sites to meet a wider regeneration objective or building a centre of excellence for training. However, the NHS holds a big swathe of land and its disposal strategy is centralised, which means that our local NHS partners do not have much of an influence. That gap is an issue not only for Angus Council but in other areas, and the committee may want to explore whether we can achieve proper structural alignment if we do not follow through on some of those disposal strategies and other rules.

When I worked for the Convention of Scottish Local Authorities and community planning was just beginning, that was one of the key goals. If we get the NHS, local government, police, fire and the voluntary sector all strategically aligned, including on budgets, we have a chance for success.

The Convener: That is very useful, Mr McKeown. I will not go around the table on that, because we would probably hear about a lot of local aspects, but, if any of you want to send us information about where such difficulties have arisen, that would be very helpful.

Richard Baker (North East Scotland) (Lab): I am interested in how we maximise investment in regeneration and the policy changes that can be made to incentivise it.

South Lanarkshire Council's submission refers specifically to the "challenges" in procurement processes at present. Procurement is one area in which council spend can be used to maximise investment in regeneration, also leveraging in private partners.

What could be done specifically in that regard? I direct my question to Councillor Thompson, as I have referred to his submission. What is being

achieved through procurement at present, and what more could be achieved?

The submission also refers to the forthcoming procurement bill and the existing challenges. What sort of changes are needed to ensure that we can maximise investment in regeneration through council procurement?

The Convener: I ask you all to give brief answers from now on, because we have a huge number of questions to get through.

Councillor Thompson: I think that you have been speaking to the leader of the council about brief answers again, convener.

A number of provisions could be considered for inclusion in the procurement bill, on aspects such as living wages, taking on apprentices and recruiting in the areas of highest deprivation.

Our strategy has been more than reasonably successful, but we have worked on it for 10 years through the supplier development programme. The Government procurement department is now considering a national roll-out of the supplier development programme as part of a wider piece of work, and I congratulate it on doing so.

Far more could be done, and if we take the spend and tie our employability, regeneration and economic development strategies into our procurement strategy, we will get far bigger hits for our buck. It is important that we do that.

If you are caught for time, convener, we can produce a submission on that for the committee. As I said, the strategy has been a 10-year piece of work that has often involved winning the hearts and minds of procurement professionals.

Richard Baker: I will be brief, convener, because we are short of time.

Councillor Thompson, are you confident that those goals will be achieved through the forthcoming procurement bill? Is there the necessary dialogue between local authorities and the Scottish Government regarding that legislation—which is due to be introduced in the near future—to ensure that the new legislative framework will be in place to help to achieve the goals that you have set out?

Councillor Thompson: I certainly hope so. The Government is listening to what we are saying and is doing its absolute best, but we must remember that we have to balance what we do against European legislation. We have to push the boundaries as far as we can, and there are some very good models south of the border—particularly in areas of London—that we can look at in that respect.

The Convener: Councillor Thompson, you mentioned the council's procurement department.

Some of us recently visited the Clyde Gateway project, which seems to have dealt with certain procurement issues that others have felt to be an impediment. That is my impression from what was said to us. What co-operation is there between South Lanarkshire Council's procurement department—as you referred to it—and the procurement work that is going on at Clyde Gateway?

10:15

Councillor Thompson: It is not just about Clyde Gateway but the council's whole process. The procurement department has been given specific instructions by the chief executive and the elected members that it is necessary to bring on local suppliers. If we need to build our capacity, we will do that using our economic development budget. The suppliers must use our work programmes. We can put some of that in legislation, but some of it we cannot. We have worked very closely with Clyde Gateway on how it procures, and its model is very similar to the one that we use. We are very supportive of Clyde Gateway. We believe that there is a way forward in the procurement area and that it is one that we cannot miss, because it is very important.

The Convener: Okay. Does anyone else want to talk about procurement? I hope that you will all become involved in the consultation on the bill, because that is extremely important.

Stuart McMillan (West Scotland) (SNP): I have a question for each of the local authorities. The first question is to Angus Council. You stated in your written submission:

"Regeneration policy in Scotland needs to anticipate and respond to changing patterns of behaviour".

You then went on to highlight the issue of

"behavioural change in terms of smoking, obesity, alcohol etc."

Is the local authority undertaking any particular actions to help facilitate such change?

Councillor Evans: Absolutely. I talked earlier about it being hard to pinpoint budgets and identify spending, but we are trying to take massive steps in the direction of tackling obesity and poverty. We are doing that through a lot of early intervention projects, but it is done in conjunction with community planning and working with the third sector. For example, Voluntary Action Angus is a key partner. We are looking at the most deprived areas in Angus and working together to tackle the issues there.

Stuart McMillan: Would it be possible to send the committee more detailed information on that?

Councillor Evans: Absolutely.

Stuart McMillan: Thank you. My next question is for South Lanarkshire Council. Councillor Thompson, on the first page of your written submission, in answer to question 1, you referred to the

“EU structural programme 2014-2020”

and went on to say:

“If programmes such as these are developed increasingly looking at areas of opportunity then there is the potential for regeneration projects and jobs to move to relatively wealthy and successful areas.”

I suggest that that ties in with what is said in the Scottish Enterprise written submission. We will hear later in the meeting from a representative from Scottish Enterprise, but its submission states:

“Clear priorities are not only important for maximising the impact of public sector spend. They also send a strong message to the private sector about where public investment is most likely to enhance the conditions for the private sector, making the returns on investment sufficiently attractive.”

As I said, I think that the two statements that I have quoted are similar. Do you think that there is possibly too much investment for the larger, more affluent areas compared with that for areas of deprivation?

Councillor Thompson: It is important to get a balance. I am interested to see that Scottish Enterprise and South Lanarkshire Council take the same view on the issue, which just goes to show that partnership does work.

We must be very careful, though, about having layers of policies within departments and the creation of silos. We must be very clear about exactly what we are doing, whether at the level of the council, Scottish Enterprise or the Scottish Government. We must get the balance of investment right. Clyde Gateway is a good example of where a lot of public money is going in, but we must persuade the private sector to come in and must give it the confidence that it can invest its money in the same way. Even with the best will in the world, the public sector cannot do it all. Our job should be to stimulate investment and get work started, and then hope that we can get the private sector to take it from there. That is not an easy ask in the current economic situation, but we are beginning to see some of that in Clyde Gateway and in other areas. However, we must balance how and where we spend our money and ensure that we attract private-sector funding to come in on the back of that.

Stuart McMillan: Thank you. My next question is for Councillor O'Neill. You referred earlier to the meeting that will take place this afternoon regarding the potential benefit for a regeneration project that is to do with a school.

I am not going to ask a political question, but I have a technical question. I am led to believe that, if the decision goes ahead, there may be a joint procurement arrangement for schools between West Dunbartonshire Council and another authority.

Councillor O'Neill: It is East Renfrewshire Council. We are about three months behind East Renfrewshire Council in the procurement process and we would save on costs.

West Dunbartonshire Council receives 66 per cent of its funding from the Scottish Government and we come up with the other capital moneys. We are working on a joint procurement model with East Renfrewshire Council so that the work and the drawings will be done at the same time. Because we are slightly behind in the process, there is some benefit for us as we will learn from East Renfrewshire Council's mistakes and, we hope, avoid making them. The decision on what will happen at particular sites will be made by an education committee this afternoon.

Stuart McMillan: Would there be potential financial implications if there were any further slippage in the procurement and in moving ahead with the programme?

Councillor O'Neill: It is contained just now. If there is an officer recommendation for a particular site but there is a groundswell of opinion within the community against a particular bit of greenbelt being used—

The Convener: We are getting too much into local policy decision making, as far as I am concerned.

Councillor O'Neill: I appreciate that. As it stands just now, there will be no slippage and we will not fall behind.

Anne McTaggart (Glasgow) (Lab): According to what we have heard this morning, the establishment and measurement of regeneration outcomes has been quite varied. Would you welcome an approach that was based on people's wellbeing?

Councillor Evans: Absolutely. We are working more towards an outcomes-based approach anyway through our community planning, so we would welcome that. The funding tends to be diverted to shorter-term projects that are easier to slice at budget time. A lot of the time, we cannot see whether a project could have a positive impact 10 years down the line because we do not get the chance to assess it properly. Therefore, I would welcome such an approach.

Councillor Thompson: We conduct a residents survey that includes that issue. We have done that in 2007, 2009 and 2011, and the next one is due at some point this year. The background to your

question is right—we need to measure what we are doing to see the outcomes that we are getting from it. We need to measure what is happening out in the communities, and the best way to do that is to ask the people who live there.

Councillor O'Neill: We see regeneration very much in terms of community wellbeing. If we do not have jobs, regeneration and people interacting socially, we will not have healthy and safe communities. We look at the whole mix of regeneration and all the benefits that come from it. If people have jobs, they feel better about themselves, about their children and so on. It is not rocket science. Regeneration will have a domino effect if the community is at the heart of it.

John Wilson (Central Scotland) (SNP): Good morning. Convener, I apologise for starting with a local question—I will try to generalise it in the context of the issues that have been raised today.

The Convener: Give it a bash.

John Wilson: Councillor O'Neill, you talked about community asset transfer in Duntocher and said that the facility is being used daily now that it is run by the community. Why do you think the facility was not used daily when it was under the control of the council? What is different now that means that it is used more frequently by the community?

Councillor O'Neill: I hesitate to make a political point, but I do not think that we were using our assets appropriately. A cost implication was undoubtedly involved; previous administrations were trying to reduce budgets.

My colleague from Brechin talked about communities using facilities that had not been used. As the vice-convener of my council's housing, environment and economic development committee, I strive to look at such things. We reduced some charges for community facilities in West Dunbartonshire and brought some into line with each other—we had a number of pricing regimes that went back even to regional council days. Probably about 95 per cent of charges in West Dunbartonshire were reduced.

John Wilson: The situation shows that communities can operate facilities successfully, which leads to the argument about community asset transfer being of benefit to communities.

Councillor Thompson, you made great play of the schools improvement programme. According to written information, that programme of upgrading and new builds is almost complete. You said that you had worked with local contractors to create local jobs and local apprenticeships. How successful has that programme been? What long-term monitoring will be done to ensure that people

who are employed on those contracts gain meaningful employment in the future?

Councillor Thompson: The approach has been very successful. The contractors use our employability scheme to do their recruitment. We support many people with job subsidies and training. The recent figures show that more than 90 per cent of the people involved are still in full-time employment a year after they have finished participating in the scheme. The approach is very good.

We are talking about people who go through our skills academy in construction from 14 to 16 and people right up through the process. Probably 100 people have got jobs through that process. That is over and above the adults who have taken part in other schemes and got jobs with job subsidies.

Our scheme has been successful. The good news for us is that the contractors like it. They find it useful, it reduces their costs and it gives them community ownership of what is happening. The scheme is working, but it is not a cheap option.

John Wilson: My final question is to Councillor Evans. You referred to the revamping of community councils in Angus and you talked about engaging with "positive-thinking people". How do you engage with people who do not think positively and who might criticise the local authority's regeneration strategies and policies? I will not put that question to the other witnesses, although it might apply to them. How do you tackle people who question what is being done—particularly if they have been around for many decades and have seen things being done to rather than with them?

Councillor Evans: There are a lot of elected members in this room, so I am sure that we are all used to meeting people who do not think positively about us, let alone other things.

As I said, the physical regeneration that we had sparked a sea change in people. The general feeling was that everybody was fed up with how things had been. There was a lot of negative thinking at the start. People complained that not an awful lot seemed to be happening, and then they complained when the scaffolding went up. It was only when the results were seen that the general attitude changed.

As more and more people started to talk about our city in a positive way, things snowballed and there was a big sweep towards change. You will always get negative people no matter what you do. Some people will always criticise certain policies, whatever we try to do. Only when they see the effects do they change their opinion. It is a matter of being consistent until people see the final results.

10:30

John Wilson: I had those three brief questions, but I want finally to raise an issue that people might want to reflect on. Engaging with people at the start of the process might assist in taking them in the direction of travel that you are aiming for, rather than have them fight against it. One big issue is that many communities feel that they are getting things done to them rather than with them. That is why you might get negative thinking at the start of the process.

The Convener: Thank you, Mr Wilson.

I want to make a brief point. Having been out and about, we have seen cross-boundary co-operation in relation to Clyde Gateway, which involves two local authorities and a lot of other partner agencies. How do you deal with regeneration schemes that cross local authority boundaries? Councillor Evans, I know your neck of the woods and I think that you represent Edzell—although, of course, Edzell air base is in Aberdeenshire. How do you ensure that you co-operate with other local authorities to create the right climate for regeneration in cross-border areas, as has happened with Clyde Gateway?

Councillor Evans: It is quite hard, because on the other side we have a border with a city where the needs are quite different. Aberdeenshire is a place that we could work with more closely, but I do not think that the relationship is 100 per cent there in respect of regeneration. Regeneration feels quite localised at the moment. I do not know whether Mr McKeown has a different opinion.

The Convener: I understand that. I will come to Councillor O'Neill next to ask about West Dunbartonshire. There are areas where the effects of regeneration—or lack thereof—are felt across local authority boundaries. What I am trying to establish is how we ensure that there is discussion between local authorities, as there has been in relation to Clyde Gateway, so that communities on the boundaries do not miss out on regeneration prospects.

Alan McKeown: From our perspective, it is about the regional planning approach, which in Angus is the TAYplan approach. We start off with strategic planning discussions between officials and elected members. That is helping us ensure that we bridge any gap between Dundee and Angus.

The Convener: You have opened another can of worms. You are obviously involved in TAYplan, but Edzell air base is included in the Aberdeen city and shire plan. How do you ensure that there is co-operation in that regard?

Alan McKeown: We met the chief executive of Aberdeenshire Council as we walked into this

meeting, and we have agreed to catch up and have a conversation about shared services and regeneration activities. At one level, it is as simple as having and using good personal relationships and then bringing in elected members to talk to each other. That world is opening up much more now than it ever has in the past. We have to create those opportunities and make them work for us. At one level, it is as simple as that.

The Convener: Councillor O'Neill?

Councillor O'Neill: Given our position, we do a lot of work with Argyll and Bute Council and Stirling Council as our three boundaries meet. We also work with the Loch Lomond and Trossachs National Park Authority.

As well as being the vice-convener of the regeneration committee, I am the convener of the planning and licensing committee. I sit on the Clyde Valley joint community planning group, our local development planning group. We also have the Clyde waterfront strategic planning group. We do lots of joint work. Most recently, in relation to the marine accident investigation branch, a boat sank on Loch Lomond. I appreciate that we are short of time, convener. The boat was unregulated—

The Convener: Councillor O'Neill, I think that we are drifting off the subject of regeneration and the cross-border co-operation aspect.

Councillor O'Neill: Okay. There is the Clyde Valley community planning partnership and the joint development group, and I am vice-convener of the Clyde and Loch Lomond flood prevention group, which is working with the Scottish Environment Protection Agency and local authorities that are adversely affected by flooding.

The Convener: Councillor Thompson, you mentioned Clyde Gateway. Do you want to say anything else?

Councillor Thompson: We have a good relationship with our old friends in North Lanarkshire, particularly on regeneration and what we call routes to inclusion. We sit down together regularly to think about where people are and where they are going. The initiative is politically led, and below the political leadership there is an officer group. We look at business development and business gateway, which has some fit in that regard, and we look at tourism, which is important in the rural area and also fits with the regeneration agenda.

We, too, are involved in the Clyde Valley CPP. Work is politically led, as it was on Clyde Gateway and as it is in Glasgow. The politicians meet to talk about our shared values, and officers advise us.

Partnership with other local authorities is working well, as is partnership with Scottish

Enterprise—someone from Scottish Enterprise is sitting behind me and would probably give me a skelp if I did not say that—and with Skills Development Scotland and the national health service. We do not always get what we want and we do not always agree, but we share problems, argue out a common way forward and then stick to it.

The Convener: Thank you all for your evidence. I hope that we will get feedback on some of the points that were made.

10:36

Meeting suspended.

10:38

On resuming—

The Convener: I welcome our second panel: Rachael McCormack is director of strengthening communities at Highlands and Islands Enterprise; Councillor Thomas Prag is chair of the planning, environment and development committee at Highland Council; and Andy McCann is economy and regeneration manager at Highland Council. Does anyone want to make brief opening remarks?

Councillor Thomas Prag (Highland Council): I have no intention of making a long opening statement, because I am sure that members have lots of questions, but it might be helpful if I remind members that although people tend to think of the Highlands as being rural we have areas of significant urban deprivation.

I also want to draw members' attention to something that we said in our submission, on how to work with communities and whether work should be public sector led or community led. We tend towards a middle path—in other words, it could be either.

That is really all that needs saying. The committee will no doubt grill us with difficult questions.

The Convener: Thank you for that. I am sure that most of us are aware that not all of Highland is rural. Many of us will have visited the great city of Inverness and some of the other urban areas of your authority. In terms of tourism, a lot of us have been here, there and everywhere. However, that point is useful, because we sometimes see local authorities as being either urban or rural, so thank you for that.

Highland Council and Highlands and Islands Enterprise are represented here, and I imagine that many of your regeneration budgets are joint budgets. Perhaps you could tell us about that co-operation and say how much you are spending on

regeneration activity and what proportion of that budget is spent on community-led regeneration.

Councillor Prag, do you want to go first?

Councillor Prag: Yes, but I am going to rely on my colleagues quite a bit.

The Convener: Fair play, sir.

Councillor Prag: I heard that question being asked before and I wished that I had had it beforehand because we could have done the homework for you. The difficulty, in many cases, is in identifying what is in the regeneration budget. Frankly, so much of what we do is about communities and regeneration anyway, but it is the additional bits that we need to consider.

We can point to such things as a community challenge fund that we have introduced—it is a relatively small fund for us—which is encouraging communities to come to us with ideas about where they can perhaps provide services better, and to work with us. That has produced some interesting ideas. We have a preventative spend budget as well. Those are two relatively small things that I can immediately identify. Mr McCann can probably give you a list of some of the sums—he has had a chance to think about it.

Andy McCann (Highland Council): Good morning. One thing that we are keen to point out is the Highland LEADER programme, which we have been active in. That is a £16.5 million programme in Highland. It is European cash and it is matched with some Scottish Government funding, but £5 million of match funding has also come in from the council. Some 350 projects have been funded through that. External funding has come in, but the council has also identified spend.

The council also has £1 million of discretionary spend for each of the wards, and it is active at the community level in supporting community projects. Another example is our employability budget, where we are spending just under £2.5 million, and we have the European social fund funding on top of that. As part of that, just under £0.5 million is directed to deprived area funds to support community projects, which is linked to employability.

As Councillor Prag said, we have a wide range of activity. We are happy to pull together some further details for you if you wish.

The Convener: As you said, the LEADER money is mainly European. You also mentioned the European social fund money. How much European money do you have to play with, as it were?

Andy McCann: As I said, the LEADER programme is a £16.5 million programme. It includes LEADER and convergence funding. We

recently pulled down £1 million of ESF funding for employability activity, and we have also just pulled down £80,000 from the Scottish Government for a particular employment initiative that has come along. The council has also pulled down money from other, wider funds including the European regional development fund and the European fisheries fund, which again supports community activity. That is just under £0.5 million.

The Convener: Okay. It would be useful for us to get our heads round that.

Rachael McCormack (Highlands and Islands Enterprise): Highlands and Islands Enterprise and our predecessor organisation, the Highlands and Islands Development Board, have been in establishment for a period spanning five decades. Back in the 1960s, the HIDB was given a remit of social and economic development, and now HIE has that remit. That distinctive characteristic of our organisation means that we interlace and combine approaches to social development and economic development.

The answer to the question of how much we spend on regeneration depends on how we define regeneration, but it would probably be all of it, given that the focus of Highlands and Islands Enterprise's work is to support communities, businesses and social enterprises in the Highlands and Islands region to grow, be ambitious and reach their aspirations.

10:45

Margaret Mitchell: Good morning. Can we tease out how, in practice, Highlands and Islands Enterprise and Highland Council co-ordinate their regeneration strategy and activity, given all the funding that you have mentioned and the shared aims, to ensure that there is no duplication and that there is value for money?

Rachael McCormack: For the benefit of the committee, I clarify that HIE's relationship is with all the local authorities in the region, one of which is Highland Council. We also work with colleagues in Moray, Shetland, Orkney, Inverclyde and Argyll and Bute. In addition, we have a little bit of crossover with North Ayrshire. I hope that I have not missed anybody.

Therefore, we work with a range of local authority partners. At a strategic level, senior colleagues on the HIE executive sit on the boards of each of the community planning partnerships in our area, and that is an extremely valuable mechanism for strategic alignment.

I can see that there is a hunger for some figures and I will use our community account management programme as an example. I can share with the committee the figures for the

contribution that HIE makes—as that is the mechanism for collaboration—and the contributions that all the local authority partners and a number of other partners make, principally to support community-led regeneration, if that is of interest, convener.

The Convener: Yes, go ahead, Ms McCormack.

Rachael McCormack: For a number of years, HIE has supported community-led regeneration in a very specific way, which we term community account management, whereby we work with a whole community in a particular location when the community identifies and establishes itself. We provide support, resources and some access to finance, but we also bring other agencies together around the community so that it can benefit directly from specific support.

The communities have a long-term relationship with HIE staff. We have expertise within our community assets team and our community growth committee's policies team. We also have strengthening communities teams within each of our eight area teams, so wherever a community is in the Highlands and Islands region, it is not very far away from an area office or a local office with HIE staff who have a community-led regeneration focus.

I will give the figures and financials for the account management process. We have done an interim review—it is a rolling programme—and from when the account management process started properly in 2009, there has been a cumulative investment of £4.6 million, of which HIE funding was just over £2.7 million and LEADER funding, via the local authority LEADER local action groups, was £1.8 million. In addition, Shetland Islands Council and Orkney Islands Council made further contributions. One of the national parks and a number of other agencies have given contributions in kind. The process is something of an exemplar of multi-agency working and of adopting a partnership approach to locally led community regeneration.

I tend to distance myself from the phrase “bottom-up”, because I do not agree with it as a principle and I do not think that it is right. I think that “community led” is a much more accurate description of what community-led development and regeneration are, because the starting point is the community coming together around a common need, a shared aim or a desire to do something—sometimes because there is a threat of something happening that they do not want to happen. We support them to become constituted and give them some initial grant moneys to allow them to spread their wings a little bit and to determine for themselves what they want to do and the trajectory that they want to go on.

We support them to do far-reaching community engagement. When I say far-reaching, we would look for 60, 70 or 80 per cent representation, if that is at all possible. I was at a presentation from the Machrihanish air base community company recently, at which its representatives talked about 70 or 80 per cent representation, with thousands of people in their community participating in the early-stage consultation. That is very significant. The difference is that it is community led as opposed to agency led.

We support an assets audit—an inventory of what is available to a community and what a community might want to do differently—and then a prioritisation exercise, which leads to what we term a growth plan, which is basically a shared development plan. It is important that we give direction to help communities to identify those things that will increase their resilience in the long term. If they want to do two different things and one of them has an income stream associated with it going forward, that would be the most likely one that we would guide the community towards putting its resource in. That is because grant dependency is not a position that our communities want to be in and is not sustainable in terms of the current public sector purse either.

Margaret Mitchell: Is it through that interim review to which you referred and through account management that you have the checks and balances to ensure that you are not duplicating anything that is already being done in Highland Council or in one of the various councils that you mentioned HIE works with? It is a lot to keep a handle on.

Rachael McCormack: It certainly is. I am fortunate in having an extremely capable staff and a range of colleagues who work directly with partner agencies. It is not all for HIE to deliver—absolutely not. It is community led. HIE provides an umbrella—a framework, if you like—but we are reliant on colleagues and share that responsibility for delivery with them. That includes colleagues such as the colleagues who are here from Highland Council, our other local authority partners and our health authority partners—it is a multi-agency list.

The community account relationship is the responsibility of HIE in as much as we provide the staff resource that has the long-term relationship and brings the expertise. We do not provide core support to organisations but we are there if they need us. We are there for the good times when development is going strongly; we are there for the bad times; and we are there for the long haul.

In talking to communities, we hear that it is that relationship that is most important to them—not the finance. They always say that the finance is nice, but if you asked them to say what is most

important, it is the relationship with our expert staff, who bring a huge amount of experience and can expedite significant change in communities for the benefit of the whole, inclusive community, not just the community anchor organisation with which we work.

Margaret Mitchell: Okay. Councillor Thompson—

The Convener: Councillor Prag.

Margaret Mitchell: Sorry. Councillor Thomas Prag.

Councillor Prag: That is all right, I am used to being called lots of things. For such a short name, it can be difficult.

At the top level, if you are talking about how we work together, I go back long enough in the area—long before I was involved with the council—to be able to remember when the relationship, frankly, was not all that good. In fact, it was competitive, which was even worse. That was before all of our times, I am delighted to say.

What exists at the moment is, first, the single outcome agreement, which has been very helpful in focusing minds and in focusing us on what the outcomes need to be and who is responsible for them. That is working much better for us now. We also have things such as the Highland economic forum. It has all kinds of bodies on it, but we do not just meet as a talking shop. We have targets and we ask, “Who is going to do that?” I chair it, as it happens. HIE is part of that, as are many other appropriate organisations.

We also have a joint economic recovery plan. The economy and what to do about it has been top of the council’s programme for this session. We partly developed the plan but some of the detail is now being taken on by HIE. We are working together on that and we had a meeting a few weeks ago about where bits of that are going.

Mr McCann can probably give you a more practical example from the work done on the Nigg energy park and its redevelopment. That was a classic example of a project for which partnership working was the only way to deliver it.

Andy McCann: I am tempted to say that working together is just something that we do; it is how we work in Highland Council. We do not necessarily think of having to make the connections, because they are already there and we work together in an operational sense.

Just to pick up on something that was said, there is the strategic side of it, with the single outcome agreement, but we are currently doing another thing through the Highland community planning partnership. A cross-agency working group is sitting down with the agencies to look at

how we are all working together on community development. That is not just about duplication or addressing the issue with HIE; it is about looking at what NHS Highland is doing—through its district partnerships or on health inequalities—and trying to make the connections across the range of agencies, not just with HIE.

To pick up again on the operational aspect, we made joint investments in Nigg. There were a lot of issues about state aid, so we had to work closely there with the officers on practical details to ensure that there was no problem. For the Highland LEADER programme, HIE and other partners were integral to putting together the programme's design, strategy and operational delivery on the ground. Partnership working is built into our systems and working practices.

Margaret Mitchell: Are there checks and balances to ensure that there is no duplication of funding by councils and HIE? Do you ensure that there is no wastage at all and that value for money is a priority?

The Convener: Who wants to tackle that one?

Andy McCann: On checks and balances, it is about understanding individual projects and the finances through the operational mechanisms that are used. For example, the Nigg operational mechanism had to be very clear and detailed because of the particular investment issues there, state aid issues and so forth. The operational mechanism for individual projects, such as the Highland LEADER programme, identifies the funding clearly and up front. If agencies are looking for particular outcomes, that is captured in the projects' outcomes.

The Convener: Ms McCormack, you were keen to answer that question, too.

Rachael McCormack: I echo Andy McCann's point. I can give a couple of examples, without going into detail here, from the course of the past two days. An issue arose, but before we or anyone else steamed in to sort it out, the first port of call was a phone call at director-to-director level. Then we would encourage colleagues from the respective teams to have detailed dialogue. Secondly, on the way into Edinburgh last night, I pulled into the car park at Wickes because Stuart Black was on the phone wanting a chat about something where there is a mutual crossover and we need to collaborate. I do not think that I could make up that kind of example.

Stewart Stevenson: I want to pursue an issue that I pursued with the previous panel, the essence of which relates particularly to capital expenditure. If we were not engaged in regeneration, what would we not do? To turn that on its head and put it positively, what are we doing

in capital expenditure that we are doing only because we are focusing on regeneration?

Councillor Prag: That is a very good question. I am glad that, as I listened to it, I had a little time to think about it. By the way, the mathematician in my family was my father, not me.

It is really hard to pin down an answer to your question, because regeneration funding advances things in some cases, or makes us do things better. Lots of work is being done in the city of Inverness. For example, a big bit of flood defence work is being done to prevent the river from flowing into the city. We are funding that, but the Scottish Government is largely funding it. However, we can also do bits on top of that work because we can access other bits of funding to make it that much better and regenerate that part of the city at the same time. That shows why it is quite difficult to answer your question.

Schools were mentioned earlier. There are areas in which a new school might have to be built, but if we have access to different funding and the community thinks and works together, we can add something to that school. I cannot give you specifics in answer to your question, because there is not a neat line. I know that that is not comfortable for a mathematician, but the position is very grey.

Andy McCann: We referred in our written evidence to a particular project in which the council was investing in a school. The council was aware that the community was keen to have community facilities in the school, but the council's capital programme was not able to provide them. The council used part of its capital to provide the space, but it was through community development activity that the community got together and did the fit-out. The community is now involved in the management of the facility.

It is not necessarily about generating extra capital; it is about how capital is used to create opportunities. In the example that I gave, the community became active, and the asset that has been created is not just a council asset but very much a community one.

11:00

Stewart Stevenson: Are you saying that as a matter of policy you use capital expenditure in a way that maximises the building of community capacity?

Andy McCann: When there is the opportunity to do that, that is certainly what happens in Highland Council.

Councillor Prag: I have not thought about it in that way, but I think that we instinctively do that. In other words, I do not think that there is a written

policy, but we would immediately make the most of our capital from a community point of view. Perhaps I have misunderstood the question.

Stewart Stevenson: Are you suggesting that regeneration is so ingrained in everyone that you do not need to speak of it? I am slightly sceptical about that.

Councillor Prag: We can always find things to talk about. Is regeneration ingrained? I think that it is. Let me give you an example. We have a lot of small towns and city centres, as everywhere else does. A report about regenerating town centres was produced recently for the Scottish Government, but we had already been thinking about how our city centres need to be different kinds of places. We had organised a seminar for our members about the issue, so that they could think about it—so regeneration is embedded in our thinking.

May I give you another example? We have known for a while that we want to do something about Academy Street, in Inverness, but we really need regeneration funds for that. Anyone who knows Inverness will know that the street is a thoroughfare and a problem, which is crying out for significant help, not just to improve some of the buildings but, in my view, to create a shared space where vehicles and people mingle more. That is the kind of thing that we might want to do. We do not have the capital resources to do everything, but we might put something towards regeneration of that part of the city—I am not sure that that has answered your question.

Stewart Stevenson: I might go back to buying my shoes in Inverness if you closed down the bank that replaced the best shoe shop in the Highlands. But there we are.

The Convener: We are getting parochial again. Ms McCormack, do you want to add anything?

Rachael McCormack: Mr Stevenson made an interesting challenge about our perspective. When we look at capital investment, we probably do not describe what we are doing in terms of regeneration objectives. The objectives that we seek in relation to community-led development are to do with demographic change, positive economic activity, increased social participation, services and amenities that are managed for and by the community and positive changes in environment and land management. We look for a qualitative measure of overall community confidence.

I gave figures on HIE investment of more than £2 million to deliver some of the capital projects that communities sought. We invested a total of £4.5 million over two or three years, and that levered in other moneys—£6.60 for every £1. There was a creative use of capital with a view to maintaining a focus on what you might call

regeneration but what we would describe as a series of linked outcomes that are beneficial for our communities.

Perhaps another way of answering Mr Stevenson's question is to say that we have confidence in our communities, to the extent that we are very comfortable with placing in their hands some of our most significant chunks of capital, for community-led investment. In South Uist, for example, Stòras Uibhist and Sealladh na Beinne Mòire are taking forward a £10 million harbour development, to which HIE has contributed more than £5 million. We have put money into the hands of a community landlord to take forward a community-led regeneration project that will be demonstrably transformational for that part of our region.

The Convener: Will you clarify one point? You said that an investment of £1 levered in £6.60. Is that right?

Rachael McCormack: In terms of community investment secured during the period that we looked at, although a number of those communities had support from Highlands and Islands Enterprise over the preceding period. We did an interim snapshot evaluation to examine what the spending and productivity had been during that period, and we found some fairly significant results. I would be happy to share that with the committee, if that would be of interest.

The Convener: That would be of great interest to the committee, thank you.

John Wilson: HIE and HIDB have been around for five decades. What impact has that had on communities, particularly with regard to social development issues? Has it given communities in the Highlands and elsewhere a grasp of what can be achieved if they are actively involved in regeneration?

Rachael McCormack: Most communities would agree that it has given them massive confidence—that is an appropriate descriptor. I think that the longevity of the relationship—which I will probably mention as many times as possible when I am before the committee—is fundamental, as are the expertise and guidance of staff who understand communities.

Sometimes, people come to us cold and say, “Can you deliver X, Y and Z?”, “Can you get the community to participate?” and “Can you give us the results of the interim phase within four months?” We say, “No, we can’t.” We are honest about that. We are involved in the process of demonstrable and genuine community-led development. It is possible to produce something quick and dirty in that sort of timeframe, but the longevity of the relationship allows communities to build their capacity and their confidence and

identify the things that are important to them. There might be some things that are pressing, but there will be other things that are under the surface, and having a little bit of time and support to be able to identify them brings huge benefits. Confidence is a significant outcome.

Taking a step back, I point out that 500,000 acres of land in Scotland are owned by communities. In the past decade, HIE has supported the purchase of 320,000 acres by communities, so those communities are now living on land that they own. For example, two thirds of the population of the Outer Hebrides now live on land that they own, manage and develop. North Harris Trust took ownership of its estate 10 years ago. The population of those 62,000 acres of north Harris had declined by half in the preceding five decades, but the population is now returning. The trust has a competent and capable team of staff and represents an ambitious community. It has taken forward a range of development projects. It has built and let eight social housing units. It is considering turbine projects, as well as setting up industrial units for light industry, which will increase the economic opportunities in the area.

I could go on, because the achievements of that community in the past 10 years have been absolutely phenomenal. The experience has been truly transformational, and came about as a result of investment by the community, HIE and a range of partner agencies.

Councillor Prag: She would say that, wouldn't she?

Rachael McCormack: And she does.

Councillor Prag: I am really glad that she did so as comprehensively as she did. However, I can speak as someone who is outside HIE. I have been involved in the Highlands since 1976, and will be for the rest of my life. Back then, confidence was pretty low. Population flows were still negative, particularly among the young people. That has changed. The reason for that is the issue of confidence. I notice, as I walk around and talk to people, that people are confident. They are still living in fragile areas, of course, so why are they confident? I think that it is because of the local knowledge and local understanding of HIE. People trust it and, therefore, are willing to work with it.

John Wilson: The point that I was trying to come to is that the good practice over those five decades has allowed communities to engage fully in the process and to feel valued within the process.

Councillor Prag, in your opening remarks, you made reference to the fact that there is urban deprivation as well as rural deprivation in the Highlands and you mentioned a particular street in Inverness that you would like to see being

regenerated. How do you deal with the competing pressures in relation to regeneration and value for money that exist in deciding between a development in, say, the city of Inverness and regeneration that is aimed at dealing with the problems of deprivation in Wick, Thurso or Durness?

Councillor Prag: The nice simple answer is that that is challenging but they both matter, and they both matter to each other. For a big authority such as Highland Council, that is sometimes quite a tricky balance. We have councillors in Caithness who would always argue that we are not doing enough for Wick. Wick is quite a good example. It is an area that is not in the best of health, if I can put it that way—I walked round it recently—but it has potential, because of offshore wind and so on in the harbour area. We have done some work on that, as has HIE.

How do we balance that against development in Inverness? We find the resources to do both—we do not do one or the other. We have to do both. However, it is also a city region, so Inverness has to be looked after as part of the region. We cannot just suddenly say, "Inverness is okay, so we'll leave it. We won't bother with it." The rest of the Highlands is linked to it—Inverness is the heart.

John Wilson: You mentioned that you had been involved in the Highlands since 1976 and you talked about depopulation in some of its rural areas. In some areas, that has been successfully turned around, but not in all areas. You mentioned Wick and the issues that it faces. How do you see Highland Council skewing its funding, particularly its capital expenditure, in the future to assist communities along the northern coast to fully engage economically with some of the opportunities that are currently available to them?

Councillor Prag: The answer is that we are already doing a lot. I am sorry, as this is going to sound like a love-in, but we do that together. Yesterday, there was a meeting of the Caithness and north Sutherland regeneration partnership, which I could not go to. That is a classic example of a partnership. It involves organisations such as HIE, Highland Council and the local chambers of commerce. A lot of work is being done there because of the Dounreay rundown. The plus with that is that we know the phasing and how it will work. The Caithness and north Sutherland regeneration partnership is heavily involved in that, and we work with it on that.

Wick has different issues. It is a bit further away. I have forgotten your question; I think that it was about how we prioritise—

John Wilson: How do you engage with those communities to ensure that the council, when it

can, drives some of the capital investment that could take place to assist them?

Councillor Prag: I will give you an example. We are producing new local plans for those areas. In Wick and Thurso, we held charrettes—I do not know whether you have come across them.

John Wilson: Yes.

Councillor Prag: It is a dreadful word but a very good process and one that involves the local community. Communities have joined us and our planning colleagues in drafting their own plan, which is now being discussed and consulted on.

I wrote down a few notes before I came to the meeting. Serendipity plays a big part, but serendipity needs a hand and that is where we get involved. In Wick's case, it will probably be activity to do with offshore developments and the harbour that will help to spark off a lot of that. We can do whatever we like—we could put money into pedestrianisation and all the rest of it, but if the business is not there and the community's heart is not in it, it will do nothing other than tidy up the street a bit. It needs to lead to the opening of new shops and new activity. If there is business that is likely to come into Wick, we need to help to ensure that that happens.

Wick airport was recently renamed Wick John o' Groats airport. That was a simple marketing exercise. It may sound silly, but that is the kind of thing that begins to change how a place feels about itself. John o' Groats is now a very lovely place to visit. I ask any members who have been there in the past to please go again—it has been regenerated, through the involvement of partners such as Highland Council and HIE.

11:15

John Wilson: I am tempted to talk about the John o' Groats signpost, but I will avoid that debate.

The Convener: I thought you might want to talk about Old Pulteney, but we will not go there either.

We have heard a lot about difficulties with state aid. How have you overcome such barriers in some of the big projects that you have mentioned?

Councillor Prag: We thought that the topic might come up, so we nominated Rachael McCormack to discuss it.

Rachael McCormack: I was telling colleagues about a question that came from the floor during the Development Trusts Association Scotland conference, which took place a week last Monday. I was surrounded by esteemed colleagues when a state aid question came up, and everybody looked at me, so I am quite happy to take your question.

The provisions in the state aid legislation give us quite a lot of opportunity to support communities—and social enterprises and businesses—which is an important starting point. State aid is exactly what it says: aid from the state that allows things to happen that perhaps would not otherwise happen.

There are a number of ways in which we can support communities through what is sometimes considered to be a bit of a minefield or a bumpy patch of legislation. The reality is that the legislation exists, so we must navigate a path through it. Along the path that HIE has trodden over time, we have evolved and developed a clear position statement—partly as a response to questions and demands from communities—regarding the issues arising from state aid.

In doing so, we have worked with the Scottish Government state aid unit and a number of colleagues from the Big Lottery and others to consider the ways in which we can reach a much more transparent—and shared—position on state aid. One of the biggest frustrations for communities is the variation. When a project comes to me, I might deem it to be eligible for state aid and treat it in a particular way, whereas if it lands on the desk of the Big Lottery or a Government department, they might take a slightly different perspective on the issue. Regularising the systems and having a conversation about shared views on state aid so that we can send a message to communities will be a significant step forward as we progress the issue.

That would be consistent with the approach that HIE has evolved, which involves looking at every project individually to produce a bespoke response, and considering opportunities for maximising the mechanisms that exist—not just de minimis, but where there are approved schemes in place.

As an agency that deals a lot in the arena of state aid, which other agencies do not necessarily do, we can bring to the table expertise and knowledge about those schemes. We can share that with others, and say, "Here is an opportunity for a scheme that does not eat into or erode"—for that is how communities view it—"the de minimis three-year rolling window."

The Convener: It would be good if your knowledge could be shared across the country. You are the first person who has ever attempted to answer that question by beginning with positives—that is really good, and I thank you for it.

We would be interested to hear more about your approach, and if you could write to the clerks to tell us how you have overcome some of the barriers that are often perceived to exist, it would be very useful for the committee.

Rachael McCormack: I would be happy to do so.

Stewart Stevenson: Picking up on what has just been said about state aid, the issue with regard to regeneration and a wide range of other areas, as I understand it, arises when public money is adjudged under state aid rules to distort competition. I am seeing heads nodding, which confirms my understanding of an issue that we all wrestle with.

I am interested to know how we can minimise that. What common myths about constraints under state aid rules does HIE in particular encounter? During our inquiries in this area and in other areas, we find that people feel themselves constrained when, in reality, no such constraint operates. That is the view to which we are probably leading ourselves.

Rachael McCormack: I think that that is for me again.

Councillor Prag: Yes, I think so.

Rachael McCormack: I mentioned the group that we put together with the Big Lottery Fund and the Scottish Government's state aid unit. That culminated in our internal business improvement and audit team, within which we have a remarkable individual, Mr Melvyn Waumsley, who is the state aid guru—we defer to him, although we now have significant knowledge on the issue across the organisation—producing a position statement paper. That has a focus on community enterprise, as that is where some of the issues have emerged in the recent past. The paper has been seen by our board, so it is a matter of public record, and I am happy to share it with the committee. We are in the process of talking to colleagues in other organisations about how we align much more closely and make common and shared decisions on state aid.

One of the biggest issues that I face is the duck and cover response. Actually, the state aid rules present an opportunity, and I do not say that lightly. I have certainly learned a lot in the past 18 months about the state aid legislation, but I genuinely feel that there is an opportunity to reorientate and reposition on what has become a bit of a negative issue. If I can give a project only several hundred thousand pounds of state aid, surely we need to look at that as a good thing and not as a self-limiting thing. If we look at the situation as an opportunity, that allows us to move into different territory. That might involve public intervention. Recognising that state intervention is what it is, how do we invent the new, different and innovative approaches, routes or channels that mean that a project that we want to do can secure funding?

A good example is a recent Scottish land fund award to a woodland project. State aid was an issue, because forestry is a primary activity and as a result the intervention rate is limited under the legislation to 20 per cent. The project involved a £1.5 million forest acquisition. We split it up and looked at the standing timber and the land, and the community was able to bring a commercial partner to the table with a significant sum of money, which enabled the bit of public sector money that was available to achieve the delivery of the whole project. That community can now proceed with the creation of woodland crofts, employment sites and a host of other things, because it identified that private sector partner to bring to the party. The situation has created an environment of innovation. That is where we have an opportunity with state aid, rather than a duck and cover response from me.

Stewart Stevenson: I have an observation and a request.

The Convener: Briefly, please, Mr Stevenson.

Stewart Stevenson: Given that we are pretty clear that there is huge hidden self-constraint on the issue, which of necessity you cannot measure easily, I encourage HIE to be as public as possible in deconstructing those hidden constraints to which many people feel themselves subject, using the evidence base that you have. That would be extremely helpful.

The Convener: We would also love to see HIE's position paper, if that is at all possible.

Rachael McCormack: I am sure that it can be shared.

The Convener: Stuart McMillan is next.

Stuart McMillan: Thank you, convener, although Stewart Stevenson just stole the question that I was going to pose. However, I have another one. Earlier, we heard about community involvement at Machrihanish and that about 70 per cent of the population had taken part in the wider community involvement operation.

Rachael McCormack: To clarify that for the avoidance of doubt, that figure relates to the vote to go ahead with land ownership, rather than simply community involvement.

Stuart McMillan: Okay. Over the past decade or so, have there been any marked differences between urban and rural areas in relation to community involvement in schemes?

Councillor Prag: Your question goes to the heart of where communities work and where they do not. I have both in my ward, so I recognise that quite well. In some ways, the rural communities work an awful lot better—positively, as somebody said earlier—although not all of them, as one of

them has more problems. They more naturally have something to hold them together, as people tend to know one another better. That is much harder to achieve in most urban areas.

It comes back to a point that we make in our written submission, if I can drift off the question for a moment. Some communities are very good at leading stuff and coming forward with ideas because they have the right kind of people within them. Let us take the example of community broadband. There are areas where there are people with expertise who are able to put together schemes and come forward with ideas for funding and how the schemes can be progressed. There are other remote communities that, through no fault of their own, happen not to have the right kind of people. Should we leave them to wait and say, "Well, they're not coming forward with anything"? We have no direct involvement with that but, in our view, our role is to support a community that does not naturally have that leadership or expertise. We should not lead from the top down, but we should not ignore the community just because it is not coming up with ideas itself. It is fashionable at the moment to say that the community must come forward. I totally agree with that, but some communities are not awfully good at that and in those communities it is our job, I think, to help things to happen.

That is not a direct answer to your question, but it is an interesting issue that we feel strongly about. We must find the right approach for different communities, and that will sometimes mean our getting more involved.

Andy McCann: It is an interesting question. How do we engage communities and get a community that has not been active to become active? Do we create the conditions for that? If so, what are those conditions?

In certain parts of Highland where there were active groups, all that we had to do was provide cash, which became the catalyst for more activity taking place. However, in other areas and in small towns, our work with other groups has been much slower as people have been slower to get involved. Because of the Highlands geography, we have 11 local area partnerships. We recognised the opportunity provided by the LEADER programme and decided to give those partnerships an allocation of funding so that they knew that, if they put together a development plan and did the preliminary work, they would be guaranteed funding. That was the catalyst for those groups to come together. They were slower than communities in other areas to establish the projects and pull down the funding, but after two or three years they started to gain momentum. We had created the conditions for that. Indeed, in our expression of interest in the new LEADER

programme, we said that it would be great if the funding allowed us to have an urban fund for Inverness so that we could try to do something similar there and offer that encouragement.

Rachael McCormack: Early stage community organisation interventions are really important in creating the capacity for communities to be able to go on and think bigger things. For the best part of a decade, our assets team has provided access to expertise and a little bit of resource. As I mentioned earlier, that allows a group to be autonomous and make some decisions. We do not put whistles-and-bells caveats on how the money should be spent; we encourage the community to think about their trajectory, their governance and their constitution. Once they have gone through some of those early stage development processes, we encourage them to think about how they engage with a wider community.

HIE would not today get involved in consulting community partners and residents, and I am not sure that we have got involved in that in the past. The dialogue is much more meaningful if it is led by the community, even if there is no strongly constituted community group—that is illustrated in Machrihanish, which is why I cited that example. There is more responsiveness and uptake if people think that they are all in it together, and there is a sentiment that things will happen if communities collaborate. Community land ownership in the Highlands and Islands region, as well as asset ownership—over 150 assets have been acquired by communities in the HIE region with HIE support over the past decade—shows other communities very visibly that they can do that. There is, therefore, a rationale and a purpose behind a community's getting involved. People feel that they are not on a hiding to nothing because the same thing has been done in other places and they can have confidence that they can do it in their communities.

The Convener: Thank you for your evidence, which has been very useful. I suspend the meeting for approximately 10 minutes for a comfort break.

11:30

Meeting suspended.

11:40

On resuming—

The Convener: I welcome our third and final panel of witnesses. Aubrey Fawcett is corporate director of environment, regeneration and resources and Stuart Jamieson is head of regeneration and planning at Inverclyde Council, and Allan McQuade is business infrastructure director at Scottish Enterprise. For this panel, we are also joined by Duncan McNeil MSP, whom I welcome to the meeting. I invite him to declare any interests that are relevant to the committee.

Duncan McNeil (Greenock and Inverclyde) (Lab): I am not aware that I have any interests that I am required to declare to the committee, but I refer members to my declaration in the register of members' interests.

The Convener: Thank you. I will take your questions at the end, after I have given committee members an opportunity to put their questions.

As members are aware, we have invited witnesses from all the urban regeneration companies in Scotland to give oral evidence as part of our inquiry; we will hear from other URCs at our meeting on 25 September. I start by asking our witnesses whether they would like to make an opening statement.

Allan McQuade (Scottish Enterprise): No—we have no opening statement.

The Convener: I will start the questioning. Gentlemen, what were the original objectives of Riverside Inverclyde? What progress has been made to date in achieving those objectives? Who wants to start?

Aubrey Fawcett (Inverclyde Council): I will kick off. We shared a paper with the committee, which I think has been circulated. I refer members to the start of that paper, which goes into detail on the objectives. Let me just get the right paper in front of me.

John Wilson: Convener, for clarification, is Mr Fawcett referring to the paper that we received in confidence?

Aubrey Fawcett: That is correct.

John Wilson: My understanding is that committee members need to honour the agreement that was made when the paper was supplied to the committee, which was that the paper would be kept confidential. If Mr Fawcett is going to start quoting from the paper, has the council lifted the confidentiality agreement that

was reached with our committee clerks about that paper?

The Convener: Mr Fawcett?

Aubrey Fawcett: No, the council has not lifted that agreement, because the council, Scottish Enterprise and Riverside Inverclyde are still in the process of considering the paper. Mr Wilson is correct that we should not quote individual elements of the paper. However, I can say without causing difficulties in that regard that although we consider the paper still to be private, in due course we will release most, if not all, its contents once we have finished our consultation internally and with the stakeholders who are participating and providing information. We are quite happy for members to have access to the document to see the context. The objectives are set out in that paper. I hope that that makes things easier, convener.

The Convener: Without quoting directly from that paper, which you say remains confidential, perhaps you could give us an idea of the original objectives for Riverside Inverclyde and where it is in terms of succeeding in those objectives.

Aubrey Fawcett: One of the main planks of activities and objectives that Riverside Inverclyde was required to participate in was physical regeneration of the Inverclyde area. That required Riverside Inverclyde to concentrate its activities around seven geographies, to which another—Gourock—was bolted on later. Riverside Inverclyde was also supposed to provide activities related to physical regeneration, such as facilitating economic restructuring and, obviously, engaging on access to opportunities for the local community. Those are the main planks of activity that are associated with the objectives.

I will keep in mind your suggestion that I be as general as I can with regard to the paper.

11:45

The Convener: It is fine for you to be as general as you want to be with regard to the paper, but that should not stop you giving us detail and fleshing out the bones of the original objectives and where you are at the moment.

The representative from Highlands and Islands Enterprise has just told us that in some of the projects in which it has been involved there has been a return of £6.60 on every pound spent. What kind of return has Riverside Inverclyde made on every public pound that has been put into it?

Aubrey Fawcett: I can tell you about some aspects of the targets for Riverside Inverclyde that were published back in 2006-07. For example, 77 hectares were provided for development purposes, provision of business space and job

creation, and those elements were identified and were probably quite accessible on RI's website. So far—I will work on a percentage basis—about 66 per cent of the public money that has been allocated has been expended and RI has managed to deliver 66 per cent of its business space target. I also note that one of the facilities that it funded was the Beacon theatre. Over and above that, the number of jobs that it has provided is proportionately small, at 191.

That said—

The Convener: What was the target for jobs?

Aubrey Fawcett: The target was 2,600 jobs.

The Convener: Okay.

Aubrey Fawcett: As for how that lies in that grand scheme of things, one of the previous witnesses—the councillor who was sitting in this very seat—said that regeneration is very much a long-term business. That is also made clear in Inverclyde Council's submission. As someone who has been in regeneration for many years—I headed up economic development at Clackmannanshire Council, was principal economic adviser at Fife Council, was head of regeneration at North Tyneside Council and am now economic director at Inverclyde Council—I am absolutely clear that comparing what has been achieved halfway through a development programme, which will be purely a snapshot, with the original targets is not the way to be able to say whether you have or have not achieved something. I guess that when you engage with the other urban regeneration companies you will probably get a similar message. I am aware of recent reports in *The Scotsman* about another urban regeneration company that had created something like 360 jobs.

Such numbers might not appear to be seismic halfway through development programmes, and I understand the committee's concern that the numbers might not be as high as they should be. However, with regard to where we are at the moment, I want to make it clear on behalf of Riverside Inverclyde—I should point out that I am representing the council this morning—that it, like every other urban regeneration company, has gone through a period of development during which we have seen probably the worst economic decline that we have had in this country—and globally—for many a decade.

I suggest that it would be unfair to focus on the shortage of jobs having been created instead of on the whole range of jobs that Riverside Inverclyde has identified as having been safeguarded. Our mid-term review presents a snapshot of exactly where performance is at the moment, but the long-term plan was meant to run for at least 10 years, and the council is committed to that. I believe that

the councillor whom I mentioned earlier said that it would take 20 to 25 years to see any significant impact. I think that his judgment in that respect is spot on.

The Convener: You concentrated on jobs in your response, but the initial thrust of my question was on leverage. HIE said earlier that for every £1 that it has invested, £6.60 has been levered in. Can you tell us, Mr Fawcett, what investment has come in from the investment that was made from the public purse?

Aubrey Fawcett: We did not get into that in the report. We identified what opportunities there would be in terms of the gross value added, which was about 9 per cent, compared with the original target.

The Convener: Gross value added would be about 9 per cent, compared with the original target.

Aubrey Fawcett: Yes. Are you referring to private sector investment?

The Convener: Yes.

Aubrey Fawcett: The original target for GVA was £90 million and the original target for private sector investment was £295 million. That number was identified and published about six or seven years ago.

The Convener: Where are you at now?

Aubrey Fawcett: Do you mean in terms of private sector leverage?

The Convener: Yes.

Aubrey Fawcett: Private sector leverage at the moment is sitting at £3 million to £3.5 million.

The Convener: From what investment from the public purse thus far is that?

Aubrey Fawcett: I think that public investment has been £60 million or £61 million.

The Convener: Okay. We might come back to that.

Margaret Mitchell: Part of your evidence is on how the various partners work together. How does Scottish Enterprise work with Inverclyde Council to provide physical, economic and social regeneration in the area?

Allan McQuade: Obviously, we work in close partnership with Inverclyde Council on those issues. Scottish Enterprise is a national agency, so our focus is on the national agenda, with Inverclyde being part of that. Our work with Inverclyde is through our focus on account-managed companies and sector growth.

On our contribution to the urban regeneration company, you will see from our written submission

that we were previously a funder of urban regeneration companies. We no longer do that, but we make a contribution to the urban regeneration company in Inverclyde through my position as a member of the board. I have responsibility in Scottish Enterprise for all our four urban regeneration companies.

Our contribution is to focus on economic growth within the Scottish Enterprise agenda, which is mainly on key sectors and company growth. For example, as part of that we are in dialogue with Inverclyde Council on what potential Inverclyde has in the offshore renewables industry and what potential there is for further development of tourism through development of Greenock ocean terminal, where cruise liners come in. Our work is very much sector led and around specific areas.

Margaret Mitchell: What does SE do at a more local level?

Allan McQuade: In 2008, with the change away from the local enterprise companies, it was agreed that Scottish Enterprise would not be part of local economic development and regeneration, which is now very much the focus of councils. We obviously have dialogue around that, and there is a relationship, particularly around company growth, between account-managed companies and the business gateway, which is the council's responsibility.

Margaret Mitchell: Whether the work is more general or local, how do you ensure that there is no duplication and that there is absolute value for money in all that is being done and looked at?

Allan McQuade: As was said in the previous evidence sessions, that is done through dialogue and through ensuring that we are joined at the hip in terms of development projects. It is also done through ensuring that, where we are working with a company, there is no overlap in terms of other funding.

Margaret Mitchell: An interim review of account management was mentioned in the previous evidence session. Is there just dialogue or can you point us to something more concrete?

Allan McQuade: We operate through the relationship and we ensure that, if we are working with companies, the council knows what we are doing and how we are supporting them.

Margaret Mitchell: So you cannot point to a mechanism, although we have the interim review.

Allan McQuade: A mechanism is in place across Scotland for companies to come through the pipeline from business gateway to account management. That is reviewed regularly. I am the responsible officer for Inverclyde Council, so it is my responsibility to ensure that no overlap exists and that there is dialogue. As Mr McCann said

when he was sitting in the seat that I am now in, we ensure that through close working relationships.

Margaret Mitchell: I ask Mr Fawcett to give the council's perspective.

Aubrey Fawcett: I agree entirely with Mr McQuade about engagement. He and I have regular meetings. Having worked with the old enterprise network in Scotland, I think that the lines of responsibility and the ability to help each other are clear in the new enterprise network. I am impressed with how we engage with the enterprise network. Years ago, councils were probably not such effective engagers, and perhaps Scottish Enterprise was not, either. However, we now have an absolutely spot-on working relationship; it is working extremely well.

Margaret Mitchell: Can you offer the committee examples of when, for instance, you were on top of something through dialogue and you identified duplication?

Allan McQuade: I will give a specific example in which the outcome was positive. Shed Media, which produces the television programme "Waterloo Road"—you might know it—was known to be looking for a school facility, and that interest in property came across my desk. I had a conversation with the council about its surplus property—the URC was also involved in the discussion—and the outcome was that Shed Media chose to come to Greenock. It was offered a number of locations in Scotland.

As Aubrey Fawcett said, we work by putting proposals together. I suggest that Greenock would have been overlooked if it had not been for the good dialogue that came through our working relationship.

Margaret Mitchell: It is good that you can point to something positive. Sometimes, we learn more from negatives.

Stuart Jamieson (Inverclyde Council): We have regular engagement with account managers in Scottish Enterprise and we have a positive working relationship with them. We believe that the businesses in Inverclyde benefit from that.

The Convener: I am in a bit of a quandary, gentlemen. We have a document that is not for publication; Mr Fawcett started by trying to quote from it. I will try to tease out answers to the questions about leverage that I asked previously, which still have not really been answered. Mr McQuade heard the evidence from Highlands and Islands Enterprise. How much has each pound of public money levered in?

Allan McQuade: Mr Fawcett referred to the numbers. I will step back to give a bit of context to why we are where we are with the report. It was

commissioned jointly by Riverside Inverclyde, Scottish Enterprise and Inverclyde Council and it was produced in June. The Riverside Inverclyde board, which was considering the matter through its chair, decided to hold a special board meeting to consider the report and comment on it, as would be expected when an organisation is reviewed. The review was independent.

Due to summer holidays and so on, that board meeting did not take place until 7 August, and the outcome was that further comment was to be fed back to the consultants in terms of the factual position and the challenge around their interpretation of the numbers. As a board member, I think that the leverage position appears to be low. We are still reviewing that to determine what the actual outcome is, but it is certainly way lower than was anticipated in the targets that the company set in 2008, when the economy was in a completely different position.

12:00

The Convener: Gentlemen, I am sure that you understand the quandary that the committee is in. We have received this report, which we have agreed is not for publication, and the first thing that you do in giving evidence is quote the report. John Wilson rightly picked up on that in the initial stages of your evidence.

I will turn my question around. You have said that the leverage is very low. How does that compare with the position in other urban regeneration companies?

Allan McQuade: We would have to look closely at the position with regard to urban regeneration, and I would have to get back to you in further written evidence.

The Convener: When is the report likely to become a public document?

Allan McQuade: As I said, the board of Riverside Inverclyde is considering it at the moment. It will meet tomorrow for further discussion of it and of the way forward. Given the pressure from the committee, I would encourage the board to get to a point at which we can release the majority of the report. There are parts of the document that cover what I would consider to be commercially confidential aspects of relationships with third party organisations.

The Convener: The committee understands such relationships and has always behaved with honour and integrity in that regard. I will come back to the issue.

Stuart McMillan: Good afternoon, gentlemen. At the outset I stress that, since I was elected to the Parliament, I have been supportive of Riverside Inverclyde and have made comments

both here and outside the Parliament in support of it. I have seen the benefits of the infrastructure that it has put in place and I commend it for that. Nevertheless, it is a public organisation that receives public moneys and, as for any public organisation, it is important for it to be thoroughly scrutinised.

There has been much public commentary over the summer regarding various elements of Riverside Inverclyde. My question relates to the answer to question 1 in the written submission from Inverclyde Council. In the third paragraph, the council states:

“The focus of this approach will be on improving the quality, quantity and sustainability of outcomes achieved by placing results ahead of process; drawing on a sound empirical base; responding to the evidenced priority needs of the community”.

Given some of the allegations that were made over the summer, if the process has not been given proper scrutiny at board level—if meetings have not taken place on a regular basis, if the papers have not been as robust as they should have been and if the questioning has not been as thorough as it should have been—where are

“the evidenced priority needs of the community”?

Aubrey Fawcett: I think that we are moving into the territory of the detail of the report, convener. In relation to the council's submission, Stuart Jamieson will cover some aspects of targets and outputs. I note that every other council at today's meeting was asked about those things. We currently have a focus on Riverside Inverclyde, but I am happy for Stuart Jamieson to pick up on your question about the council's submission.

Stuart Jamieson: An example of where the community has been listened to is in respect of our employability programmes. Inverclyde Council has developed some employability programmes in liaison with the community planning partnership. There is a strategic employability group that comprises representatives of the public sector, private sector, third sector and voluntary sector. In designing the programmes for our £2 million employability programme, we engaged effectively with the community. We listened to the community in respect—

The Convener: Will you clarify whether that £2 million is Riverside Inverclyde money or Inverclyde Council money?

Stuart Jamieson: It is Inverclyde Council money.

We listened to the community and designed our programmes based on what it requires. On that basis, the level of scrutiny within those programmes is extensive. Monthly monitoring is provided to the council in respect of the

programmes, which are tendered programmes. They are also supplemented by European structural funds, and the level of scrutiny that is provided because of that shows us that we are delivering effective programmes in Inverclyde.

Stuart McMillan: Where has the tie-in been with Riverside Inverclyde, with both organisations following through and working in tandem with a strategy?

Aubrey Fawcett: It was clear at the outset of Riverside Inverclyde that it would concentrate on physical regeneration while the council team concentrated on employability and, I suppose, the softer elements. That was a fairly successful strategy. Stuart Jamieson's team did not get involved in active, physical regeneration. The separation has been quite clear cut. We recognise that there has been a wee bit of blurring around the edges in business development support, but that is essentially how the work was led.

Stuart McMillan: RI was set up in 2006 and the members agreement was signed in 2008. In between those points, some £8.6 million was allocated to Riverside Inverclyde for expenditure. How was that money thoroughly scrutinised?

Aubrey Fawcett: Convener, I am trying to get the drift on the relationship between the types of questions that colleagues from the other councils were asked and the questions that we are being asked, which are focused on the activities of Riverside Inverclyde. I am trying to weigh that up in relation to how we can give a flavour of regeneration as a whole within Inverclyde, and not just the work of Riverside Inverclyde.

Scrutiny went on. We are the two accountable officers. Our job is to engage with Riverside Inverclyde, and those activities did take place.

The Convener: Mr Fawcett, committee members are free to ask the questions that they wish to ask. We heard other evidence earlier today and we have questioned you on exactly the same things. Thus far, you have failed to give us the answers because of a document that is not for publication. We agreed that we would not refer to it, but the first thing that you did today was to refer to the document.

I am going to try again on the return rate. Highlands and Islands Enterprise was very honest about that, but we are not getting very far. Is the return rate better than pound for pound?

Allan McQuade: It does not appear to be.

The Convener: Okay. You talked about the downturn. Everyone around the table, throughout the nation and, probably, around the globe is very aware of the downturn. Were targets adjusted? Was there a realistic adjustment of possible achievements when the downturn happened?

Allan McQuade: The targets in the business plan remained set as ambitious, so, in a word, the answer to your question is no. Part of the mid-term review that we are carrying out is to determine the direction of travel for the company and how best to revise the targets. The targets were discussed at the—

The Convener: Can I stop you there? We have had the mid-term review now. At the beginning of the economic downturn, in 2007-08, how long did you wait before you started those adjustments?

Allan McQuade: The URC is an arm's-length company. The board, which included a mix of public and private sector members and a private sector chair, working with the chief executive, determined that the targets would be held.

The Convener: Public and private bodies right across this country and others realigned business plans at that point in time, because they realised that a lot of different things were going on, some of which had never been experienced before. Are you telling me that at that point Riverside Inverclyde did not change its business plan?

Allan McQuade: It changed its business plan to adjust the direction of travel. As Mr Fawcett said, it took on an additional area of focus. It focused more on areas where there would be economic development outcomes, such as direct provision of business infrastructure. The Clyde View office development came forward through the business plan to help address the economic downturn. Riverside Inverclyde adjusted its business plan but left the targets.

The Convener: So there was no adjustment to forecasts or targets.

Allan McQuade: As we have said, a long-term regeneration strategy was set out. You have to be ambitious in the long-term agenda, so the board determined that it would leave the targets as they were in order to be ambitious and take a long-term view of outcomes.

The Convener: I understand ambition, but there is realism, too.

Stuart McMillan: Following on from what has just been said about targets, did any discussions take place between Riverside Inverclyde and Inverclyde Council on the resources that were available and each organisation's vision for wider regeneration in Inverclyde? Was there a shared vision or were there two independent visions? Was there any co-operation?

Aubrey Fawcett: There was on-going dialogue with the chief executive over quite a long period. We agreed which areas of activity we would get involved in, where there was close work that could overlap. On the strategy document that RI worked to, it had a business plan, which it reviewed.

To add to what Mr McQuade said, the last time there was a full comprehensive review was October 2012, when RI made slight modifications to its targets. Essentially, however, it kept to the level of targets to which it was working previously.

We have an Inverclyde regeneration strategy, which is for the whole of Inverclyde. Riverside Inverclyde's work would have complemented that, so we were not divergent in that sense. Clearly, however, as an arm's-length organisation, RI has a degree of flexibility in how it operates and that is what it adopted. Does that help, Mr McMillan?

12:15

Stuart McMillan: That is okay.

Given the current position, what will be the process for moving RI forward, putting in place a shared operational model or vision, and ensuring better and closer co-operation with the council?

The Convener: Who will deal with that question?

Aubrey Fawcett: I am happy to do so.

I do not want to refer to the paper but, in general, the need for a single operating plan has been recognised and it will be developed in line with our in-house teams and Riverside Inverclyde itself. The RI board has still to reach a conclusion on its perceptions of what has come out of the mid-term review, but I do not get the impression that it will diverge hugely from what council officers and indeed members think is the way forward.

There is a real opportunity to focus on a narrower set of objectives and have a single operating plan, but I make it absolutely clear that the council is committed to Riverside Inverclyde; indeed, at no stage has it ever moved away from such a commitment. It is wholly committed to providing the £24 million that it had originally envisaged to provide. Unfortunately, however, circumstances prevented Scottish Enterprise from meeting its end of the bargain. Not only is the council fully committed to Riverside Inverclyde; it has provided additional funding in the region of £27 million to allow the company to deliver certain strategic projects that we think are suitable and appropriate for the Inverclyde community.

Allan McQuade: I will pick up on that point and come back to my earlier comments about Scottish Enterprise's focus on national organisation and sector delivery. On Riverside Inverclyde's future development, I should say that we are very committed to working with the company. We would look to the council to take the lead on developing its direction of travel, but we would certainly have an input into the debate.

I will also pick up on Mr Fawcett's comment about Scottish Enterprise not being able to keep to its commitment. There were changes in funding structures that meant that we, in agreement with Government, no longer funded URCs through a tranche of our budget being transferred to Government for such expenditure. The funding will move to the regeneration fund, which will be available next year.

The Convener: Are you finished, Mr McMillan?

Stuart McMillan: No, convener.

When RI was set up in 2006, it had a 10-year strategy. Was that overambitious?

Allan McQuade: We are talking about different economic times. Given the challenges facing Inverclyde and its position in Scotland, it was appropriate to try to bring it into the mainstream. A lot has been achieved: we have talked about the physical regeneration that has happened, the business space that has been created and so on. The approach was appropriate for its time, but I think that Inverclyde still has to be ambitious, given the economic challenges that it faces, and that we need to keep pursuing the aims.

Stuart McMillan: One might argue that Riverside Inverclyde was being asked to take on roles and indeed areas of land that should have been tackled before 2006 and that in the early days more was put on its plate than the council might have anticipated.

The Convener: I think that that question takes us into the world of hypotheticals. The question of when this or that should have been done is neither fair nor pertinent.

Stuart McMillan: In that case, convener, may I ask another question?

The Convener: Okay.

Stuart McMillan: Were Riverside Inverclyde's corporate governance and management satisfactory? By that, I mean the frequency of its board meetings, the papers that were published and the information that was made available to allow decision makers to make decisions.

Allan McQuade: The board papers were satisfactory, but the timing of board meetings sometimes slipped a bit due to circumstance. The council and Scottish Enterprise—the two of us—were working with the chief executive to ensure that the timing of boards meetings and so on was appropriate. The governance, in terms of the decision-making process, was and is appropriate.

Anne McTaggart: What are the panel members' views on community planning partnerships in Inverclyde? Are they supporting community-led regeneration?

Stuart Jamieson: The community planning partnership in Inverclyde works; it listens to the community. Employability programmes, which I cited previously, are an excellent case in point—through listening to the community and promoting programmes that are specific to the community's needs, we have addressed some of the major challenges that we face in terms of unemployment levels.

Allan McQuade: Scottish Enterprise is a member of the community planning partnership but, as I said, it is not directly involved, because it is a national organisation. From what I see of the relationships that the council has formed with the community, I echo the comments that have been made, but it is not an area that we are involved in from day to day.

John Wilson: Good afternoon, gentlemen. First, can you advise the committee about the membership of Riverside Inverclyde's board? How many of the members were public sector representatives?

Allan McQuade: I apologise if I am wrong—I do not have the figures in front of me—but having done a quick calculation I think that the members of Riverside Inverclyde's board included two from Scottish Enterprise, three from the council, one from the community and three business representatives.

John Wilson: That is a total of nine members, and the chair of the board was one of the private sector representatives.

Allan McQuade: Yes.

John Wilson: Thank you—that provides useful clarification.

What was the day-to-day operational contact between Scottish Enterprise or Inverclyde Council and the chief executive of Riverside Inverclyde?

Allan McQuade: Aubrey Fawcett and I generally met the chief executive on a monthly basis, although it is fair to say that the timetable slipped over the past year when meetings were not overly regular. We were working to address that to ensure that the proper relationship was in place.

Aubrey Fawcett: In addition to the meetings that Allan McQuade and I had with the chief executive, we had operational meetings, particularly on the physical development of sites and the planning process. We still have those planning liaison meetings, at which we engage on which projects are being considered, look at issues that are challenging from the perspective of getting public consents in place and try to facilitate progress. That is an on-going process. Stuart Jamieson and I sat down with the project managers to review their thoughts, ideas and

proposals, so that we could try to make it as easy as possible for them to implement things.

John Wilson: In relation to the monthly meetings and the operational meetings to which Mr Fawcett referred, how regularly did Mr McQuade report to his line management about issues with Riverside Inverclyde and how often did Mr Fawcett report to the council and the relevant committee?

Allan McQuade: I reported regularly. As I mentioned, I have responsibility for all Scottish Enterprise activity in relation to urban regeneration companies. My managing director has changed recently, but I have monthly meetings to discuss a range of things that I am responsible for across the country, with URCs picked up on by exception if there are issues to be addressed.

Aubrey Fawcett: I have an obligation to get the operational plan up on a yearly basis and there are regular reports in between to identify progress on projects, so there is regular engagement with members. There has been engagement with them on the recent report as well. We are not backward at coming forward with information for members.

John Wilson: Mr McQuade, given your experience with URCs, is this a unique situation that we find ourselves in with Riverside Inverclyde, or is it common among URCs?

Allan McQuade: What do you mean by—

John Wilson: I am talking about the operation of the URC, the return for the public pound and the other issues identified in earlier exchanges.

Allan McQuade: In the main, the URCs all work well although Riverside Inverclyde has its current issues, which we are working our way through. They all function well and there is full scrutiny of how public money is spent. Riverside Inverclyde has its challenges, which have been thrown up by the report, that we will work our way through.

John Wilson: Thank you.

Mr Jamieson said that Inverclyde Council set aside £2 million. I understand that that was for a job creation fund. Is that correct, Mr Jamieson?

Stuart Jamieson: It is for an employability pipeline that takes people from the hardest-to-reach areas towards employment.

John Wilson: Is that £2 million set aside annually or over a period of time?

Stuart Jamieson: The council's current commitment is to provide it annually.

John Wilson: Can you tell us how many jobs have been created to date and over what period those jobs have been created?

Stuart Jamieson: Over the past three years, a total of 375 jobs have been created.

John Wilson: So, about 125 jobs a year have been created through that £2 million fund.

Mr Fawcett mentioned a single operating plan. I understood that to be a single operating plan across Inverclyde, including Riverside Inverclyde's input into job creation and economic development in the area. Why did the council feel it necessary to set aside £2 million for an employability fund outwith the current Riverside Inverclyde strategy?

Aubrey Fawcett: What I said earlier was that one of the primary objectives of Riverside Inverclyde is physical regeneration. What Mr Jamieson refers to is the softer, economic side of things. The staff from the council concentrate their activities around employability and business support while Riverside Inverclyde focuses its activities primarily on physical regeneration. There is a clear divide. I am not saying that they are out of sync; I am just saying that that is who does the work, which is why there is a divide. In terms of the operating plan, the intention is to have the thing brought together with the two teams working closer, but that would not stop there being an allocation for physical regeneration and an allocation for employability-type activities and business support.

John Wilson: Are you telling me that Riverside Inverclyde had no targets for job creation from the funding that was being provided by the public purse?

Aubrey Fawcett: I have not said that. I said that the target—

The Convener: Perhaps you could repeat what you said earlier for Mr Wilson's benefit.

Aubrey Fawcett: Riverside Inverclyde's target was to create around 2,600 jobs; it has created 191.

John Wilson: Right.

12:30

Stuart McMillan: The media commentary suggests that trust had broken down between individuals in the two organisations. If that was the case, would that have affected the scrutiny of Riverside Inverclyde?

Aubrey Fawcett: First of all—I am sure that you will have heard other people say this—I would not believe everything that is said in the papers.

Stuart McMillan: Indeed.

Aubrey Fawcett: Over and above that, trust had not broken down. We would not have committed to large-scale projects with Riverside

Inverclyde had trust broken down. We had a very good working relationship at the operational level.

Duncan McNeil: I have not had sight of the leaked document or even the summary, so my comments will be general. My questions will not be parochial: I am attending the committee because of my constituency interest in the matters that are being considered by the committee in its important inquiry.

When we set up the URCs, the strategy targeted areas that had been significantly left behind. The areas that we are talking about are North Lanarkshire, Clydebank and Greenock. There was a commitment to a 10-year plan in recognition of the areas' overdependence on particular industries—when they disappeared, we were back to where we had been at the beginning.

We have heard that the property market collapse took out the private sector—we do not have the anticipated houses on our beautiful waterfront. The Government made a commitment but, through Scottish Enterprise, withdrew it and contributed only half the £33 million it had committed. Why have we not been brave enough to defend the 10-year plan and recognise that regeneration is a long-term game?

The Convener: Who will have a bash at answering that question? They will not want to go into the political sphere when doing so.

Allan McQuade: First and foremost, it was not a 10-year commitment. Scottish Enterprise approved rolling funding and an earmarked amount of money was available to the URC.

I do not want to stray into politics, but we have continued to honour our commitment to Riverside Inverclyde through changes in funding regimes that have not necessarily been of our making. In the past few years, we have contributed to the URC's works through funding and my and my team's involvement and work on specific sector projects. We have honoured the commitment to Riverside Inverclyde URC as we have done with all the other URCs that have found themselves in the same position.

Duncan McNeil: You would not disagree that Inverclyde Council is the only organisation that is contributing significant finance.

Allan McQuade: Funding is coming to the URC from the Government. The URC is also in a position to bid for money from the new regeneration fund, so that money is potentially available from the Government. It is to the council's credit that it has continued to invest in and support the URC.

Duncan McNeil: I think that we established from your earlier remarks that the council is standing foursquare behind that process.

My next general question is about the mid-term review, which also impacts on the longer term. When should you judge the outcomes of an urban regeneration company or a regeneration project? What harm has been done to the future viability of regeneration in the area by the recent leaked paper and the making public of the mid-term review?

Allan McQuade: I said earlier that regeneration is a long-term play in terms of commitment. Figures that are a snapshot in time need to be taken in context. We are in the unfortunate position that, because of a leak, the figures are perhaps not being taken in the appropriate context. We hope to make sure that that issue is resolved. Given the energy that is available through Scottish Enterprise, the council and the partners in Inverclyde, we should be able to move forward with little or no effect on the regeneration prospects for the area.

Aubrey Fawcett: It is extremely unfortunate that we ended up with the report effectively being traded in the press. That is not the way to do business. It only causes problems and angst. That is one of the reasons why we are before the committee today, I suspect. However—

The Convener: Can I stop you there, Mr Fawcett? You are not before the committee today for that reason. We said right at the start of the session that we intend to talk to all the URCs and we hope to be able to compare what is going on in all of them. That will be a little bit difficult, considering that we have been restricted in terms of what we have in front of us. You started off quoting the document that we were not supposed to refer to and you have just said that that document was leaked. I have not seen the leaked document. I have not seen what the papers in Inverclyde or elsewhere have been saying in that regard, apart from a few snippets that were sent to me via Twitter, which is not the way to conduct business in my opinion. If I were in your shoes, given that the document has been leaked anyway, I would have thought that maybe now was the time for some openness and transparency, which may help to dispel some of the myths that have built up, restore confidence and add to people's wellbeing, which is surely what the URC is all about.

Does Mr McNeil have further questions? I am sorry, Mr Fawcett—I stopped you in mid-stream. I beg your pardon.

Aubrey Fawcett: Thank you, convener. I have to say that we are entirely transparent. As Mr McQuade said, our intention is to make available as much of the report as possible—apart from the commercially confidential elements. I have a lot of questions about what has been said in the press. We would not be here today if the report had not

been leaked. We would have been able to go through due process and I would have thought that maybe by this time we would have been able to publish the greatest part of the report. Sadly, I am in a difficult position—as you are, convener—but that is where we are today.

The Convener: Mr McNeil?

Duncan McNeil: I am aware that you have had a long meeting, convener, but I have another couple of small questions. I will not test your patience, or that of the committee.

The Convener: Please make questions and answers very brief.

Duncan McNeil: To pick up on Stewart Stevenson's questions, what if there had not been a Riverside Inverclyde urban regeneration company? What would Inverclyde look like now?

The Convener: I do not like hypothetical questions very much, I have to say; I prefer to deal in facts. I do not think that anybody could really answer your questions, Mr McNeil.

Duncan McNeil: I do not wish to cut across you, convener, but I picked up that line of questioning from Stewart Stevenson, who asked about what would have happened without the regeneration company.

Let me put it another way, then: how do we evaluate the significant impact on wellbeing, which was highlighted by John Wilson, of the environmental clean-up that has taken place, the regeneration of local iconic buildings, the access to our waterfront that people enjoy and the other positive aspects that my colleague Stuart McMillan mentioned? The visible regeneration of the area has been significant and impressive and has, I believe, affected the wellbeing of the people who live there. Do you agree?

Allan McQuade: I listened to the earlier debate with interest and found the dynamic interesting. Clearly, one person's regeneration is another's general council business. Urban regeneration companies bring a long-term if time-bound focus to addressing certain challenges, and it is clear that, in Inverclyde, the sense of place would not have improved had it not been for the work of the URC and the additional moneys available to it. As for the new buildings that have been provided, Inverclyde might have lost a couple of significant companies that were looking for new premises but had to move away because the properties that they needed were not available. URCs address and accelerate solutions to specific problems. I am not placed to comment on what schools or other elements do with regard to regeneration; I am looking at the issue purely from my knowledge of URCs.

Aubrey Fawcett: I do not think that this is hypothetical, convener, because there is real, tangible evidence that Riverside Inverclyde has made genuine improvements to Inverclyde. It has, for example, brought jobs; I recognise that it is only a small number but, as I understand it, that is the case with many of the other URCs. It has brought physical regeneration and, indeed, town centre regeneration through money that has been provided by the Scottish Government. Genuine benefits have accrued and I would not for a minute like to leave committee members with any impression other than that Riverside Inverclyde has brought something positive to the table. We have debated how much has been spent and the value-for-money element; I accept those points, but the fact is that had Riverside Inverclyde not been there some of these benefits would not have been brought to the table.

Duncan McNeil: Thank you.

John Wilson: The convener has already made this point but, in response to the allegation that our questions are based on a leaked document, I want to make it clear that many of the questions that have been asked and, indeed, which I myself have put to witnesses were based on the evidence provided by Inverclyde Council, Scottish Enterprise and responses to our earlier questions. If problems have arisen in the local community as a result of the leaked document, that is an issue for Riverside Inverclyde's board and the organisation's various partners.

The Convener: I reiterate that the committee intends to speak to all the URCs. No exception is being made here. The committee received a not-for-publication document and has behaved honourably and with integrity. I should also point out that it was Mr Fawcett who began the session by attempting to quote the document in question, which in itself has opened up a further can of worms.

Having dealt with such situations in a past life, I strongly suggest that you try to get that document into the public domain as soon as you possibly can after you go through your due process—which, if I were you, I would speed up—to ensure that some of the things that are going about and over which you have no control can be put to bed or resolved and that you can get back to creating the right environment for regenerating the area that you represent. Unfortunately, at this moment in time, it looks unlikely that we will be able to compare Riverside Inverclyde with the other urban regeneration companies and it is likely that the committee will ask to speak to you again once the issue is dealt with.

Duncan McNeil: Will you be calling for similar reports and transparency from the other urban

regeneration companies? I am sure that that will be helpful.

The Convener: We will be asking the questions that we have asked today about leverage and everything else.

Duncan McNeil: But will you be calling for similar reports?

The Convener: I do not know whether the other URCs have such reports, Mr McNeil, but we will try to gather as much evidence as we possibly can from them.

I thank the witnesses for their time.

12:45

Meeting continued in private until 13:15.

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