



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 25 September 2013



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**LOCAL GOVERNMENT AND REGENERATION COMMITTEE**  
**24<sup>th</sup> 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)

\*Cameron Buchanan (Lothian) (Con)

\*Stuart McMillan (West Scotland) (SNP)

\*Anne McTaggart (Glasgow) (Lab)

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

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Eric Adair (PARC Craigmillar)

Margaret Burgess (Minister for Housing and Welfare)

David Cowan (Scottish Government)

Douglas Duff (Scottish Local Authorities Economic Development Group)

Ian Manson (Clyde Gateway)

Allan McQuade (Scottish Enterprise)

Alan Robertson (Clydebank Rebuilt)

Patrick Wiggins (Irvine Bay Regeneration Company)

**CLERK TO THE COMMITTEE**

David Cullum

**LOCATION**

Committee Room 1



## Scottish Parliament

### Local Government and Regeneration Committee

*Wednesday 25 September 2013*

[The Convener *opened the meeting at 09:31*]

#### Interests

**The Convener (Kevin Stewart):** Good morning and welcome to the 24th meeting of the committee in 2013. I ask everyone to switch off their mobile phones and other electronic equipment, please. Make sure that they are switched off, not just on silent, as they affect the microphones.

Agenda item 1 is a declaration of interests by a new member. I welcome Cameron Buchanan to the committee. It is his first committee meeting, although he was with the committee in Dundee last week. Do you have any interests to declare?

**Cameron Buchanan (Lothian) (Con):** I have nothing to declare, thank you very much.

## Decisions on Taking Business in Private

09:32

**The Convener:** Agenda item 2 is a decision on whether to consider item 5, which is a draft committee memorandum, in private. Is that agreed?

**Members** *indicated agreement.*

**The Convener:** I also seek the committee's agreement to consider our approach to our work programme in private at our next meeting. Is that agreed?

**Members** *indicated agreement.*

## Regeneration

09:32

**The Convener:** Agenda item 3 is an evidence-taking session for our inquiry into the delivery of regeneration in Scotland. On Monday last week, committee members undertook two more community fact-finding visits as part of the inquiry. That brings to six the number of fact-finding visits that we have undertaken around Scotland during that work, and I estimate that we have now engaged directly with nearly 200 local community representatives since we began our inquiry in January.

Richard Baker, Cameron Buchanan, Stewart Stevenson and I visited Whitfield in Dundee to meet local community groups. At the same time, the deputy convener, John Wilson, Anne McTaggart and Stuart McMillan visited Ferguslie Park in Paisley for the same purpose. Between those two visits, we engaged with another 70 local people from communities across Scotland. I thank all those local people who took the time to meet us and the staff from Dundee City Council, the Whitfield Development Group, Renfrewshire Council, Engage Renfrewshire and the Ferguslie Park Housing Association for all their assistance in helping to facilitate those visits.

We will have three panels of witnesses before us today representing urban regeneration companies, local authorities and enterprise agencies. We will conclude the session by hearing from the Minister for Housing and Welfare, Margaret Burgess, on behalf of the Scottish Government. The witnesses have provided written submissions, which members have in their papers.

I welcome Ian Manson, chief executive of Clyde Gateway; Alan Robertson, projects director of Clydebank Rebuilt; Patrick Wiggins, chief executive of the Irvine Bay Regeneration Company; and Eric Adair, director of PARC Craigmillar. I am conscious of the time limitations. Would you like to make any opening statements? They will have to be brief.

**Ian Manson (Clyde Gateway):** Thank you very much. Clyde Gateway is keen to contribute to your inquiry. Over the past few sessions, you have heard from a number of witnesses who have represented Clyde Gateway, although you may not have realised it. Councillor Chris Thompson, our vice chair, was here recently. Brendan Rooney, from the Healthy n Happy Community Development Trust, and Jimmy McLellan, one of our community representatives, have also been here.

You toured our area about a year ago. If you were to tour it today, you would see an area

undergoing a major transformation. We have a good story to tell, but we have a long way to go before we finish the job. I am happy to have been able to provide a written submission that says that the community should be at the heart of regeneration. It is a long haul to do the job well. Up-front public money is required to get it going and we all have to convince the private sector to invest so that the jobs that we all desire can be created.

**The Convener:** Thank you, Mr Manson. Please give our regards to everyone in your organisation, particularly wee Jimmy, who we thought was an amazing witness.

If you have no other comments to make, we will move to our questions. How did your organisations respond to the financial crisis? Did you alter projections and targets at that time?

**Ian Manson:** We were born into the storm. Clyde Gateway was created in 2008 so, from the very beginning, our tactics, strategy and operating plans were amended to take into account the poor market conditions. As you would expect, previous assumptions about values, joint ventures and the state of the private sector market were altered from day 1. The tactics that Clyde Gateway adopted at that time were to identify early projects to ensure that there were early wins, as it was going to be even more difficult to do that than it was before, and to get early action on the ground in the face of what we knew was a crisis. We also tried to have a number of market opportunities ready. At that time, it was difficult to guess which aspects of the market were going to come back or develop, so we put a range of opportunities out into the market.

Unfortunately for Clyde Gateway, the financial crisis was a day 1 issue, and Clyde Gateway has continued constantly to review the position in deciding what to do in the face of changing market conditions. The committee may be interested to know that we have adhered to our original targets. Our board felt strongly, at its very first meeting, that to reduce or amend the targets in any way would not be the right thing to do. Over a 20-year period, we still intend to provide 400,000m<sup>2</sup> of business space and to have 10,000 houses built in our area. That 20-year period will cover a number of recessions and economic good times. The board has reviewed its position constantly, but it has continued to pursue ambitious targets for the future of our area. On the back of the M74 completion investment and the legacy ambitions for the Commonwealth games, we still feel that that is the right thing to do.

**The Convener:** You were born during the beginning of the downturn. Were your targets, therefore, initially much more realistic?

**Ian Manson:** The targets were set in a business planning process over 2006 and 2007. You could easily question whether the targets were still realistic, given the changed economic circumstances. However, the key thing to remember about Clyde Gateway is that it is a 20-year commitment. Those targets will be met because the fundamentals are there. There is the room, the land and—when we have finished—the infrastructure to accommodate that level of investment and those outcomes. We feel that, over that 20-year period, it is right to stick to those targets and they are still realistic in our view.

**The Convener:** Okay. We may come back to that.

**Alan Robertson (Clydebank Rebuilt):** We were born at a different time from our colleagues. Our initial business plan was for the period from 2003 to 2010, so we were on both sides of the fence and experienced both the good times and the deteriorating times. We refreshed our business plan in 2010 and very much took account of the wider circumstances. As a result, we pared back some of our targets for the creation of business space and certain jobs targets. For example, we had identified that, in the period to 2010, we would like to achieve something of the order of 14,400m<sup>2</sup> of business space in our area. However, the reality was that by 2010 we had achieved 5,700m<sup>2</sup> and we decided that, in the planned period from 2010 to 2016, we would only marginally increase the cumulative target to 15,550m<sup>2</sup>. We had initially hoped to achieve 420 construction jobs, but by 2010 we had achieved 65. Again we pared things back and the cumulative target for 2016 for construction-related jobs is now 139.

**Patrick Wiggins (Irvine Bay Regeneration Company):** Having been born at the end of the last significant period of growth, we have significantly changed our business plan over the past few years; indeed, our submission contains a diagram that shows the number of iterations that we have been through. We have responded in a number of ways. First of all, we have of course taken account of the recession's impact, particularly on commercial development and private sector investment. We have also taken account of the squeeze on public finances and have pared back some of the original ambitions in our business plan with regard to the level of funding that we could secure from the public sector, because we realise that such ambitions are not appropriate and that the funding is not available.

Moreover, we and our partners have looked very closely at how all the partners have responded to the economic crisis that has hit North Ayrshire. Through the community planning process and the North Ayrshire economic

development and regeneration strategy, there has been quite a shift in emphasis by all the partners towards job creation. Our original jobs target was in the region of 1,100 jobs because we were trying to create the setting for investment and undertaking a lot of urban renewal work, but we have now shifted fundamentally to more opportunistic job creation and are also taking advantage of the opportunity presented by the enterprise area. We have recalibrated what we are doing and are still very optimistic about our ability to pull in the jobs we want to achieve; in fact, because of the enterprise area and its opportunities, we have increased our jobs target.

We are trying to balance different things, and our shift of emphasis towards job creation opportunities is a reflection of the area's needs, the views of the community planning partnership and our main sponsors Scottish Enterprise and North Ayrshire Council and the opportunity afforded by the enterprise area. It is certainly a unique opportunity for us as an urban regeneration company.

**Eric Adair (PARC Craigmillar):** When PARC Craigmillar developed its business plan's goals and objectives over 2003, 2004 and 2005, the economic circumstances were buoyant and the view was that, by 2007, 2008 or 2009, the whole enterprise would effectively be self-sufficient and proceeding on the basis of the profitability of the previous investment and normal bank lending to the private sector. However, by late 2008, there were very limited if any profits to be made from development and bank lending had disappeared, which meant that the two fundamental features of the second phase of PARC regeneration were not in place. From 2009 on, we were unable to pursue our original objectives at any pace and, by the end of 2009, the company was technically insolvent; its liabilities exceeded its assets; and, like many private sector development companies at the time, we were in survival mode with a question mark over whether survival was possible.

Although we held on to our vision, we had to drop many of our short-term targets and alter those targets from long-term investment to anything that would enable the company to generate cash in the short term. Our view was that, if we did not survive, we would be unable to achieve the long-term objectives, so survival became the focus of our activities and has been until very recently. With the beginnings of improvements in bank lending and in the economy over the past 12 months, we are now returning again to look at our longer-term vision.

09:45

**The Convener:** Before I move to questions from colleagues, I want to ask about the figures on the

fifth page of the submission from Irvine Bay Regeneration Company. The submission suggests that £0.5 billion of gross value added has been secured so far. Can the other organisations give us an indication of where they are at in that regard? Mr Manson?

**Patrick Wiggins:** Sorry, let me make a slight correction. Actually, the amount secured is not that high, but we believe that our work can lead to that level of GVA. If the table in the submission is slightly confusing, I apologise.

**The Convener:** How much GVA has been secured thus far?

**Patrick Wiggins:** We have secured £7 million thus far.

**The Convener:** And how much public money has been invested?

**Patrick Wiggins:** The public money invested is £33 million.

**The Convener:** So £33 million of public money has been invested, and thus far the GVA is £7 million.

**Patrick Wiggins:** Yes. We believe that the projects that we are working on will generate substantially more. At the moment, we are putting in place the infrastructure that will lead to the private sector investment, which will lead to the GVA. That is why the figures in the table show the amount that has been secured and the amount that will be secured on the back of the work that we have commenced. For example, the enterprise area will lead to very significant amounts of GVA and is already beginning to do so.

**The Convener:** Okay. Mr Manson?

**Ian Manson:** GVA predictions form part of the business planning process for Clyde Gateway. The expected GVA was part of the outcome from the expected investment. We use GVA predictions on a project-by-project basis to decide whether a project will provide good value going forward, but we have not calculated GVA outcomes cumulatively for our projects. We would be happy to do that, but we do not have such an indicator available at the moment.

**The Convener:** The committee would be very interested in seeing that. Obviously, if you are doing that for individual projects, I imagine that it would be quite easy to add it all up. Mr Robertson?

**Alan Robertson:** Like Mr Manson, I do not have those figures immediately to hand. The intention was that the issue would be clarified towards the end of the business plan, which would have been 2016. After the up-front investment from the urban regeneration company and partners goes in and gets things moving, the

private sector investment should be attracted in thereafter. That is when we believe the appropriate time is to measure GVA. Like Mr Manson, if the committee is looking for further details, I would be happy to look into that.

**The Convener:** The committee most certainly is looking for further details. We would be grateful if you could pass that information on to the clerks.

**Eric Adair:** Similarly, we have not been using GVA as a particular measure. Equivalent figures that we have suggest that, for £26 million of grant investment, we have levered in another £38 million of private sector finance.

**The Convener:** Thank you very much.

**Anne McTaggart (Glasgow) (Lab):** Good morning, panel. I want to ask about community involvement. The joint submission from the west coast URCs notes:

"We have provided, and will continue to provide, money and people resources to support the establishment and operation of community groups."

I hope that you all remember writing that. Could each of you provide us with more detail in respect of the numbers, the roles and the investment that your organisations have made in those community groups and the impact of that on local community regeneration?

**The Convener:** Mr Adair, would you like to start?

**Eric Adair:** You quoted from the submission from the west coast URCs, but obviously PARC Craigmillar is not included in that. We have supported the local neighbourhood partnership throughout the existence of PARC Craigmillar and we have effectively been supporting its role as a liaison with the community. We have contributed an average of £20,000 a year towards that. Our management team also contributed for a number of years by having a full-time community liaison officer.

We have also, through sponsorship, supported many local community groups, although I do not know off the top of my head what the cost of our involvement in that has been.

**Patrick Wiggins:** We play a number of engagement and support roles within the community, and we have engaged in a number of specific projects. For example, we have worked with Kilwinning Community Sports Club for a number of years and have put in about £200,000, which has allowed the club to secure a £2 million investment for refurbishment of its training facilities and so on.

We have also worked with an organisation in Kilwinning called PRYDE—Pennyburn Regeneration Youth Development Enterprise—



which took an old pub and got some grants and support from the lottery and so on. We added £50,000 to £60,000 to that pot, which enabled the group to transform an old and derelict building into a vibrant centre for youth training, enterprise and community events.

We have in the past done a number of other things through community engagement; it might be worth touching on those. For example, each of our towns has a town regeneration plan, and we have made sure that community engagement and consultation are right at the heart of developing those plans. We ran some events and 800 members of the public were engaged in that process. We had annual public meetings and so on. There is a full community engagement programme.

One of the interesting things that we have been able to do is reach out through a schools programme. We link into the—I am sorry, I cannot remember the title of the new education programme for excellence.

**The Convener:** Curriculum for excellence.

**Patrick Wiggins:** Forgive me.

About 5,000 schoolchildren across our patch have been involved in projects that link with our regeneration work. We have established a youth regeneration forum at which senior people from the secondary schools come together to contribute ideas on how we might deliver the various projects that we work on.

Finally, another interesting example is Kilwinning town centre. We made a substantial investment there and used the youth programme for engagement on design of the streetscape works. We worked with the promoting Kilwinning group, which is made up of traders who want to promote Kilwinning and get more business into the area. They specifically affected the design that we were proposing so that they could run events and host more activities in the town centre.

We also worked with a local archaeological group and that has become a nationally recognised success story through the Heritage Lottery Fund. The group celebrates the history of Kilwinning and something like 300 volunteers were involved in the archaeological dig in the centre of the town. That all added to the vibrancy of what we are trying to achieve and deliver and, as a result, we have had a much more successful public-realm scheme than I think we could have hoped for at the start of the process.

**Alan Robertson:** Clydebank Rebuilt obtained £196,000 for public consultation, which we took forward by establishing our own community-based group called the design forum. That has been an opportunity for community representatives to come

forward and, importantly, for members of the public to attend what were, to all intents and purposes, public meetings at which they could meet Clydebank Rebuilt and understand our plans and proposals. It was important that they were able to meet our professional teams who were working on specific projects.

As a result of that, a number of heritage-related considerations came up. I am sure that the committee is aware that there is in Clydebank a great deal of pride in the Singer sewing machine factory and in shipbuilding. Through the forums, it was made clear that that should be noted respectfully in our designs. To date, we have had 16 forum meetings; everyone who attends receives a report on it, which also goes up on our website. We always have substantial local press coverage both in advance of the meetings and subsequently.

As part of the consultation exercise, we also meet the business community. When we meet communities, the assumption is sometimes that it is particularly local residents whom we will meet, but we feel, given the economic situation, that it is especially important that business owners and managers are also involved.

Just to finish on the design forum, I add that, as part and parcel of the community's aspirations for regeneration of the town, it was made clear to us—the committee might have seen the substantial press coverage that we got for a major international heritage award just a few weeks back—that something needs to be done with the Titan crane and it needs to be reused. The community was also concerned about the state of the town centre. Based on those aspirations and requirements from the community, we have undertaken a project valued at £7 million. That is the larger, more set-piece element.

In 2008, I think, our community engagement activities were recognised by the Scottish Government as representing good practice, but there is also a more informal side of things. The amounts of money are not large, but there might be a few hundred pounds here and a thousand pounds there for community interests to take forward their projects. For example, a number of individuals have approached us who wanted to improve local sports facilities; we were able to provide them with initial funding to do preliminary feasibility work. That has progressed over the years and a community sports trust has been formed, a business plan has been written and lottery funding is being applied for.

**Ian Manson:** The community is at the heart of everything that Clyde Gateway does. A healthy community is vital to regeneration of the entire area, so the community is a key component of everything that we do. We are supporting some of

the most deprived communities in Scotland; they are fragile communities that need support all the way through the process.

We give support through our own resources, grants, support from our staff and in various other ways. The key way in which we do that is through support to three community development trusts. They are independent bodies that are intended to support the community, particularly on the ownership of assets and long-term sustainable community development. I am glad to say that the trusts have already been successful.

The committee took evidence from Brendan Rooney; the support that we have given his organisation has allowed him to lever in about £0.5 million of additional investment. The People's Development Trust in Dalmarnock has levered in an additional £1 million of investment that would not have come to the area, otherwise.

I have a couple of figures to give you an idea of the scale of what we do. In the Camlachie community, we have spent £185,000 so far on capacity building, youth diversionary activities, health and employability work and outreach work. In the Dalmarnock community, we have spent £100,000 to establish the trust, a community shop, allotments and capacity building. In Burnhill, which was described to the committee before, we have spent £276,000 to support Healthy n Happy's activities, which are about outreach, financial inclusion and jobs. Successful regeneration has to encompass such work, and we would like to continue that direct investment in our communities for as long as we can.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** I want to explore your decision-making processes in the projects that you undertake. I will start by asking an obvious question, and a nodding-head answer will do, I suspect. Do you have more projects than you can do?

**The Convener:** A yes or no will do.

**Witnesses** *indicated agreement.*

**Stewart Stevenson:** I see that the answer is yes for all of you. That is money in the bank, in questioning terms.

We heard from the panel about various slightly different approaches to financial appraisal of projects, so I have a few questions on that, first of all. Do you use the financial appraisals to rank projects? Do you have a return-on-investment measure or other measure that you use in driving that rank? Do you have a minimum figure that a project has to exceed before you would consider it, in financial terms?

To give some context, I absolutely understand that we do the physical regeneration and spend

money in order to deliver societal benefits. It is a complex question, but I am focusing on finance. Who would like to start?

10:00

**Ian Manson:** I am happy to respond to that question. Yes—our projects are scored. They are ranked and our board makes a decision about what goes forward into the operating plan every year. We use our key performance indicators to rank them. Projects that have a major impact against our overall 20-year outcomes go forward.

The point that you raise on finance is interesting. We have projects in our operating plan that we hope the private sector will finance. One of the things that Clyde Gateway does is de-risk projects. At one extreme we may not succeed in de-risking a project and so have to consider making direct provision ourselves, with our own resources. However, success for us is when we have sufficiently de-risked the project; that is, invested in land reclamation, designed a building, found an occupier and found a development partner for which public money is not required.

The finance question is probably more complicated than even Stewart Stevenson expects. Once we have ranked it and asked whether we will finance it, our job as a team is to make sure that we do not have to finance the work. The best example of that is our Eastgate office development: the committee stood in its atrium last year. Although that was in our operating plan at the top, ranked and financed, we secured Aviva's 100 per cent funding and, in fact, made a return on that building.

It is a rather complex process. Where public money is at stake, everything follows the various appraisal and public sector finance manuals in terms of value for money and justification.

**Alan Robertson:** It is rather awkward for me to answer the question directly because what Stewart Stevenson has suggested is a very quantitative approach to how projects are identified.

Our modus operandi has been more qualitative; if I may, I will briefly explain the background to our URC's operation. When we were first set up, the intention was that we would work closely with the private sector on a number of key sites within Clydebank. Due to circumstances that time does not permit me to go into, that has not happened. We were able to secure—

**The Convener:** On the circumstances, if you are talking about the economic downturn, please say so. If other circumstances stopped the progression of projects, we would like to know that, too.

**Alan Robertson:** The problem was primarily the economic downturn.

We were able to secure land. We accept that historically, in redevelopment and regeneration initiatives, sites have been prepared and then left to their own fortunes, so sometimes the redevelopment has taken many years. Our approach was to build directly; that has been the focus of our efforts over the years since Clydebank Rebuilt was formed.

In many ways, the activity that we have undertaken has been internal, where we have built directly. The projects that we have proposed, particularly to develop economic infrastructure, have been passed through the operational plan by our board and our funders.

**Patrick Wiggins:** I echo some of Ian Manson's comments. We probably go through a three-stage process. We have not mapped it out that way, but when we undertake a fundamental review of the business plan we go through a full ranking and prioritisation process that looks at finance, outputs, risks, deliverability and environmental considerations. That gives us a long list of projects which we then passport into our annual operating plan. When we go through the operating plan we look at affordability, deliverability and the projects that we think will deliver the biggest impact and the best return.

When we get the sign-off for the individual projects, some of that process is repeated. We take a very hard look at the projects in terms of commercial assessments. We understand that there are lots of risks in the projects with which we are dealing and that there is severe market failure so there is not always a financial return. In fact, there is very rarely a financial return, as such, because we have to subsidise projects to get them going.

We also have a range of projects in which our financial input is relatively low because we try to prepare the ground and create the conditions for private sector investment so that there is not always a quantum of finance going in at the front.

There is also partnership work, enabling work, facilitation work and engagement with the private sector, which is a long-term process in the current economic circumstances, but we believe that it will deliver significant investment in the future, and very high returns.

**Eric Adair:** There is no single approach that PARC Craigmillar has used; our approach has varied, depending on the phase of the overall regeneration and on the project.

Many of the early projects that we undertook were about changing perceptions and creating a position for longer-term development. For

example, a key early development was to build two new primary schools, because our view was that that changed the local community's perception of the area. It made a statement to the younger generation, who we hoped would stay in the area for the period over which we would be involved in regeneration, and it made a statement to the city. No direct financial return was associated with that investment; the financial return was expected to come after 20 years or later. The same applies to our work on greening areas. It is difficult to measure the financial return on planting £20,000-worth of daffodils, but there is a significant return in the longer term.

As we moved into the house building phase, we set financial targets. We used industry-standard financial returns for housing development and we were seeking to match the returns that a commercial house builder would seek to achieve. However, that was not possible in the early stages—indeed, if it had been, there would have been no need for regeneration. A fundamentally different approach was needed. Therefore, although the industry standard was our benchmark, we recognised that we could not achieve it. In some of our initial housing phases we were happy if we broke even, although we tried to do better than that.

The goal was to move towards meeting full industry profitability on housing developments and then to go further and move the average house price in Craigmillar from around 60 per cent of the Edinburgh average to 80 per cent of the Edinburgh average. If we could achieve that, based on the initial land values, we would be able to exceed the profitability of normal commercial house building.

The measurement process for our projects has therefore changed throughout the period of regeneration, depending on what we have been trying to achieve.

**The Convener:** You mentioned two new schools. How were they paid for?

**Eric Adair:** They were paid for using a combination of Government grant and our own profitability.

**The Convener:** Did the City of Edinburgh Council not pay for the schools?

**Eric Adair:** It contributed £1 million towards a school; it also contributed the land. The vast majority—probably 95 per cent—of the land in Craigmillar is owned by the City of Edinburgh Council.

**The Convener:** Who do they belong to now?

**Eric Adair:** Some of the land belongs to the City of Edinburgh Council, but much has moved into private ownership—

**The Convener:** I am asking about the schools.

**Eric Adair:** The school is owned by the City of Edinburgh Council.

**The Convener:** Instead of paying for the two new schools by traditional means, the City of Edinburgh Council got you to get various grants and so on, so its mainstream budgets have been bypassed. In other communities in Edinburgh it would be the norm for the council to build and pay for a new school. Is it fair to say that?

**Eric Adair:** Yes, although in a strict analysis the council would probably add that it had to invest to clear the site and is still contributing the remaining land to regeneration of the area—

**The Convener:** Therefore, it could be said that your organisation's ability to get money from other bodies has saved the City of Edinburgh Council from using mainstream resource to build two new schools for communities in Edinburgh.

**Eric Adair:** That could be said, yes.

**Stewart Stevenson:** As I expected, each of the witnesses has suggested that there are not only financial but societal considerations and returns. I think that the committee will welcome that, because we do not simply regard the issue through a financial prism.

I will close by asking a specific question. Do you, for each project that you undertake, have a named and identified person who is responsible for, and whose job depends on, delivering the benefits that were identified when the decision was taken to proceed with the project? When you take a project forward, you will have in the decision-making process—it is clear from what you said that this is the case—a set of financial and societal benefits that you expect to be delivered.

**The Convener:** Very briefly, gentlemen.

**Eric Adair:** Strictly speaking, the answer to the question is no; there would not be just one named person. A project might have somebody who is responsible for the physical delivery, who would probably be expected to be responsible for the financial aspects, and another individual within the organisation might seek to work with the community on delivery. A range of individuals might be involved. Ultimately, though, the organisation's board of directors would take overall responsibility for the project.

**Stewart Stevenson:** Just before we move on, would you be absolutely clear that the board sees its responsibility as being to deliver all the benefits? By the way, I absolutely accept that in individual projects there will be things that turn out not to be deliverable, although there should be a

process that makes it clear what is being discarded and accepted.

**Eric Adair:** I am confident that the board recognises its role and responsibilities.

**Stewart Stevenson:** Yes, but does it do so specifically in the way that I asked about?

**Eric Adair:** Yes.

**Stewart Stevenson:** Right. That is fine.

**Patrick Wiggins:** We assign a dedicated project manager to each project, who is responsible for the life cycle of the project. We also have—

**Stewart Stevenson:** Can I just stop you there? That goes precisely to the nub of what I am asking. In a sense, a project differs from a responsibility in that it has a beginning, a middle and an end. A responsibility has a beginning and it endures. My experience of projects is that we get to the end and the project manager leaves the project. However, it is over the next 20 years, as Clyde Gateway suggested, that the benefits will be delivered. So, my real question is: how does the benefits cycle work?

**Patrick Wiggins:** Okay. There are probably two answers to that. First, different people might be responsible for a project at different times, so we tend to have a project development manager, who will work up the project and perhaps do the deal, put in place all the components and then procure whatever development route we will go through. We also now have an in-house project manager who does really detailed stuff in terms of project control and scope control, and looks at the range of activities that are associated with the project. In addition, we have monitoring and evaluation, so we have a monitoring report and an evaluation report. We then report back to the board on where we are with individual projects in terms not only of the delivery phase, but of the outputs.

**Stewart Stevenson:** That leaves me unclear. Whose job is on the line if the benefits that were included in the decision-making process are not delivered?

**Patrick Wiggins:** It would be my job on the line.

**Stewart Stevenson:** That is fine.

**The Convener:** Mr Robertson?

**Alan Robertson:** I concur with my colleague's view, so I have nothing to add.

**Ian Manson:** Mr Stevenson has put his finger on the added value that comes from having a focused organisation that lives or dies by its record of success. The point of my organisation is that it has to produce the goods in terms of the outcome,

so we are structured so that each project has a project manager who sees it all the way through.

I would like to add two things. First, in some cases, specialist knowledge is required to make things happen. We have succeeded with community benefits and in securing numerous jobs from construction contracts because we have brought to bear a specialist member of staff on that.

Secondly, on Mr Stevenson's tale about the 20 years, please do not forget that something significant has happened in that the bodies here in front of you have charitable status in the main, and have assets, and if those assets are to be passed on to anybody, our successor bodies need to have the same aims as us. Something important has happened here in Scotland; we now have the resources and the assets in the grasp of the community, with the flow of further assets going back into the community. Whatever the future of bodies such as ours, something significant has happened because a successor body would need to follow through to exploit the assets and ensure that communities benefit as we intend.

10:15

**Richard Baker (North East Scotland) (Lab):** Mr Manson, you said in response to the convener that you have not had to revise your targets in the light of the financial crash. Your key performance indicators suggest that you are broadly on track to reach your targets. Is that a fair reflection?

**Ian Manson:** We are satisfied with the indicators on land remediation and job creation, but we are slightly frustrated on commercial development and house building—we would like to be further ahead on that.

There is a sequence for our indicators. Five years ago, no sites in the area were ready for development—and we cannot get jobs or housing into the area unless we clean up the sites. We are on track to clean up the sites, but we need to motor to get the private investment that will bring jobs and further investment.

**Richard Baker:** I note that qualification but, in comparison with the experience elsewhere, you are closer to your targets than other regeneration companies are. Unlike other members, I have not had the chance to visit the gateway. Why are you closer to your targets? Did you learn from experience because you started later than other companies, for example?

**Ian Manson:** We learned from the other pathfinder companies and we used our experience in regeneration over many years.

We set out with clear targets and a timescale, which are vital. Such information is needed to

inspire people. We set out a clear vision for the area, which local people share. We adopted the community's commonsense priorities of jobs, tidying the area, sorting the pollution and making the area the sort of place where people want to live and work. We have taken a commonsense approach.

We have not overpromised, because the history of regeneration in the east end has been to overpromise and underdeliver. We are not perfect, but we have tried to ensure that we take the community with us, that we deliver what we say we will deliver, and that we have momentum and the community's confidence in us. That is a fragile element that we work hard every day on sustaining.

**Richard Baker:** My final questions are more general. Your comment about taking a commonsense approach is interesting. Such projects have 10 to 20-year lifespans. In the past few years, we have had the economic crash. Will future approaches to such schemes be revised as a result, to take greater account of ups and downs in the economy?

I am looking at Mr Wiggins's targets. You have done reasonably well on your job target—you have created 420 jobs against an original target of 1,100. Now that you will be an enterprise area as well, you have set a revised target of 3,200 jobs. You also had an original target of building 1,200 homes, of which eight have been built.

I am asking about the approach that has been taken. Have we learned from the past? Are targets being based on common sense and not on overpromising, which would give an unrealistic expectation about such important schemes?

**Patrick Wiggins:** We have reflected the opportunity that we have with the enterprise area, which has a huge capacity. We have a one-off opportunity to exploit that, so we have shifted our activity heavily to focus on it.

You are right about the original jobs target, on which it looks as if we are performing pretty well, given the resource that we have been able to pull down. However, we believe that we can achieve more by redirecting what we are doing. Enterprise area status gives us a unique selling point, which we are looking to exploit. We are already getting good results from that. We expect significant investments and we have already achieved one or two investments, which will come through in our performance, monitoring and evaluation in later years.

We have two key sites for housing, on which all the preparation is now done. We are ready and we have in place development partners, but they need to get the finance in place to take forward the schemes. We are continuing to work with those

private sector investors—we are supporting them through the crisis and helping them to find different and innovative ways of funding the schemes, but we are not putting more money into the schemes. Our emphasis is clearly shifting to job creation.

A bit like Ian Manson said, given the depth of the recession that we have had, if anyone was asked what the area's priority is, they would say that it is jobs. We have taken on board that clear message and have clearly realigned our projects to do everything that we can to unlock the area's jobs potential.

**The Convener:** Does anyone want to pick up on Richard Baker's point?

**Alan Robertson:** Without stating the obvious, regeneration areas are very difficult to operate in. Factors such as site conditions and the current economic circumstances in which we find ourselves have an effect. I am clear that our job as a URC is to crack on. Our work is about building confidence, making our places attractive and competitive, and getting them to the start line so that developers and investors will—when they come out to play again—very much be looking at areas such as Clydebanks and the other regeneration sites.

That is our primary function, and as an organisation we are now at the start line, so we need the private sector to come in and play its part. That is the future for Clydebanks's regeneration.

**The Convener:** Before we move on to Mr Wilson's questions, I have a question for Mr Manson.

You have not really mentioned the Commonwealth games to any huge extent. Is one of your main advantages as a URC the fact that a lot of the new facilities and infrastructure for the Commonwealth games are in the east end of Glasgow, which is the area that your URC covers?

**Ian Manson:** Yes—I apologise if I have not emphasised that sufficiently. The games village is a significant part of our housing target. The Emirates arena is, in business development terms, the local leisure facility that people can enjoy and use after work, and the refurbishment of Dalmarock station has also been heavily helped by the Commonwealth games.

The M74 completion is equally important. Without accessibility, and without the basics being addressed—improvement of the three mainline railway stations, for example—the regeneration simply would not take place, even with the Commonwealth games.

A common criticism of regeneration is that having the games, building a road or building houses is not enough. Clyde Gateway's response

to that is, "Absolutely—we agree." Regeneration must involve doing a bit of everything. The magic of the games and the fact that they have such strong support among local people is a game changer in terms of aspiration and hope for the future, and we are taking full advantage of that.

Equally, the Commonwealth games needs to deliver legacy in order to be successful. I think that Scotland expects and hopes that regeneration of the east end will be one of the key legacies from the games. We have a fantastic partnership under way in that respect.

**The Convener:** If the Commonwealth games investments had not come into play, where would that have put you with regard to the targets that you originally set yourself?

**Ian Manson:** We would have fundamentally reviewed the targets. If the M74 had not been funded and the Commonwealth games had not been won, it is a moot point whether Clyde Gateway would have even been formed.

Those decisions were all taken in a very short period of time during 2007-08. I like to dwell on the fact that we have a synergy of a number of important things that have happened. We should not forget that Clyde Gateway was created to make things happen in an area where nothing had been happening for the previous 20 years. We are dealing with long-term market failure, through boom and bust, and Clyde Gateway has to use the games and the M74 to make a real sea change in the area.

There is another world out there in which those things did not happen, and I am afraid it is all too obvious what would have been going on in the area. There would have been some development and some change, but it would be far from the transformational change that is now under way.

**The Convener:** That is very useful, Mr Manson. We may well call on you to provide some of the information that we received on our visit with regard to the legacy in housing and so on. The clerks may write to you so that we can furnish new members of the committee with that information.

John Wilson will come in now.

**John Wilson (Central Scotland) (SNP):** If you have left me any questions to ask, convener. You asked three questions in particular that I had written down and wanted to ask. *[Laughter.]*

**The Convener:** Great minds think alike—although we will not move on to the second part of that saying.

**John Wilson:** Good morning, gentlemen. I will follow on from the convener's question about the schools that were built in Craigmillar—or the plans to build two schools—and the current ownership of

those schools. I note that Mr Adair said that 95 per cent of the land belonged to the local authority, so the schools would therefore be returned to the City of Edinburgh Council. Was there any discussion about transferring the schools to community ownership and using them as community hubs, rather than, once they have been built, simply transferring them back to the council?

**Eric Adair:** I was not employed by PARC Craigmillar during the early stages of those decisions, so I do not know whether there were discussions of that nature. My understanding is that that was not part of early discussions, although I might be wrong.

**John Wilson:** I raise the question because Mr Manson said that he expects all the assets that are developed through the URC to become community-owned assets. I ask Mr Manson to define what he means by “community-owned assets”. Is it similar to what happened in Craigmillar, in that the assets that are created through the public funding that has been ploughed into the URCs will be transferred to the successor local authorities, which in Mr Manson’s case would be South Lanarkshire Council and Glasgow City Council?

**Ian Manson:** That simple transfer is not possible. We are an urban regeneration company with charitable status, and any successor body has to have the same objectives. Therefore, it would not be possible to split up the portfolio in a simple way unless the successor bodies can demonstrate a continued intention to redevelop the area. There is a new situation in front of us, and it is one that I find quite exciting.

**John Wilson:** To clarify, you say that the successor organisation would need to have the same commitment to redevelop the area. Surely the objective of the URC is to have the area redeveloped in a 20-year timespan so, based on your current plans, there should be no need for further redevelopment of the area. Therefore, any successor organisation would not have the same objective of redeveloping the area, because it should have been redeveloped.

**Ian Manson:** Areas change, and vacant and derelict land will be created in future. In the east end of Glasgow, there will always be further change. Perhaps “redevelop” is too strong a word, but any successor organisation would have to have the specific interests of the area at heart. I suggested that assets that are created by Clyde Gateway could be transferred in that way. The key is the attitude of the partners—Scottish Enterprise, South Lanarkshire Council and Glasgow City Council—which would have to decide how they want to proceed.

When I talk about community ownership, I mean the real thing. The best example that I can give is the Dalmarnock community hub, which is in our operating plan to be funded. It is undergoing scrutiny by a number of bodies and will, we hope, get additional funding from the European regional development fund and regeneration funding. That asset will be owned and managed by the People’s Development Trust. I am clear that, when I talk about community ownership of assets, it is the real deal.

The key factor is what the community wants to own and what it wants responsibility for. At present, the community in Dalmarnock wants to own a community centre. I have no pressure on me from the community to take control of the remediation of gas works or to put in sustainable urban drainage infrastructure or to put pipes under the ground to prevent flooding. That is seen as our job, and we are getting on with it. There is no reason why the assets that are created on the back of that cannot be taken forward through some form of community ownership, but that is a wider policy issue and it is not for me to specify what happens.

**John Wilson:** That response goes to the heart of the issue about what we mean by regeneration of an area. You talk about major infrastructure works being carried out by the URC. Should that work not be carried out by agencies other than the URC, such as local authorities and Scottish Water?

I have some figures on the level of public funding that goes into the URCs. As with the Edinburgh schools situation, it sounds as though the money that has been going into URCs has been subsidising what should have been spent by other agencies to ensure the redevelopment of areas. It seems that there has been a transfer of resources from the agencies that should have provided those facilities and services, such as local authorities and Scottish Water.

10:30

**Ian Manson:** The starting point for creating URCs was to make things happen where things were not happening and to achieve targets and outcomes that were not being achieved otherwise. You can take one of two approaches to that: either you persuade every agency, every organisation and every private sector funder to change its own approach and priorities and to invest in what should happen in an area, or you create a dedicated body to achieve that aim one way or another.

There is no doubt that the picture is mixed. For some schemes we have had to put the money on the table to lever in other public sector money,

while in others we have been able to make the case to other public sector agencies and convince them to make the investment on their own. If it were as easy as saying to those agencies, "Come in and do what's right in this area," you would not need a dedicated body.

We have to face up to the fact that we are dealing with public sector agencies that have other priorities and private sector companies that will not invest, and we need to ask how we dig into a spiral of decline that, in areas like mine, has been going on for 40 or 50 years now.

In some cases, you might have said, "That organisation got help with that asset when it should have put its own money in"—I have certainly felt that many a time—but on the other hand you have to get things going and get an area that was not a priority for an organisation higher up the list. The best way of doing that is to put some finance on the table, match-fund and ensure that you get the result that you are looking for. That is what Clyde Gateway has done.

**John Wilson:** That last point brings me on to the issue of match funding. I thank the URCs for the evidence that they have provided for this session, but I have to say that, when I look at the investment that has been made in areas, I see very little private sector investment, and where there is any such investment—or indeed any such anticipated investment—it has been made predominantly in house building.

I assume that the major objective of all URCs is the creation of sustainable employment, but in my experience private house building provides only relatively short-term employment opportunities for local individuals. How can we guarantee that the leverage of the public money that goes into URCs ensures sustainable employment opportunities for local residents in the areas that the URCs are supposed to be having an impact in?

**Patrick Wiggins:** Again, there are several ways of approaching the question. First, our two major housing schemes—as they might be badged—are in fact mixed development schemes. We make it very clear that we are not trying to create new housing estates and that we want a mixed development with a mixture of employment and housing opportunities. We are trying to change the housing market, but we are also looking at how we might tie in leisure opportunities such as the marina in Ardrossan and create more business space on the back of this enhanced environment. In short, these are not just housing schemes; we know that we need to look at a wider canvas than that.

Secondly, you need to look at the span of things that we are doing. Some things are costly because they require repairs to infrastructure that was

damaged in, for example, the industrial past. We are also trying to create a vibrant place. We want not only a varied and effective housing market that offers a range of choice but attractive town centres where people want to live and spend their money and business infrastructure where people can work and which others find attractive enough to invest money in.

A lot of what we are trying to do is to put in place an environment or landscape that is attractive to investment, and these issues and our different types of intervention have to be seen in the round. We are trying to attack those different elements: a good place to live, a good place to visit, a good place to spend your leisure time and a good place to invest in and create your business. We are trying to create that entire package.

**Alan Robertson:** One of the initial prompts in this session was about why my organisation came into existence. When several large employers in the Clydebank business park left the area, we had to focus on the need for economic infrastructure. That has been our particular priority and, in response, we have developed the kind of office space—particularly small office space and small workshops—that investors and developers would not necessarily pick up because it is not necessarily financially attractive.

From our early stages, we have had a successful workshop development, which has created successful employment for local residents as well as people coming into the area, and the same is true of our offices. However, as Patrick Wiggins mentioned, there is an element of sophistication to our economy, and regeneration needs to be multistranded, taking account of considerations such as housing. For example, Clydebank may be a comparatively cheaper place for people to reside than parts of Glasgow, which leads to wider economic benefits such as people paying council tax and shopping locally in addition to locally provided jobs.

Likewise, one of our strategic objectives is to be better connected. We are a small town on the edge of a city region, and if we are not to provide solely a dormitory function there needs to be on-site economic activity. However, if we are better connected we can get people in and out of the city, which reinforces the local economy. Getting sustainable jobs that are available to local people is absolutely a priority, but it is one of many priorities for successful, sustainable long-term regeneration.

**Ian Manson:** We have an example of a sustainable house-building industry. Much of the kit is now made off site and, in our area, we have 50 Clyde Gateway residents working in a housing manufacturing plant. That is a green job because it



ensures that the highest environmental standards can be met; it is a warm and comfortable job compared with being on a site; and, as long as the company does well, it is a long-term, sustainable job. We can, therefore, provide an example that challenges the house-building example that Mr Wilson gave.

We are engaged in sustainable employment opportunities. Some of the companies that have moved into our area work in the oil and gas industry, and we have six local people working in the Glacier Energy Services factory, making widgets and exporting them to oil and gas companies abroad. Manufacturing is on its way back into the east end of Glasgow.

On the leverage issue, the history of the past 50 years tells us that the private sector will not invest in sites that are contaminated, that have been vacant for 50 years and that sometimes have health-threatening contamination in them. Without the public sector pump priming the investment and getting rid of the contamination, we will not get the private sector leverage.

I am pleased to report that we have succeeded in getting private sector leverage on the first sites that we have decontaminated and made ready for development. Although the figure for our whole estate spread over 20 years is not yet up to scratch, if you look at it on a site-by-site basis you will see that the model of pump priming to attract private investment is working.

**John Wilson:** I am looking at some of the figures. In the opening paragraph of the Irvine Bay Regeneration Company's written submission, which is part of the performance summary, we are told:

"this in turn has secured an additional £37.3M in private and other public funds towards key projects".

A few pages on, however, we find out that the direct private sector leverage is just over £7.4 million—the rest is public sector funding. Given those figures, where is the private sector funding coming from? The written submission from Clydebank Rebuilt cites the figure of £65.4 million as "Indirect Public Funding", whereas the indirect private sector funding is cited as £11 million. The private sector leverage figures do not seem to match the level of public funding.

I take on board the need to clean up contaminated land. The health boards and other organisations used to build houses on contaminated land before they cleaned it up. Given the responsibility that has been placed on the URCs and the public sector to clean up the land and make it usable once again, it seems that a lot of public money is being invested—not only through the URC, but through other public agencies—in these communities, but I do not see

the same return from the private sector. Will we be guaranteed the level of investment that we expect to get from the private sector?

**The Convener:** I would like very brief answers, please, gentlemen.

**Ian Manson:** Nothing in life is guaranteed. What you look at is what is in front of you. On the specific sites that we have remediated, where we have been able to attract developers and companies, the leverage is very high. Private funding is coming from institutional sources, such as Aviva, the BT pension fund and other sources, so it is possible to get such investment.

However, to provide the background to your question it is appropriate to ask: where has any private money gone into any property development over the past few years? The achievements in the east end of Glasgow come against the tide. The situation is that market failure has gone as far even as city centres, so you have in front of you a hard-won achievement in very difficult circumstances. It is for the committee to judge whether this start means that, over the 20 years, £1.5 billion of private investment will come in. My judgment is that the land is available, the infrastructure has been put in, we are dealing with an area in the heart of Scotland's biggest conurbation and we must help that particular community with the provision of future jobs and employment, so it will happen.

**Alan Robertson:** I mentioned that in all our areas we deal with very difficult sites, so there is a requirement for front loading, which will mean that there is a very high profile of public spending.

I return to my comment about getting us to the start line. Increasingly, we are getting to the point at which we have sites that the private sector—be it developers or investors—will now consider; they are at the start line. We recognise that private investment is a competitive game. However, we now have sites that 10, 15 or 20 years ago would not have been capable of development for business to create jobs, housing and so on for local people or people from other parts of the world. We now have wares to sell, which was not the case prior to our interventions.

**Patrick Wiggins:** Pump-priming investment has to go in at the start of the process. We believe and are optimistic that returns will come. We are beginning to see an uplift in the level of inquiries that we get, particularly on the back of the enterprise area. If we can convert some of those inquiries into investment in jobs, the investment will arrive and returns will come, but it is a long-term process. We are dealing with deep-seated generational problems in areas where the decline has been going on for decades and we are trying to turn the situation round. We put in place the

infrastructure, prepare the sites, prepare the land and put in place some of the business opportunities. We believe that we are putting our communities in the best possible position to take advantage of any economic upturn.

**Eric Adair:** In the past three or four years, there has been very little private sector investment even in the centre of Edinburgh, which is clearly not in a regeneration area—only one commercial office block has been built on spec in central Edinburgh. To expect that there would have been private sector investment in a regeneration area such as Craigmillar would therefore be unreasonable, yet we are now reasonably able to expect that there will be private sector investment in retail developments in Craigmillar. As the economy in general improves, I therefore believe that the investment that has been put into the Craigmillar area will, over a number of years—it will take significantly longer than we originally envisaged—attract a significant level of private sector investment for the good of a sustainable community.

**Cameron Buchanan:** My question is for Mr Manson, Mr Robertson and Mr Wiggins. Your submission states that your business plan puts the emphasis on attracting private investment. What are you doing to keep the initial private sector jobs that you attract and to ensure that they last? My experience is that often such private sector jobs come and go. Are you doing anything to sustain them and retain them?

**Ian Manson:** The private sector jobs that have come are good ones in oil and gas, and in construction. My judgment is that those are key sectors that will continue to grow, and I think that that is also Scotland's judgment.

The best thing that we can do to help and sustain companies is to ensure that, if they grow, we can make the business support, the land and the premises available for them to grow in the area. The history of the east end has been of successful companies that are looking to expand not being able to find an uncontaminated site or a suitable building and therefore moving out. Barr's Irn-Bru is a classic example. For the first time, we are ensuring that land and sites are available for companies that want to expand and remain in the area. Business support is available from various other sources, but we do not supply that because we do not duplicate what is already provided successfully in the public sector.

**Alan Robertson:** When the tenants in our industrial and office properties first come in, and on an on-going basis, as a matter of course, we ensure that they are aware of the services of our partner agencies. That may be the business gateway service or the economic development team at West Dunbartonshire Council or,

particularly for fast-growing companies, there may be support available from Scottish Enterprise with regard to account management. It is very much the case that we speak to them when they come in to reinforce that there may be a range of business support mechanisms, including support in taking on local people.

10:45

**Patrick Wiggins:** A lot of the investment that we have received so far has been from good-quality local companies that have a long-standing relationship with the area and an on-going relationship with the communities and the people whom they employ, so we are confident that they will be there for the duration. We also work very closely with North Ayrshire Council and Scottish Enterprise to ensure that there is aftercare and that the business support mechanisms are in place.

If one looks at the enterprise area and at the way in which the financial incentives are structured for that, one sees that they are very heavily geared towards the end user. For example, the capital allowances that are available in the enterprise area are for plant and machinery, not for buildings. The idea behind that is that people who invest very heavily in plant and machinery are much less likely to move away and to find a cheaper place to produce whatever it is they produce, because they have made a significant investment in plant and machinery in situ. That is much harder to shift so it should be longer term and more sustainable.

**Stuart McMillan (West Scotland) (SNP):** Good morning, gentlemen. I have a couple of questions. On page 4 of the joint submission, regarding Riverside Inverclyde, there is a reference to an MSP being an ambassador for the Ocean Youth Trust. For the record, I am that MSP.

On page 8 of the submission, there is a reference to common targets that URCs would like to see considered. Can you provide the committee with any information on the common targets that you would like to see in place?

**Eric Adair:** That comment came from the other URCs. I was not involved in writing that comment and I am not quite sure what my colleagues meant by it.

**Patrick Wiggins:** I will have to refresh myself on that point. We have common targets in as much as we all look at leverage, jobs and space regenerated and so on. There is some commonality in the types of KPIs that we have.

I do not think that in that document we were suggesting that there should be anything over and above that commonality. We are all measured in

pretty much the same way. We all respond through the monitoring and evaluation framework, which the Scottish Government provides every year. It is all tied into the Scottish Government's core objectives and strategies for economy, health and wellbeing and so on. Everything that we do feeds back through that monitoring and evaluation framework.

**Stuart McMillan:** I will read a small part of that paragraph. It states:

"we would also welcome the introduction of a small number of common targets for URCs".

**Patrick Wiggins:** We report on 34 different indicators through our management and evaluation report. It probably is the case that a smaller subset of that would be more usefully interpreted in respect of URCs. For example, in our submission we have pulled out four or five key indicators rather than the full 34, which tends to confuse matters a bit. There are a number of key indicators that we would all accept are appropriate.

**The Convener:** Would you all measure yourselves against all 34?

**Patrick Wiggins:** We report on 34, but there are more—

**The Convener:** There are 34 that you would report on to the Government.

**Patrick Wiggins:** There are more within the monitoring and evaluation framework, but we do not hit all the targets. The targets in the monitoring and evaluation framework cover a whole range of activities. We do not cover them all, but we report on 34—

**The Convener:** I think there may be some confusion there.

I call Mr Stevenson to speak very briefly.

**Stewart Stevenson:** I want to be clear about one point. KPIs are not targets and targets are not KPIs, are they?

**Patrick Wiggins:** They are not the same. Performance indicators show what progress is being made towards a target.

**Stewart Stevenson:** That is fine—the information was just presented in a way that suggested something else.

**The Convener:** Mr Robertson can return to Mr McMillan's question.

**Alan Robertson:** To be honest, Patrick Wiggins has covered the answer that I would have given.

**Ian Manson:** I would welcome common definitions. Even GVA, which has been mentioned, can be calculated in a number of ways. If we are to compare leverage and the amount of land

remediated across Scotland, we need to be much clearer about the common definitions.

I would welcome the collective setting of targets for public sector agencies on key things that we are trying to achieve. In London, convergence targets have been set with the intention that the east end should reach the average figures across London on education, ill health and so on. That could be a way forward for Scotland. A URC on its own could not achieve such targets, but the full might of the public sector, working with the private sector, could. That would be a noble aim for us.

**Stuart McMillan:** Phrases such as

"dealing with the effects of decades of major deprivation and disadvantage"

are littered throughout the joint submission, and we have heard variations on that comment today. Given that, have the expectations that have been placed on the URCs been too great?

**The Convener:** You could probably go on for hours on that topic, gentlemen, but I ask for brief answers, please.

**Eric Adair:** The expectations have been demanding, but they are not too great.

**Patrick Wiggins:** It is not just URCs that are resourced to address such problems; we must work in partnership. That is why we feel that community planning partnerships are critical, because they ensure that all the public agencies that work in an area focus on key deliverables to address the deep-seated problems of deprivation. That is not just for us on our own.

**Stuart McMillan:** Is that the case for every URC?

**Patrick Wiggins:** I cannot speak for others, but I know that all the URCs routinely work in partnership with their local partners. They can say for themselves what form that takes.

**Alan Robertson:** There are no two ways about it—in the current environment, we are standard bearers for the regeneration of our area. It is undoubted that close connections with partner agencies are needed. It is important that we have ambitions and that we are demanding of ourselves and our partners, but external factors can kick in, such as an economic downturn. A subtlety concerns how organisations such as us are reviewed in a way that takes account of factors that we might not always have direct control over. However, the reality is that we are thrusting and demanding about getting a job done that has been left for many decades and needs to be completed.

**Ian Manson:** First and foremost, Clyde Gateway is a partnership. We lead on the targets and ensure that they are addressed, but they cannot be achieved without major investment from

Scottish Water, without the support of the two councils in the area and the utilities, and without support from the Scottish Environment Protection Agency on flood prevention and decontamination.

This is a partnership. I spend about a third of my time on what could roughly be called maintaining and sustaining the partnership. Within the partnership is a body that has a board, resources and assets, and it can do some of the jobs itself. We have the right mixture.

**Stuart McMillan:** Mr Manson spoke about remediation costs. It would be useful to hear how much each URC has invested to deal with that and to get to a position in which it can encourage investment.

**The Convener:** I ask for very brief answers, gentlemen.

**Ian Manson:** Every URC is different and faces a different set of issues. The defining issue in the east end of Glasgow and in Shawfield in South Lanarkshire is ground conditions, so the bulk of our public funding has gone into bringing sites up to a state from which they can be developed. About £70 million or £80 million has gone under the ground to fix the problems of the past. Without that, nothing would have happened.

**The Convener:** It would be useful to have the specifics in writing to the clerks.

**Alan Robertson:** I am unable to give you a specific figure. However, for our primary site—Queen's Quay—the decontamination, site preparation and major civil engineering cost about £8.5 million out of a total redevelopment cost of £60 million. That proportion is often reflected in our other locations.

**The Convener:** Again, it would be good if you could get details to the clerks.

**Patrick Wiggins:** Our decontamination costs are less because we have avoided some of the worst contaminated areas in our patch. The costs tend to be quite light, so a lot of our expenditure is on site assembly and infrastructure to open up the sites.

**The Convener:** I do not think that any of this applies to Mr Adair to any extent, does it?

**Eric Adair:** No, it does not. For example, we have probably spent only £5.6 million on site infrastructure, although that does not include costs incurred by the City of Edinburgh Council for site clearances.

**The Convener:** Okay. It would be useful to get the detail to the clerks.

You have said that you talk to one another. Do you benchmark against one another? In what you

do, do you see yourselves as allies or as rivals? Please give very brief answers.

**Ian Manson:** Comparisons between the URCs are useful because of the history of the areas. However, they are very different, so detailed benchmarking does not take place. I benchmarked against the urban development companies and corporations in England, but most of those have now been abolished in one way or another. However, in the east of London, significant onward investment is going on and I compare us very closely with that. The level of investment that is going into the east of London is astonishing. For example, post-Olympic games alone, £0.5 billion has been invested in continuing the legacy. So, I benchmark against that and I aspire to that.

**The Convener:** I can understand that, but surely you have near neighbours and could benchmark against what they do.

**Alan Robertson:** As has been mentioned, local circumstances can be such that it might be difficult to undertake direct comparisons for benchmarking. On whether we are friends or rivals, it is fair to say that we are all part of the regeneration movement, so without speaking on behalf of my colleagues, I would suggest that we are friends.

**Patrick Wiggins:** We are definitely allies, not rivals. We learn a lot from one another, quite often about ways of delivering. There are significant differences between the URCs in terms of population, geography, types of land issues and depths of market failure, but we can learn from one another's practices. We do that by officers from the different organisations having regular contact.

**Eric Adair:** I agree with the previous comments, particularly those from Patrick Wiggins.

**The Convener:** Okay. Thank you very much for your time, gentlemen. I suspend the meeting for a few minutes for a change of witnesses.

10:58

*Meeting suspended.*

11:05

*On resuming—*

**The Convener:** We now have our second panel of witnesses. I welcome Allan McQuade, business infrastructure director of Scottish Enterprise, and Douglas Duff, member of the Scottish local authorities economic development group and head of economic development and environmental services at Falkirk Council. Does either of you gentlemen want to make a brief opening statement?

**Allan McQuade (Scottish Enterprise):** I do not.

**Douglas Duff (Scottish Local Authorities Economic Development Group):** If you do not mind, convener, I will give a brief opening statement to explain a bit about SLAED and my purpose in coming along to this meeting.

The SLAED acronym refers to the representative body for local authority economic development officers, which brings together officers from across the country whose aim is to help develop the economic development services that we all offer through our councils. We do that in addition to our day jobs—we all have an active involvement in economic development and regeneration across the country. We try to muster support to develop that jointly through the activities of SLAED.

SLAED has a number of sub-groups, including one on regeneration. We also work on business support, employability, tourism and so on to try to galvanise the activity that is taking place. SLAED has gone through considerable changes in recent years, particularly as a consequence of the decision to transfer responsibility for business gateways and regeneration to councils. We have focused particularly on how we develop the organisation, bringing forward work with the Convention of Scottish Local Authorities and the Improvement Service on an improvement guide for the development of economic development services and the development of an outcomes framework, which is being shared across the country and which will give a common means of reporting on our activities.

SLAED is very much starting to galvanise its activities. That has been recognised and welcomed by the different partners with which we work, most recently in the development of our local economic development partnership forum that is jointly chaired by the Minister for Energy, Enterprise and Tourism and the portfolio holder at COSLA. We see that as a valuable way forward to help integrate the local and national agendas that we deal with.

I am involved quite heavily with SLAED, but I also have a day job with Falkirk Council. My responsibilities relate to economic development and environmental services. We have a strong track record in the field of regeneration, most recently in bringing forward quite a significant tax increment financing—TIF—initiative, with which some of the committee might be familiar. It involves quite a substantial commitment by the council to investing in the area and hoping to attract significant investment from the private sector. That is an important flagship initiative that we believe is for not just Falkirk, but the country as a whole.

We have also been working in our town centres. We have been working to develop Falkirk town centre and four district-level centres. We have also been delivering the project that is known as the Helix, which is a national living landmark project and one of three across the United Kingdom. We believe that it signifies the transformation that is possible in an area such as ours. There is quite a lot going on, and we are certainly keen on, and actively interested in, regeneration.

**The Convener:** Thank you, Mr Duff. I will start by asking you a few questions about economic development activity. Committee members have visited various places at different points and we know that some councils choose to invest quite heavily in economic development activity but that some do quite a lot less. Given your national experience, can you give us an indication of how much of the economic activity that is taking place in the 32 local authorities is looking at regeneration, particularly community regeneration?

**Douglas Duff:** SLAED has done work recently to estimate councils' total commitment to economic development activity, which works out at about £213 million annually and is recognised as a significant contribution. I do not have details of the breakdown across the various fields of activity but I could certainly ask for that. The total amount covers our activities in respect of physical regeneration, employability and business support.

**The Convener:** It would be useful for the committee to have that information. We all have a certain amount of experience of economic development activity in our areas, and we know that activity can be extremely varied. It would be grand to get an indication of how much effort is put into regeneration.

Mr McQuade, how much of Scottish Enterprise's expenditure goes on regeneration activity? Can you give an idea of the proportion of that spending that goes on community and social regeneration?

**Allan McQuade:** As you know, our primary focus is on increasing Scotland's economic prosperity. We moved away from local regeneration in 2008, when the approach to enterprise companies changed, and in 2012 we moved away from funding urban regeneration companies.

Our primary focus is on economic growth, but that is not to say that we have abandoned regeneration. We are still involved in such activity, through our work with the urban regeneration companies and a number of other initiatives. There are the national initiatives of Clyde waterfront and Dundee waterfront, and other initiatives include work to bring economic activity to Hunterston, in North Ayrshire. We are still

involved with Ravenscraig and Gartcosh, and in West Dunbartonshire we are involved with Strathleven Regeneration Community Interest Company. In Aberdeen city and Aberdeenshire we are involved with Energetica—

**The Convener:** May I stop you there? You said that you have moved away from regeneration to a degree and are concentrating on economic growth, but you have listed a number of regeneration projects in which you are involved. It seems that Scottish Enterprise has not stepped away from regeneration.

**Allan McQuade:** We have absolutely stepped away from local regeneration in relation to councils' responsibilities. We are still working through legacy issues, such as at Ravenscraig and Gartcosh, and we are involved in regeneration to the extent that we bring expertise from a national perspective, for example in relation to the closure of Diageo in Kilmarnock and Rolls-Royce's move from East Kilbride—I am on the East Kilbride task force.

We are involved, but we are not directly involved. Our investment is limited—I do not have a figure that I can give you, but it is not substantial—apart from our commitment to Dundee waterfront, on which I can provide figures to the committee.

We are involved in supporting regeneration in the context of our work with companies and our sector growth activity, on which we are very focused. Companies get support through regional selective assistance via Scottish Enterprise, and the regional selective assistance map is drawn with a view to supporting areas in most need. Through our support to companies we therefore indirectly help areas in need to regenerate.

Some of our major sector initiatives are in areas that are adjacent to areas of need. For example, the bioquarter in Edinburgh is a life sciences project and is adjacent to areas of need in the city; a renewables infrastructure plan, which is following the Government's offshore wind agenda, supports development in Ayrshire; and in the creative industries, Pacific Quay is being developed along the Clyde in Glasgow, next to Govan. Our activities help with regeneration, by providing and growing employment that can be taken up by people in areas of need.

11:15

**The Convener:** I find it interesting that you said that you have moved away from regeneration, but at the same time you listed all those projects, which are either adjacent to or in regeneration areas, and you said that there are monetary commitments to regeneration projects such as the Dundee waterfront. Maybe it would be a good idea

if you sent us some detail on the framework that you work to in this regard.

**Allan McQuade:** By way of clarification, I say that our primary focus is on creating economic growth. The proportion of Scottish Enterprise's overall budget that is allocated to the areas that we are discussing is small. Many of the projects are partnership projects and we bring our expertise to assist with their development.

**The Convener:** However, the aim in certain areas is to grow the economy through regeneration projects such as the Dundee waterfront.

**Allan McQuade:** That is one. Yes.

**The Convener:** I think that we require further clarification. It would be good to get an indication of how much money is being spent on some of the projects in regeneration areas.

**Allan McQuade:** I am happy to provide that.

**Stewart Stevenson:** I have a question specifically for Scottish Enterprise, although Mr Duff might wish to say something on it as well. My constituency crosses the boundary between the areas of Highlands and Islands Enterprise and Scottish Enterprise. HIE has a social aspect to its remit and, in the long run, we can see the effects of its efforts in generation, perhaps, rather than regeneration, because there was nothing there to start with. Does HIE have some advantages in the area because of its different remit?

**Allan McQuade:** That is an interesting question. Before I joined Scottish Enterprise, I worked at HIE. It has different challenges in that it is charged to unlock things under its communities remit. I think that it would be unfair for me to comment on that, because Scottish Enterprise has a remit and is working to it, as does HIE. There are many challenges in rural areas of Scotland and we could look at them and say that they are similar, but I think that it would be unreasonable for me to comment or speculate beyond that.

**Stewart Stevenson:** I will develop the rural issue. Of the mainland council areas, Aberdeenshire is the one with the greatest proportion of its population living in a rural area—the proportion is 2 per cent higher than in Highland. There are substantial rural areas within Scottish Enterprise's remit, including elsewhere in Scotland, such as in the south in particular. Given that the social aspect is outside Scottish Enterprise's brief but is included in HIE's brief, in the partnerships and relationships that you have with others, do you see that part of HIE's remit being discharged by others?

I understand that you work to your remit, and that is a fair comment, but do you see the social part of the remit, which is fundamental to what the

committee is looking at in its work on regeneration, being picked up by others, or do you see things that we should consider as a committee and mention in our output from our deliberations?

**Allan McQuade:** Again, I do not have enough experience of rural areas to be able to comment on that. Scottish Enterprise has strategies to support the economic growth of our rural areas but, as we have discussed, it is not within our remit to become involved in the communities remit that HIE has.

In HIE, there can be overlap and grey areas between what is community development and what is economic development. Scottish Enterprise has a clear economic development remit and we ask whether something fits with our priorities and whether the scale is relevant in terms of the level of investment for a rural area.

**Stewart Stevenson:** Forgive me, and let me have one final shot at this. As an individual, you are perhaps in a unique position to be able to help the committee because you have been in both HIE and Scottish Enterprise.

I am really trying to see, based on your personal experience, as distinct from your current role—and I understand the distinction—whether other bodies with which Scottish Enterprise works pick up that responsibility, which in HIE is inside that enterprise agency. If your experience tells us that there are limitations and difficulties there, then I think that this committee should go away and do other things.

**Allan McQuade:** I do not see limitations, but I would qualify that by saying that most of my focus is on the urban areas of Scotland, so I do not see that on a day-to-day basis.

**Stewart Stevenson:** That is good enough, thank you.

**Anne McTaggart:** My question is for Mr McQuade. What role do you believe you play in the community planning process?

**Allan McQuade:** We are a fully engaged partner. We are involved in all the community planning partnerships through senior officers at Scottish Enterprise who are representatives to each of the organisations. As part of that responsibility we have a senior officer within Scottish Enterprise as a location director, a role parallel to that which the Government has, with each of the local authorities.

I observe that community planning partnerships, like all partnerships, work differently and that our engagement with some is different from our engagement with others. We are absolutely fully committed to community planning partnerships.

**The Convener:** You say that your engagement with some is different from that with others. Does that mean that some of the engagement is good and some not so good? Where does the difficulty lie? Does it lie with the individual community planning partnerships or is it perhaps the case that you do not have the right personnel engaging with the community planning partnership?

**Allan McQuade:** I will answer from my experience. I have responsibility for three local authorities and it depends on the focus of the community planning partnership how they engage and what the priorities are in a specific area.

**The Convener:** You say “how they engage”. Surely you, as a member of a community planning partnership, have some say in the direction of that community planning partnership.

**Allan McQuade:** We do.

**The Convener:** You have said that your focus is on economic growth. I imagine that most community planning partnerships have similar goals in their single outcome agreements.

**Allan McQuade:** Yes.

**The Convener:** Could you maybe expand on where the difficulties lie?

**Allan McQuade:** I am not highlighting difficulties. I am flagging the fact that relationships across partnerships can be different and that in some they are better than others.

**The Convener:** For what reasons? What makes a good relationship compared with a bad relationship?

**Allan McQuade:** You are referring again to good and bad. I am not. I am saying that some relationships are stronger than others.

**The Convener:** What makes a strong relationship, compared with a weak one?

**Allan McQuade:** There is potentially a stronger relationship where one has worked with a colleague over a number of years compared with becoming involved more recently in a partnership. It takes time to build relationships.

**The Convener:** We may come back to that point.

**Anne McTaggart:** My next question is for Mr Duff. During the committee’s visits to communities, community groups often told us about the difficulty of trying to access resources because access is overly bureaucratic and the funds are available only for a certain time. Is that your view? How would you go about rectifying it?

**Douglas Duff:** Circumstances have certainly been very challenging. There has been quite significant pressure on budgets across the board

and there has been pressure in areas that have focused on community support. A lot of that comes down to demonstrating the evidence of the benefits of community engagement and, having seen some of the committee's work, I know that you have seen some good examples of proposals for community projects that have justified their call on resources.

Coming back to community planning partnerships, I think that we must ensure that community engagement is a fundamental part of their role and should be resourced properly. As you will have seen in the evidence that you have received, some partnerships have put quite significant resources into that and have helped communities to access those resources; however, the situation is a bit patchier in other areas. That issue must be addressed. The fact is that where community bodies are properly resourced and the people involved are clear about their purpose and the benefits that can come from the process, the approach to regeneration can be solidified and enhanced.

**Anne McTaggart:** The message is to keep it simple.

**Douglas Duff:** Certainly. The whole field has been through significant change and, in fact, is going through further change as certain budget prospects come to fruition. With the further reductions that we expect in council budgets over the next three to five years, every pound will be a prisoner. As a result, community engagement must be viewed as a priority in the range of activities that we are undertaking and how it takes place and plays its part in meeting the other pressures that we face must be made clear and simple.

**The Convener:** How many of your members are involved in community planning partnerships in the 32 areas, either at board level or just below?

**Douglas Duff:** Economic development is a priority in every council's community plan. That is clear and understood and you will see it embedded in all community plans and SOAs. However, our involvement or not in the various partnerships comes down to the priority that the issue is afforded within the range of other pressures that community planning partnerships are dealing with. In some council areas, where the economy is relatively sound and robust, it is perhaps not as much of a priority and there is less of a resource input. However, in the vast majority of council areas, economic development is certainly viewed as a priority and economic development officers are pretty regular attendees at CPP meetings and are expected to account for the actions in their SOAs and their commitments in the community plan.

We are strong participants in the community planning process. I would say that some play an active role in shaping and maintaining the community planning process; it is certainly a fundamental plank of the work.

**The Convener:** I wonder whether you can give us an indication of your position in Falkirk. Are you on the board of the Falkirk community planning partnership?

**Douglas Duff:** No, but over the year I or someone covering our economic remit will attend perhaps half of the CPP's leadership group meetings; for example, regular reports are sought on our work on the my future's in Falkirk economic strategy. Given our community planning partnership's very strong focus on employability and the fact that helping young people into the labour market is seen as a priority, such issues are frequently aired and discussed, with not only the council but other partners reporting on how they support that work.

**The Convener:** Where does your engagement with communities fit in with the community planning partnership?

**Douglas Duff:** Engagement with communities tends to come through the particular activities that we have under way, whether that is our work in town centres, or the Helix project that I mentioned earlier. That came through an active community engagement process. It tends to be horses for courses. Community engagement is only one aspect of what we do in economic development, because we have a range of other responsibilities.

We also connect with the wider community engagement process that the community planning partnership sustains. The CPP has an on-going relationship with the community and community representatives are involved in that partnership. Our economic work in community engagement tends to be more issue specific, be that town centres, employability and so on.

11:30

**John Wilson:** A lot of work is being done in Falkirk and Grangemouth town centres and particularly in Denny town centre. I know those areas well. You engage mainly with the business community in that work. How do you engage with communities? The committee has been trying to get to a definition of communities that refers to the people who live in deprived or low-income communities, because we need to engage them in discussions and decisions on economic development issues. How do you do that in Falkirk?

**Douglas Duff:** In Falkirk Council, we use a range of tools in our community engagement



activities, particularly in town centres. Our work is not just about engaging with the business community, although we engage actively with it. For example, we have a business panel, and any business in Falkirk is entitled to be part of that.

**John Wilson:** My question was about engaging with communities, not business communities. I know what work is taking place with the business community in Falkirk. However, I am trying to understand how we engage with the residents around the town centres and with those in other communities that are struggling economically. How do we get them involved in decision-making processes, which in your case are those of Falkirk Council? You referred to engagement officers; are they linked to your economic development unit? If they are linked to another council department, how do you make links with them when you try to engage with, say, those who live in the communities around Denny town centre and who are concerned about town centre issues?

**Douglas Duff:** We have officers who are responsible for engaging with the community. They are actively involved in working with communities in each of the town centres. In the past, we have conducted community surveys and held events when a proposal or scheme is being put to the community. We arrange events and involve people in shaping proposals.

We encourage input on proposals through individual groups, which include schools. We have active involvement with local primary and secondary schools on plans as they develop. We also work with each of the community councils and keep in regular contact with them about proposals that are coming forward. Our officers are out attending community council meetings regularly and they feed in notes that give an update on what is happening.

We can also engage with specific interest groups, whether they be groups of retailers, older people or young people who are bringing forward projects. For example, we have been developing a townscape heritage initiative in Falkirk town centre, which is one of the largest initiatives to have been approved in Scotland. That has been built on very active community involvement through the heritage bodies, the local historical society, the churches and the schools.

That strong and active community engagement has produced the first project, which is in the churchyard in the very centre of the town. That is being showcased as an example of best practice on how to involve a community in shaping a design.

We build community benefits into projects. We have a community benefits and procurement policy that is applied to any capital investment that

is undertaken, so such things are built into the delivery of projects that are under way. We have robust arrangements for community engagement in the development of our projects. That is warts and all—in some circumstances, people are unhappy or unsettled about the proposals that we put to them, and we have to acknowledge and act on the community's wider concerns.

**John Wilson:** I welcome your enthusiasm for the community engagement that you have in Falkirk. Is that community engagement replicated throughout the 31 other local authorities? Are all economic development units as high profile in their local authorities as you have said that yours is in Falkirk?

**Douglas Duff:** Diverse approaches are adopted. The tools are all there in the box for regeneration, for community engagement, for the delivery of physical projects and employability and for community benefits, which I mentioned. People know how to do those things. Our officers are equipped to use the tools and they use them.

There are many examples across the country of economic development officers being engaged and bringing forward projects, whether that is in cities or towns or out in rural areas. I cannot say that Falkirk is any better at doing the work than any other authority in the country. However, we recognise that the tools are there. The resources that allow us to use them are pretty stretched, and officers have to make judgments on what it is appropriate to use in which circumstances. Ultimately, how the resources are secured concerns our political processes.

**John Wilson:** What would you say to the communities, housing associations and community organisations that the committee has engaged with that want to get actively involved in economic development issues but feel that they have been ignored or bypassed and have had decisions foisted on them without any consultation? What is SLAED's attitude to those issues, which have been raised with us as committee members?

Some communities feel that they have not been actively involved. You are right to say that the toolbox is there, but the question is how it is used. Are you confident that every member of SLAED is using the toolbox in the same way or in the same appropriate manner?

**Douglas Duff:** We recognise that we have a way to go. The task of regeneration was transferred to councils and a specific focus had to be brought together. We used to work closely in partnership with Scottish Enterprise locally. Now, councils are charged with taking forward the agenda.

With the Improvement Service, SLAED has developed an improvement guide that maps out the range of services that we are expected to deliver, and we urge councils across the country to use that. However, I cannot tell officers to suck eggs. Many of them know what they need to do and are already practising it.

There is good practice on community engagement in regeneration across the country, as I have mentioned. We need to spread and communicate awareness of good practice and the results that come from it. As members have seen in the committee's work, there are positive examples, which should be communicated more widely. However, economic development officers are under considerable pressures—that has particularly been the case in the past few years, when we have experienced the recession—so they must focus on where they can put resources into community engagement rather than all the other activities that they are expected to deliver. They work with others in, for example, community education services, local community capacity-building organisations and councils for voluntary services.

I used to work in South Lanarkshire, where we put a lot of effort into ensuring that community organisations had proper resources and that the process was simplified so that it was more streamlined and effective and so that the community was clear about what it could contribute and get back from the process.

**The Convener:** You have talked about engagement and all the rest of it. We hear a lot about that, but we do not hear about the influence that the community has in shaping and developing small and major projects. In Falkirk, what influence does the community have in shaping the larger projects that you have talked about and the smaller projects that often make a huge difference to people's lives?

**Douglas Duff:** I come back to my earlier point about the tools in the box.

**The Convener:** We have heard about the tools in the box. What influence do people have?

**Douglas Duff:** If we were talking about initiating a project in an area, we would want to address how the community there might be engaged in shaping it.

**The Convener:** Can you give us an example?

**Douglas Duff:** If a town centre was involved, we would want to start a conversation with people who had a stake in that town centre. We did that recently in Falkirk. We have hosted open events with retailers from the area and anybody else with a stake, including community interests. The historical bodies were there in force along with the

local business improvement district and town centre management interests. A range of stakeholders can come together.

**The Convener:** You have talked a lot about stakeholders, but you have barely mentioned anyone else who might have a community involvement, to paraphrase what you said. I understand folk from business improvement districts having a great say in and influence over what happens in Falkirk. I imagine that, if the business organisations there are well organised—I am sure that they are—they will greatly influence what happens. However, there are other community interests. I have found—as, I am sure, have others—that folk who live in town and city centres and those who regularly use town and city centres often feel that they have had no influence over things that have gone ahead. From what you say, I still get the impression that, although influence is brought to bear by a number of bodies, the community interests are put to one side.

**Douglas Duff:** I apologise if I have given that impression. Such people are openly seen as active participants in the process when events are held. We held an event recently in Falkirk with about 150 people in a room, many of whom were just people who had walked in off the street and were concerned about their town centre. They expressed their views and those comments were all captured. At the end of the meeting, volunteers were sought to consider how the issues should be addressed. That work is being taken forward by a small group of volunteers, who include people from the community, retailers and people from the business improvement district. It is early days and there is no formal structure to that but, in time, there could be. That group is capturing all the concerns and feeding them in.

**The Convener:** You have just said that a group of volunteers who put themselves forward is driving that work. Those people are self-selected, and one difficulty that we have found with a number of community organisations is that self-selecting groups can suddenly become the voice of the community.

**Douglas Duff:** Yes—we, too, recognise that that can be a concern. That is why, in addition to undertaking such an exercise, we have to conduct broader surveys and consultations with specific interest groups.

We are not talking about a single means to identify a way to engage with people; there can be a raft of means of involving the community. The issue is how the compendium of views comes together to shape the eventual results. We completed a townscape heritage project in Bo'ness that was conducted very much with such

an approach, so we have examples that show how that approach can work.

11:45

**The Convener:** You can help us by writing to us about the examples that show that there has been a community influence on the delivery of projects.

**Douglas Duff:** I am happy to do so.

**John Wilson:** I would be grateful if you included in that information something about the 150 people who participated in the event that you mentioned. I assume that the retailers and the business improvement district members are the same people; the members contribute financially to the business improvement district. I have spoken to a couple of retailers in Falkirk about business improvement district issues.

I would be grateful if you indicated how many of the 150 participants were genuinely community people who walked in off the street and did not have a vested interest as a retailer or—you mentioned this separately—as a member of the business improvement district. I would also like to know how many of the volunteers are what I would term ordinary punters who are concerned about the shopping facilities in the town centre.

**The Convener:** If Douglas Duff could provide that information as well, that would be grand.

Anne McTaggart wants to come back in.

**Anne McTaggart:** They are just wee, quick questions. I hope that if I say them fast, we will get through them. Can you tell me, Mr McQuade, how much funding Scottish Enterprise has provided to the six URCs to date?

**Allan McQuade:** We are involved with just the four: excluding PARC Craigmillar, we are involved with the other three that were here today, plus Riverside Inverclyde—the west URCs. We are not involved financially in the Raploch or Craigmillar URCs.

**Anne McTaggart:** I apologise for that mix-up. How much funding is provided to the four URCs?

**Allan McQuade:** I would need to get back to you with that information.

**Anne McTaggart:** That would be helpful.

**Allan McQuade:** The information will be in the submissions from the organisations involved.

**Anne McTaggart:** Will how you evaluated the effectiveness and impact of that spend be written down somewhere, or are you able to tell us about that now?

**Allan McQuade:** We are not in a position to do that at the moment because, as you heard in the earlier evidence session, we are going through an

exercise with Riverside Inverclyde. I can provide you with, or obtain for you, the internal evaluation of each URC and information about what they have done. They are at different stages of the process. As was said earlier, it is a long-term process and we must give considerable time for the outcomes.

**The Convener:** Can I stop you there? Obviously, there are the internal evaluations. We have gone over some ground and will probably go over more in a wee while. However, given that Scottish Enterprise is pumping money in, you must be evaluating what is happening with that money across the piece. If you are not, are you truly following the public pound?

**Allan McQuade:** We are following the public pound, and we are doing evaluation. Since 2008, we have had a ring-fenced budget for the URCs, against other priorities that the money could have been spent on. That is not to say that it was just given over. The budget was set against priorities and we worked in partnership with the Government—which is also a part-funder of the URCs—around the outcomes that we expected.

**The Convener:** So you must be evaluating all the way through.

**Allan McQuade:** Yes.

**The Convener:** You said initially that you could not give Anne McTaggart an answer to her question.

**Allan McQuade:** We evaluate the URCs' business plans and proposals. Do we look at whether their proposals are in line with their business plans? Absolutely. On whether they are achieving the outcomes, I have said that those are long term and we are going through the process with Inverclyde—

**The Convener:** We understand that a lot of the outcomes will not happen just like that and that they will happen over the piece. I think that the committee gets that completely and utterly.

However, as each project progresses and you put money into it, surely you must evaluate what is happening on the ground at that point in time, and you must have an idea about what is likely to happen in the near future. Is that not the case?

**Allan McQuade:** Yes. As I have said, we assess the URCs' proposals against their business plans. As they drew down money—they no longer draw down money from us—against the plan, we reviewed what they did with the money. We therefore follow the public pound to ensure that it is spent on what it was allocated for.

**The Convener:** I understand that, too. However, my view is that you should look at not only what the money was allocated for but the

outcome from that expenditure of the public pound.

**Allan McQuade:** Yes, but that was part of the business planning process. The URC evaluated its business plan through its board, with representatives from Scottish Enterprise, the councils and, usually, the Government in attendance. There was then an agreed allocation, against which the money was drawn down. Checking the outcomes is an on-going process, as colleagues from the URCs discussed earlier.

**The Convener:** At any point did you stop putting money into certain areas of work in certain URCs because you did not feel that there was value for money from what was being done?

**Allan McQuade:** No, we did not stop putting money in, because it was a ring-fenced budget. The value for—

**The Convener:** I am sorry, Mr McQuade, but I have dealt with ring-fenced budgets as a councillor. Just because a budget is ring fenced—

**Allan McQuade:** I am sorry to interrupt you, but let me answer the question in a different way. There was never a case where we felt that there was an allocation of money that was inappropriate in terms of what the outcomes would be.

**The Convener:** Okay.

**Anne McTaggart:** My next question is on a different aspect of finance. What proportion of your expenditure goes on regeneration activity? Of that, what proportion supports community and social regeneration?

**Allan McQuade:** As I said, I will provide information later on the amount of money that we spend, but I can comment on whether it provides indirect support. The moneys that we put into regeneration activity are for physical regeneration. We are a business development agency, so only a very limited amount of our money would flow through to the community, as that is not part of our remit.

**Anne McTaggart:** Thank you.

**Stuart McMillan:** Good morning, gentlemen. I have a couple of questions. The first one is about the Irvine area and Irvine's enterprise zone status. Mr McQuade spoke earlier about legacy issues, sector growth help, RSA, which obviously goes into areas of most need, and the major sectoral initiatives. Given those factors, how is Scottish Enterprise working with the likes of the Irvine Bay Regeneration Company and the i3 Irvine enterprise area to ensure that they maximise what they do?

**Allan McQuade:** It is the same process with all the URCs. Our position is that if they have sector development projects that fit with our business

plan and our priorities, and if there is a case for investment, we would take a case forward for Scottish Enterprise's investment and support.

Irvine has the additional enterprise zone status, but a project has yet to come forward from Irvine that falls within the parameters of developments that meet those criteria. Enterprise zones are a central Government tool. We envisage enterprise zone status being used as a tool that reduces the other public sector support that goes into a project. For example, Irvine Bay Regeneration Company has GlaxoSmithKline, so there is life sciences potential in the area. We have worked with it, albeit on a small scale, to support the refurbishment of a property that will help to support a life sciences company to grow in the area. That comes under sector growth.

Scottish Enterprise owns a large site in Irvine that has potential as a data centre. We are working in partnership with the URC to ensure that it is promoted as an economic development opportunity. That is standard across the area.

I will give another example. There is the potential in Inverclyde for the cruise liner terminal to expand, under our tourism sector development. We have said to the URC, which is working in partnership with Clydeport, that if there is a case to be made for public sector investment there, subject to other priorities and the availability of budget, it is the sort of project that Scottish Enterprise would look to support, as it is about sector growth.

**Stuart McMillan:** I assume that there are regular discussions between Irvine Bay Regeneration Company and Scottish Enterprise. You mentioned the large site that Scottish Enterprise owns. Are there any particular blockages to promoting that area?

**Allan McQuade:** Demand is a blockage, given that the market is the way that it is. Obviously, we have a remit to promote Scotland, so we will give every area an opportunity, but demand is currently limited, particularly in the data centre market. If you are thinking about relationships, for example, I do not see any blockages. We work closely together.

**Stuart McMillan:** Okay.

In paragraph 2 of your answer to question 1 on page 1 of your submission, you say:

"Clear priorities ... 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."

When I first read that, my thinking took me to the suggestion that there would be a better return in one of the cities, for example, compared with a URC area or a town that is a wee bit further away

from a city. Is my thinking correct? Is more emphasis placed on the cities compared with areas outside them that have a tremendous amount to offer?

**Allan McQuade:** No. Scottish Enterprise is a national agency, and we promote opportunities in all areas.

It has been a while since that paper was submitted, but one of the important things in any opportunity is the public sector partnership's strength in giving confidence to the private sector that things are joined up. I will give another example. I was at a board meeting of Strathleven Regeneration Company, which I understand you are going out to see. That is a great example of public sector organisations working together to give the private sector confidence. It is also a great example of limited public money leveraging in tens of millions of pounds of private money. It caught the market at absolutely the right time; I acknowledge that that would not happen now.

If the public sector demonstrates that it is joined up in respect of simple things such as planning and building control to give potential private sector investors confidence, that makes a great deal of difference. In the main, I see that happening across Scotland, because councils and their economic development departments now realise that that is the way that business has to be done.

12:00

**Stuart McMillan:** Do SE and SLAED have any comment on the impact of the current procurement process and rules on the successful delivery of economic, physical and regeneration activities? How do they make full use of European Union funding to promote and help those activities?

**Allan McQuade:** In this day and age, the procurement process is long, but the way to achieve what we want to do is to anticipate it, live with it and work with it. There is no criticism of the process. We are spending the public pound, so the process is appropriate.

We would look to maximise the available European money. Although this happens only rarely, there can come a point below which there is little benefit, because of the staff resources and input that are required to achieve what can be quite a small outcome.

**Douglas Duff:** I concur with Allan McQuade. Procurement practice has become intensive for the right reasons. We are expending public resources, so we have to do it properly.

We need to equip businesses in Scotland to make the most of the opportunities that exist. Through our work in the economic development networks, we support the supplier development

programme, which helps to train and equip companies to access the projects that we are procuring—and therefore the expenditure. We want to ensure that that is promoted across the whole public sector. Active discussions are taking place with Government about doing that so that we can ensure that business takes advantage of the resource that we are able to commit.

We also have good practice on building in the regeneration benefits that come with that expenditure. I mentioned our policy on community benefits in procurement. That is about building in the requirement to provide training as part of the work or encouraging the growth of the local supply chain.

Good practice exists. We all live with it day in, day out. We look to take the clearest advantage that we can so that benefits and regeneration happen.

**Cameron Buchanan:** You talked earlier about a joined-up, co-ordinated approach to development and adjusting the market. You mentioned retail units, for example, and Scotland is full of retail units that are not being taken, some of which were built by developers. Nothing depresses an area more than retail units—particularly new ones—that have never been taken.

How do you adjust the market—I am not asking just about retail units—when things are obviously not working?

**Douglas Duff:** I do not have all the answers. The recent national review of town centres made some recommendations and posed the serious questions that are being asked throughout the country and which affect every town centre. The clear expectation from that review is that, if we are to encourage investment in town centres, they need to be given more priority, recognition and prominence when it comes to using tools such as business rates.

From the perspective of local authorities, that is a long-standing priority. It is built into the planning process and comes through it. We are encouraging investment in town centres. We try to muster support from across councils and other partners, for example by encouraging new housing investment, using spend on roads and utilities to upgrade town centres or trying to attract external funds—the townscape heritage initiative that I mentioned is a good example of that.

We need to look at the strengths of a town centre. For some town centres, that can be challenging, but we need to get in about it and understand what it is possible to achieve.

**Cameron Buchanan:** I want to focus on adjusting the market. If something is not working, how do you change it?

**Douglas Duff:** The national review suggested that we need to prioritise town centres and restrict out-of-town development. That is now recognised as an important recommendation from the review. Local plans have recommended such an approach for many years, but the recommendation is about consolidating that.

This is all about working with and trying to use the market to generate as much investment as we can, focusing it where we can. There are many examples up and down the country of close working with developers, who can attract funds from elsewhere. If councils have assets, they can put them into the pot to help to attract investment.

The issues are challenging. The experience that town centres have had, particularly in the past five years, is very much in our face.

**Cameron Buchanan:** Are you taking that into account in adjusting the market?

**Douglas Duff:** Absolutely. You can see that up and down the country just now. The approaches to town centres that we are now talking about are about being much more focused on what can be achieved. There will be circumstances in which we say that the commercial core that town centres used to have will have to shrink and other uses, such as housing and other civic amenities, will have to come in to replace that.

Councils are using their assets to try to attract investment, but we need to have a co-ordinated approach.

**The Convener:** I thank you very much for your evidence, gentlemen.

I suspend the meeting for a few minutes to change witnesses.

12:07

*Meeting suspended.*

12:15

*On resuming—*

**The Convener:** For our final panel of witnesses, I welcome Margaret Burgess MSP, Minister for Housing and Welfare, and David Cowan, the head of the regeneration unit at the Scottish Government. Minister, would you like to make an opening statement?

**The Minister for Housing and Welfare (Margaret Burgess):** I start by emphasising the Scottish Government's commitment to ensuring equality of opportunity and support for the places and people who need it. I recognise that that need remains great, particularly because of the recession and the emerging issues that have been caused by the UK Government's welfare reforms.

We have an ambitious regeneration vision because we want all our communities to be socially, economically and physically sustainable. A lot of good work has been done across Scotland, but delivering our vision will require a long-term and sustained commitment from all partners: local authorities, the third sector, the private sector and active community groups.

We have been working to put in place the right conditions to implement our vision and to focus our funding on where it can make the most difference. The Scottish partnership for regeneration in urban centres—SPRUCE—is a loan fund that will leverage private sector investment into regeneration projects. The regeneration capital grant fund will support regeneration projects with strong social outcomes and promote community participation. The vacant and derelict land fund seeks to bring land that can blight communities back into positive use. We also have funding to support and promote community-led regeneration.

Our primary fund to support community-led regeneration is the people and communities fund. It has been so successful that it has been significantly oversubscribed and I asked officials to look for other ways of increasing the fund. I am pleased to announce today that we have devised an innovative way of generating additional funding for Scotland's most disadvantaged communities. Charitable bonds will be used to increase the people and communities fund and to support projects that will benefit more of our disadvantaged communities. At the same time, I am pleased that our investment will also help to deliver much-needed affordable housing in Scotland. It is the first major investment in charitable bonds in Scotland and that is clear evidence of how this Government is taking the initiative.

A number of Scottish Government funds are also available to community groups for a diverse range of activities. We have now published on our website an updated list of Scottish Government funds that are available to community groups, which should make it easier for community groups and organisations to apply for and access Scottish Government funds.

However, regeneration budgets cannot be seen in isolation from other policy areas. The nature and scale of regeneration interventions will vary and involve different layers of government and partners, depending on the local circumstances. I firmly believe that the local element is the most important.

**The Convener:** Thank you, minister. I welcome your announcement about the charitable bond. I am sure that members will look at that in some depth later.

You talked about the leveraging in of private money. We have found that there has been some success with small community groups that are led by the community. The Seaton backies project in my constituency is an example. In such groups, small, seedcorn sums of money have pulled in lots and lots of money from elsewhere. As the committee has gone around the country, we have been heartened by the passion of a number of people not only for their own communities but for ensuring that the neighbourhoods in which they live and those that surround them do better than they are doing.

The Scottish Government's definition of regeneration puts a major emphasis on place. I wonder whether we should be looking at changing that emphasis and putting people further up the agenda.

**Margaret Burgess:** I fundamentally agree that people are at the heart of regeneration. I believe that people are at the heart of everything that we do in government and that everything we do across government aims to improve people's lives and communities, and to improve businesses to allow Scotland to flourish. That is at the heart of the Scottish Government as a whole. Regeneration does not sit in isolation. People are at the heart of our regeneration.

We emphasise community-led regeneration. That does not mean that the public sector involves the communities in some small way; we encourage people to take an active role in their communities, to look at the opportunities and issues in their communities and to take those forward. In some areas, that will require some support, but it is about active participation.

The Scottish Government takes a holistic approach. I make it clear that it is about people. We have talked about a holistic definition of regeneration but, if somewhere in a definition that I have not seen, we have not placed people high up, I will certainly look at that again. As I think I said the last time I spoke to this committee, regeneration is as much about people as it is about buildings or anything else.

**Stewart Stevenson:** The minister may be aware that we have just been hearing from the business infrastructure director of Scottish Enterprise. I realise that the minister is not responsible for the enterprise network, but does she feel that the fact that Highlands and Islands Enterprise has a social obligation as part of its remit but Scottish Enterprise does not has led to that enterprise network not being as fully engaged in this agenda in much of Scotland as HIE has perhaps been over the long run in the north of Scotland? The context for my question is that my constituency crosses the boundary of the two

enterprise bodies and I am therefore, perhaps uniquely, in a position to compare and contrast.

**Margaret Burgess:** I am aware of how Highlands and Islands Enterprise engages with social enterprises. As you rightly said, however, the enterprise set-up is not within my remit. In some ways, with the sector led as it is now, we will see benefits when compared with the past. We have to move on, but we have to have some support for social and community enterprises in every area. Whether that will be done through Scottish Enterprise or, in your area, Highland and Island Enterprise, or some other way, it is absolutely right that we support social enterprises.

The convener spoke at the start about how small businesses and small groups can lever in sums of money that make a huge difference in their communities. That is the kind of thing that we are looking at. We are also looking at capacity building in communities, to support them to build capacity and be able to organise and function, and eventually to stand on their own two feet.

**Stewart Stevenson:** Is the minister telling the committee that, in the future, power will be as close as possible to those who will be affected by the decisions? In other words, if we engage local communities and bodies, the outcomes and the quality of the decision making will be better because the stake is higher for those people and they understand the problem better.

**Margaret Burgess:** That is absolutely what we mean by community-led regeneration. Communities identify the issues in their areas and get involved. All the evidence shows that, where a community has been involved at the outset, the outcomes are better for that community. I have also seen the kind of enthusiasm that the convener spoke about. I spent the whole recess visiting various communities and community groups that had been funded by the people and communities fund or through other resources, and I saw the impact that they make on their communities. It does produce sustainability, but not every community is at that level and some have to be supported to get there.

**Richard Baker:** We heard in the earlier witness session that there is a lot of potential for procurement to play a role in encouraging regeneration through the use of community benefit clauses but, of course, your cabinet secretary—the Deputy First Minister—will be bringing forward a new sustainable procurement bill. Will there be a focus in that bill on how procurement legislation can also be used to support regeneration initiatives?

**Margaret Burgess:** Yes, because we are looking at community benefit. The idea that there should be some community benefit has been

looked at closely in relation to the procurement bill. It is part of regeneration. As I said initially, regeneration is not about just one strand of Scottish Government policy; it crosses all the policy areas and therefore it is about the collective and the collaborative way in which we can regenerate communities, which includes what we can do through procurement, through housing and through addressing health inequalities. All that is part of regeneration.

**Richard Baker:** It might be that there is not just one strand to regeneration but, obviously, housing is a very important strand. We looked at the figures for the Irvine Bay Regeneration Company, for example, which had a target of 1,200 new homes, of which eight have been built. In retrospect, is it your view that the Scottish Government could have done more to allow those targets for housing to be closer to being achieved or was it simply that some of those projects were too reliant on housing? Why has there been a specific problem with regard to housing initiatives for many of those projects?

**Margaret Burgess:** I will ask David Cowan to comment as well in case I am wrong, but I think that the Irvine project that you talked about was one that they hoped to attract private finance for, and the market failure did not allow that to happen. However, a lot of other things are going on in regeneration and housing, with our housing associations and with the Scottish Government funding for affordable housing, so housing is part of regeneration. David, am I right about the Irvine project?

**David Cowan (Scottish Government):** Yes, that is my understanding as well. It was one of the projects that the Irvine Bay Regeneration Company was hoping to attract private investment for, which obviously has yet to happen. However, as the minister said, that is not what is happening across the piece. Housing is going quite well.

**Richard Baker:** Other schemes have had similar problems, but you are saying that the issue is market failure in the private sector rather than, from your point of view, lack of support from the Scottish Government.

**Margaret Burgess:** Yes. The Scottish Government has a target for our affordable housing programme and we are quite confident that we will meet that target.

**Stuart McMillan:** Good afternoon, minister. Two weeks ago, we had representatives in front of the committee from Riverside Inverclyde and it was quite a lengthy session, as you will be aware. One of the things that came up for me was to do with what was going on there. I am keen to try to understand what role the Scottish Government had in keeping an eye on activities within RI.

Could the Scottish Government have done anything else to scrutinise what was taking place? Could it have done any more?

**Margaret Burgess:** URCs are not part of the Scottish Government although they receive Scottish Government finance. URCs are partnerships between local authorities and Scottish Enterprise, and they are private companies. In relation to the funding that we provide, the Scottish Government looks at the URC business plans annually; we discuss with them whether we think the business plan is feasible, and the funding is paid quarterly in arrears to the URCs.

We can ask every URC to revise its business plan if we feel, after looking at the plans, that they are too ambitious and are not feasible or if something has gone wrong. The URCs, including Riverside Inverclyde, were asked to revise their business plans. I think that I am correct in saying that we have not agreed the revised business plan for RI as yet.

I think that what the Scottish Government has done to date is as much as we could do given our relationship with the URCs. We have not agreed a revised business plan with Riverside Inverclyde yet. I understand that it has now set up a temporary board and it is looking at the proposals that were in the revised plan that we are suggesting and working with them on and then that will come back to us before it receives any further funding.

12:30

**Stuart McMillan:** When was the request made to RI to revise its plans?

**David Cowan:** The then cabinet secretary, Alex Neil, wrote to Inverclyde Council and Riverside Inverclyde URC at the beginning of 2012 on the spending plans and the Scottish Government's likely allocation. He wrote to Riverside Inverclyde indicating that he would give it funding in 2013-14 and 2014-15, but that that was predicated on the URC submitting revised business plans to the Scottish Government and its board and submitting plans for the future of the URC in light of the funding circumstances.

**Stuart McMillan:** I assume that, as a consequence of that correspondence, fairly regular discussions took place on the matter between Scottish Government officials—and potentially the cabinet secretary, although I do not know—and officials from RI and Inverclyde Council.

**David Cowan:** Yes. I went to a board meeting where the issue was discussed and I met the then chief executive, Bill Nicol, fairly frequently to



discuss progress on revised plans. It is fair to say that not a lot of progress was made on what the URC might look like in future but, in my view, and from speaking to the council and Scottish Enterprise, the reason for undertaking a mid-term review was to consider the future options for the model for the URC.

**Stuart McMillan:** Yes, but I believe that the mid-term review was agreed at the outset of RI, once the management structure had been agreed.

**David Cowan:** The articles provided for a mid-term review to take place, but the timing was not pre-decided. In light of the financial circumstances and the funding elements, it was decided that it would be a good time to do the review.

**Stuart McMillan:** So you are saying that the timescale for the mid-term review had not been decided.

**David Cowan:** The specific date had not been decided, but there was a broad expectation that it would take place roughly halfway through the lifetime of the URC.

**Stuart McMillan:** Right. There seems to be some confusion about when the review was to take place. I am sure that I have read somewhere that it was to happen five years after the management structure was signed off, which was 18 months after RI was created. Is that correct?

**David Cowan:** Yes, that is broadly correct, but the specific date of the review was not decided. The review took place in light of not just what was agreed in the articles but the economic situation and the funding settlement that had been agreed.

**Stuart McMillan:** Right—okay.

I have a question on the regeneration capital grant fund. There is now a bidding process for funds, whereas previously the funds were allocated to the URCs. Will the bidding process be more efficient and do you expect better outturns as a consequence? Alternatively, could the process be seen to be creating bureaucracy in URCs in putting together bids to get money for projects?

**Margaret Burgess:** The bidding process for the regeneration capital grant fund is not specifically for URCs, although URCs and special purpose vehicles can bid to it, as can local authorities. The funding arrangement for that was agreed with COSLA—it is £25 million a year, less the core amount for URCs, although it has not yet been agreed how much will go to each one. It took time to come to that arrangement. We have had bids for the fund already. An independent panel is considering them, on the basis of criteria that include community participation, social outcomes and quality. That process is fair. The first 41 bids have been moved through to stage 2 of the grant

process and they will be looked at, although I would not want to say how many will be successful. The criteria are quality, community participation and social outcomes.

**Stuart McMillan:** Some URCs now have community representatives on their boards. Would it be fair to suggest that if there were more community reps on the boards of the URCs, they might stand a better chance of being successful in bids?

**Margaret Burgess:** I cannot comment on that. An independent group is looking at the bids and I will certainly not say whether that would be one of the criteria. As I have said, the criteria are quality, community participation in the bid and social outcomes.

**Anne McTaggart:** You mentioned that your view of regeneration expands over several areas. How do you monitor that and evaluate it?

**Margaret Burgess:** We monitor housing according to whether we meet our targets for house building. Each sector of Government monitors the area for which it is responsible; the issue is to look at that altogether. Were you asking about monitoring something specific?

**Anne McTaggart:** I am thinking about the role of community participation in all this.

On a separate issue, what will you do to ensure that regeneration is at the heart of several of the bills that are being introduced?

**The Convener:** Could you be more specific about which bills you are talking about?

**Anne McTaggart:** I mean the proposed bills on procurement reform, European funding, community empowerment and renewal, cities and the national planning framework.

**Margaret Burgess:** When I talked about community-led regeneration, I did not necessarily mean that housing developments would be led by the community. It is about involving the community in the siting of regeneration projects. The community empowerment and renewal bill speaks for itself. It is about engaging and working with communities. I do not want to pre-empt anything that may come up when the bill goes out for consultation.

The procurement bill will look at getting as many community benefits out of procurement as possible. The focus of the European funding bill is social deprivation, which is about people and communities getting involved and making applications for funding. I am sorry, Anne—what was the other one?

**Anne McTaggart:** It was the bill on Scotland's cities.

**Margaret Burgess:** The cities strategy does not sit in isolation. It is about community involvement and benefiting the city. It is also about the wider city and what is happening around the periphery of the city, and ensuring that there are social outcomes. In all the strategies, we are looking for social outcomes.

**Anne McTaggart:** I know that the role of community associations is a topic that is dear to the minister's heart. Should those bodies have a statutory role in the community planning process?

**Margaret Burgess:** Community associations?

**Anne McTaggart:** I am sorry; I meant housing associations.

**Margaret Burgess:** Where appropriate, every community planning partnership should involve its local housing associations. We would all agree on the role that housing associations and co-operatives play in their communities.

On the statutory role, we should remember that every single housing association is a separate entity. They are diverse organisations. Some have charitable status and some have not. They all have their own strategy and planning. If the community empowerment bill looks at community planning partnerships, I would be interested in the outcome of the consultation on that.

My instinct at the moment would be to say that I do not think that housing associations should have a statutory role because it would force housing associations and charities to be involved in something that they may not feel a need for within their strategy. However, I would be concerned if a member told me that a housing association that wanted to participate fully in a community planning partnership had been excluded. If they want to be involved, they should be, and there is a role for them. I believe that that is appropriate.

**John Wilson:** Good afternoon, minister. I want to follow up on Anne McTaggart's questions.

As a committee member, I have heard housing associations say that they are not as actively involved in the community planning process as they should be. In particular, they feel that they are bypassed in housing development decisions in some areas. I am not saying that that happens across Scotland. They feel in some areas that they are not consulted by the community planning partnerships, local authorities and economic development agencies. What assurances can we give housing associations that they should be fully consulted, particularly on housing developments? They are now a major player in delivering social housing. Further to your answer to Anne McTaggart's question, can I get an assurance that housing associations should be fully consulted as equal partners in the housing development

process, where they have a direct interest in the community?

**Margaret Burgess:** I repeat what I said to Anne McTaggart: housing associations have a role to play.

On local housing strategies, the local authorities are the strategic providers of housing, and they must consult housing associations, and demonstrate that they have done so, when they submit plans to the Scottish Government. If that is not happening—I have not heard from any housing association, housing association organisation or development housing association that it has not been consulted—obviously I would want to know about that, and I would consider the matter. That process is separate from community planning partnerships, but local authorities must consult housing providers in the area for their local housing strategy. That is absolutely laid down.

**John Wilson:** I welcome the minister's response and hope that the housing associations that have spoken to me will look at the *Official Report* of this meeting and respond accordingly if they feel that they have been excluded.

Some housing associations have expressed concern that the Scottish Housing Regulator is curtailing some of the wider-role activities of housing associations and feel that they have got a less than positive response from it on the activities that they could be involved in to drive the economic and social regeneration of some communities. As the housing minister, can you shed some light on whether housing associations could, should and will be involved in future economic and social regeneration in communities, where they see that as being appropriate?

**Margaret Burgess:** The Scottish Housing Regulator is an independent body that is not answerable to Government; it is answerable to Parliament. I believe that housing associations have a wider role. The regulator looks at tenants, those who get services from social landlords, how that is managed, and the financing of the housing associations. As I have travelled around housing associations, I have seen—and I still see—what they can contribute in a wider role. I am not aware of that being curtailed in any way, and I believe that they have a role to play.

The bulk of the successful people and communities fund projects have been by local development trusts or projects in partnership with housing associations. I have visited numerous housing association projects that show real community spirit and in which there is evidence of real improvements in communities.

I have spoken to beneficiaries of the projects that have been managed by housing associations or subsidiary organisations. I hope that we will

continue to see that happening, but I cannot speak for the regulator.

12:45

**John Wilson:** I should have said at the start that I welcome your announcements this morning on charitable bonds and on the revamped website to provide funding information for community organisations.

The point was made earlier that community organisations that want to apply for funding sometimes have to go through a local authority or other agency that can assist them with the process.

I will give from my area one example, in which I declare an interest. A local community group has attempted to apply for funding from the vacant and derelict land fund, but the funding is provided via the local authority and the group is finding it very difficult to get the authority to support its application. Will you make it easier for local community groups to apply for the funding that is available from the Scottish Government? Will you look carefully at where communities are facing barriers from local authorities, and find out whether there are ways in which groups can bypass their local authority in applying for funding?

**Margaret Burgess:** The funding that is available for community groups through the website that I mentioned is purely from the Scottish Government, and is accessible directly by community groups. The vacant and derelict land fund is separate, and the moneys are distributed in agreement with COSLA. It has recently been agreed that the fund will carry on as it has been doing for this year, but we are looking at how those moneys will be distributed in future years. We will need to have discussions on that with COSLA.

Other Scottish Government funds are available to third sector organisations; they are paid directly to umbrella funds that distribute the money through their own arrangements. I was speaking specifically about Scottish Government funds that are directly accessible by local community organisations.

**John Wilson:** We have been considering regeneration and how communities are engaged in that process. We heard evidence from the URCs today—and we have read their submissions—on the amount of public money that has been ploughed into regeneration projects in particular areas of Scotland. The committee has, on its previous visits to communities, heard evidence from community organisations that, for every £1 of public money that is received, there is a £14 return for the area.

Will the Scottish Government consider future regeneration programmes carefully to ensure that resources are ploughed into areas in which issues such as deprivation, low income and poor employment levels have been identified in order to assist the work of what are now described as anchor organisations? That would help to maximise the benefit of the public pound so that we get a better return on the investment in such areas.

**Margaret Burgess:** Anchor organisations are part of the rationale for the people and communities fund, as they help to ensure that the money is used in the community to benefit the community itself. Through the review of community planning partnerships and single outcome agreements, we must ensure that communities are participating properly in regeneration, and that there are outcomes to address disadvantage and inequality, which are priorities that need to be tackled. In all our funding, we will be considering those aspects, and we will be encouraging, assisting and promoting communities to become involved in the work, and to lead it themselves, where they are able to do so.

**The Convener:** On that, the Government's regeneration outcomes frameworks are clearly linked to single outcome agreements, and to the benchmarking work that the committee has recently investigated. Given those links, and what you have just been talking about, will the Government be able to undertake much greater monitoring of the regeneration outcomes that we all hope will improve? Will you ensure that there is community input, and that—as John Wilson said—communities are listening to you?

**Margaret Burgess:** I certainly hope that we would, under the revamped single outcome agreements, be able to do that. Community planning partnerships are accountable to their communities—the results for their community are what matter. That will involve monitoring child poverty, what is happening to older people, and improvements for the disadvantaged.

The forthcoming community empowerment and renewal bill gives us an opportunity to consider how community planning partnerships can be upscaled and whether statutory obligations should be placed on them. The bill will go out for consultation, and I look forward to seeing the results so that we can proceed on that basis.

We want to be able to monitor the outcomes, as you have said, and I am hopeful that we can now do better in that respect.

**The Convener:** Thank you.

We have heard a great deal from some bodies about hard regeneration, which involves mainly

buildings. We have also listened to others—in particular, community groups—that have emphasised soft regeneration through improving education, social care and health services. You have said that you are looking at regeneration across all policy areas. Will the Government commit to focusing on soft regeneration, which can make a huge difference in communities, as much as on the hard project-driven new-build or refurbishment projects that we have heard so much about?

**Margaret Burgess:** Absolutely—we have to look at both. We cannot do one without the other, and we must take an holistic view of communities. We are putting more emphasis on community-led regeneration, which was not so apparent before, because that is critical, but we need both approaches. We still have to ensure that the environment looks good, and that towns and communities are welcoming so that people want to move into and visit them. Part of people's wellbeing derives from the area around them.

**Stuart McMillan:** The URCs have been a key initiative of the previous Scottish Executive, and latterly of the Scottish Government. Will they continue to be sustained so that they can meet their targets? What lessons have been learned to date from their activity? Will there be more URCs?

**Margaret Burgess:** I will answer the last question first, because it is the easiest. I cannot say categorically today that the Scottish Government has no plans for more URCs. I cannot know whether, in the future, local authorities might want to set one up as a special purpose vehicle that would not be funded by the Scottish Government.

Some lessons can be learned from the URCs. The original plans were very ambitious, and the targets were perhaps even more so. That might have been different had we known then what we know now. For example, we did not expect market failure or the recession when the URCs were first set up. We need to be more flexible, and the URCs have some flexibility now.

The Scottish Government has said that the large pots of funding for URCs will no longer be there, because we have moved on to the regeneration capital grant fund. There will be some core funding for the URCs up to 2016, with an expectation that they will apply to the new regeneration fund. They can also seek European funding from sources such as JESSICA—joint European support for sustainable investment in city areas—in order to carry on with their plans.

URCs were always a long-term project that the Government would pump prime at the start. We have done our bit in that regard, and we are looking for them to move forward without the

support from the Government that they have had in the past.

**Stuart McMillan:** Ian Manson from Clyde Gateway gave us an estimate of approximately £80 million for remediation costs in his area, and we will get written details from the other URC representatives after this meeting.

With hindsight, were the costs underestimated when the URCs were first set up for getting the land into shape so that private developers would want to come in and take on the project, and to build in and progress the area?

**Margaret Burgess:** That is what I was getting at—if we had the knowledge when the URCs were set up that we have now, things might have been done differently. We are where we are with URCs, and the Scottish Government's support for them is now being reduced considerably.

**Stuart McMillan:** We have received evidence to suggest that community projects have been derailed by the threat of European Union state aid regulations. It is difficult to believe that those regulations are aimed at projects of this nature. One witness described the response to the regulations by officers as “duck and cover”. Will you provide a clear lead to ensure that state aid regulations are not an inhibition to community projects?

**Margaret Burgess:** There are two points in that regard. I would not want state aid to inhibit community projects, nor would I want community projects to fall foul of the regulations, as I understand has already happened—not in Scotland, but elsewhere.

I have spoken to officials in other departments about the matter, and we are aware that it is an issue for some community groups. We are considering setting up a group that will include the Scottish Government state aid department, Highlands and Islands Enterprise and the Scottish Community Alliance to examine ways in which we can best advise community groups on state aid. It is a complex matter, and not only for community groups.

We are looking at ways to ensure that the regulations do not inhibit community groups, and that they are not just turned down with the words “state aid”, which puts them off. I would not want to see that happening. We are aware that there is an issue and we are trying to see what we can do to assist.

**The Convener:** We have heard evidence, in going round the country, that some regeneration communities are not getting enough money out of the mainstream budget pot. People from some local authority areas have said that they are not getting the same level of service or having the

same amount of money spent on services in their community in comparison with other communities that are not designated as regeneration areas.

How do we ensure that regeneration moneys are not used as a cash cow by other bodies that are using moneys that should be used primarily for additional things to regenerate communities so that they do not have to spend mainstream moneys?

**Margaret Burgess:** Are you talking about the local authority settlement? I am not quite sure.

**The Convener:** An example would be environmental services such as street cleaning. In a leafy suburb, there may be a much more intensive service, many more street sweepers and a better bin collection than there is in a regeneration community. It could be argued—as some folk outside the Parliament have said—that the direction of travel in certain areas of spend from mainstream budgets seems to be moving away from regeneration communities.

13:00

**Margaret Burgess:** With the step change to community planning partnerships, I think that there is a need to focus on areas of disadvantage and inequality and gear services around those. If you are asking me as Minister for Housing and Welfare how we can sort that, I would say that the issue is whether partnerships have that focus and are accountable to their community. Where communities are not getting the services that you mention, we need to consider whether they are as vocal as they need to be, which is sometimes an issue as well. Part of capacity building in communities is about making people aware that, as well as providing services to all areas, community planning partnerships and local government are about improving the lives of people in the most disadvantaged areas.

**The Convener:** We need to build capacity to allow local communities to scrutinise much more.

**Margaret Burgess:** I believe that communities should be empowered to hold their local government to account properly. I think that communities need to do that. Often, the most vocal and the most articulate get the most services, so we need to look at how we can encourage everyone to take part to ensure that their voice is heard. We need to promote that.

**John Wilson:** The convener's question reminds me of a comment, which was made in Castlemilk in the early 1990s, that people wished that they had a royal visit every week because the streets would then be swept every week.

We have had 30 to 40 years' worth of regeneration projects, including the new life in

urban Scotland initiative that, as I said, I worked on in Castlemilk in the late 1980s and early 1990s. Does the minister's department or the Scottish Government collate information on how beneficial these regeneration projects have been in lifting the bottom 5 per cent out of deprivation? Is that a consideration when the Government is making decisions on where to direct regeneration resources? We do not seem to be able to gather the information—at least, no one seems to be able to provide the information—to show that the worst 5 per cent in the Scottish index of multiple deprivation have been lifted out of deprivation thanks to community regeneration projects.

**Margaret Burgess:** There are some examples of that, but regeneration and economic development are essentially devolved to local government and community planning partnerships. Also, when one group moves out of the deprivation index, another five groups might move in—I am not saying whether that is right or wrong—so there will always be a bottom 5 per cent. We need to ensure that the same 5 per cent do not remain at the bottom on every occasion.

One area that has benefited from a regeneration project—I think that I am right in saying this, but I am not sure—is Bridgeton, where I have visited some projects. Also, some of the stuff done by Clyde Gateway has helped communities that were very low down in the deprivation data zones to move up. Local authorities and community planning partnerships should be looking at how they can tackle deprivation and ensure that inequality is reduced. However, there will always be data zones in the bottom 5 per cent or in the top 5 per cent, so the issue that we need to look at is, if some have moved up, what has happened to those that have moved down.

**The Convener:** As you were speaking, minister, I saw Mr Manson in the public gallery nodding his head.

**John Wilson:** On the issue whether areas of multiple deprivation have benefited from regeneration schemes, I think that the minister is right to identify an area such as Bridgeton. Is improvement of areas of multiple deprivation an indicator in the single outcome agreements? If not, should that be an indicator for those local authority areas in which we see persistent areas of multiple deprivation? Bridgeton may be an exception, but a mile further up the road the communities around Parkhead have not benefited as much as Bridgeton has perhaps benefited.

**Margaret Burgess:** It is up to local authorities to determine which indicators they want to look at to achieve what they are looking to achieve—perhaps David Cowan can say a bit more on that—and it is up to local authorities and community planning partnerships to know their

area. If community planning partnerships are strong and working well, they should be looking very closely at what indicators they want to use to ensure that people are actually benefiting. For the soft indicators relating to people's wellbeing and lifestyle, it has always been difficult to measure improvement. People might say that things have improved, but how to measure that is an issue that needs to be considered. The issue is about getting actual outcomes, which is what we would want to look at.

Perhaps David Cowan can say something about the bottom data zones.

**David Cowan:** Community planning partnerships set their own priorities, so the indicators against which they choose to measure progress are very much for them. We have just gone through the process of setting single outcome agreements, which were signed off by council leaders and the Scottish Government, and those single outcome agreements went through a peer-review process. I suppose that it is up to community planning partnerships to decide, but certainly all the messaging is that community planning partnerships should be taking steps to improve areas of multiple deprivation.

**The Convener:** Thank you very much. I thank the minister and Mr Cowan for their evidence. We now move into private session.

13:06

*Meeting continued in private until 13:11.*

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