



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 1 October 2014

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LOCAL GOVERNMENT AND REGENERATION COMMITTEE
24th Meeting 2014, Session 4

CONVENER

*Kevin Stewart (Aberdeen Central) (SNP)

DEPUTY CONVENER

*John Wilson (Central Scotland) (Ind)

COMMITTEE MEMBERS

*Cameron Buchanan (Lothian) (Con)

*Mark McDonald (Aberdeen Donside) (SNP)

Stuart McMillan (West Scotland) (SNP)

*Anne McTaggart (Glasgow) (Lab)

*Alex Rowley (Cowdenbeath) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Garry Clark (Scottish Chambers of Commerce)

Superintendent Alick Irvine (Police Scotland)

Stephen Kerr (NHS Lanarkshire)

Danny Logue (Skills Development Scotland)

Jim McCafferty (Institute of Revenues, Rating and Valuation)

Linda McDowall (Scottish Enterprise)

John Mundell (Inverclyde Council)

Stewart Stevenson (Banffshire and Buchan Coast) (SNP) (Committee Substitute)

CLERK TO THE COMMITTEE

David Cullum

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 1 October 2014

[The Convener opened the meeting at 10:00]

Community Empowerment (Scotland) Bill: Stage 1

The Convener (Kevin Stewart): Good morning and welcome to the 24th meeting in 2014 of the Local Government and Regeneration Committee. I ask everyone to switch off mobile phones and other electronic equipment as they affect the broadcasting system. Some committee members may consult tablets during the meeting; that is because we provide the relevant papers in a digital format.

We have apologies from Stuart McMillan; Stewart Stevenson is attending as a substitute member and I welcome him to the committee.

Agenda item 1 is our second oral evidence session on the Community Empowerment (Scotland) Bill. We have two panels giving evidence this morning. I welcome our first panel: Danny Logue, director of operations, Skills Development Scotland; Stephen Kerr, interim head of North Lanarkshire community health partnership, NHS Lanarkshire; Linda McDowall, executive director, Scottish Enterprise; and Superintendent Alick Irvine, licensing and violence reduction division, Police Scotland.

It appears that no one wants to make any opening remarks, so we will crack on with the first question. The written submission from Community Planning Aberdeen states:

"The Bill provides an opportunity to ensure genuine community engagement, consultation and active participation by citizens in identifying local needs and involvement in setting priority outcomes and how they should be addressed."

Do you agree with that statement and what do you think of the proposals in the bill for community engagement?

Superintendent Alick Irvine (Police Scotland): From a policing perspective, the Police and Fire Reform (Scotland) Act 2012 articulates the principles that establish that, as an organisation, we need to engage with communities across Scotland in order to develop and drive services that meet community needs. We have already established a national consultation process to seek the views of more than 31,000

people in Scotland at local community level. The 2012 act and the proposals within the Community Empowerment (Scotland) Bill fit extremely well with regard to our intention to consult, engage and drive forward local service.

The Convener: In terms of police involvement in community planning partnerships, previously the police presence and involvement was greater in some areas than in others. Do you intend to ensure that there is uniformity in participation across the country?

Superintendent Irvine: Absolutely, convener. One of the things that we would rightly see across Scotland is the integration of policing services at community planning level. There is a long and positive history of community involvement and engagement in community planning, but I agree that there were different levels of that commitment and engagement across the country. That is at the forefront of our minds in considering how we engage appropriately with community planning partnerships and drive towards common outcomes through the single outcome agreement.

The Convener: Ms McDowall, what do you think of the Aberdeen community planning partnership's statement?

Linda McDowall (Scottish Enterprise): I welcome that statement and the bill. Scottish Enterprise is committed to supporting community planning and we already sit on all 27 CPPs—our most senior people are allocated to each one of those partnerships within the Scottish Enterprise geographic region.

I welcome the focus on the evidence-based approach and tangible outcomes that can be agreed by partnerships working together to reach a common goal. That will be welcome at both a local and regional level. There are lots of examples of areas in which we have already engaged at that level. We can clearly see the opportunities when we all bring our own strengths to the table and can consider a single agreement with business community, local community, key partner and stakeholder involvement in order to deliver tangible outcomes. That is very welcome.

Danny Logue (Skills Development Scotland): I echo Linda McDowall's comments: we welcome the bill. We also recognise the comments made by Community Planning Aberdeen.

As a national organisation, we have been actively engaged with all the community planning partnerships and the associated sub-groups. We want to ensure that our focus on service delivery of the outcomes mentioned is reflected in our local planning, that local needs are addressed and that we are flexible across all 32 local authorities. As has been mentioned, that involves engagement at community and stakeholder level across all areas.

The Convener: Your written submission says that SDS is extremely happy that

“the Bill recognises the valuable contribution we can make to community planning by being proposed as a statutory community planning partner”.

Will you expand on that and say what difference that will make?

Danny Logue: When community planning partnerships were first established, SDS had just been formed as a result of the previous organisations that we came from joining together. Therefore, there was no reference or recognition to SDS’s creation. As I said, we have since worked with all 32 local authorities about how to input into community planning partnerships.

Formal recognition of SDS as a key stakeholder would give us a formal involvement and consistency across all 32 authorities. To date, we are on 24 of the CPP strategic boards and 32 of the local employability economic development sub-groups. The bill gives us more formal recognition as a strategic partner, and we can play a role in referring the outcomes from our local planning in the CPP arrangements.

Stephen Kerr (NHS Lanarkshire): Perhaps I can bring a local perspective as I am here on behalf of NHS Lanarkshire and the North Lanarkshire partnership. We welcome the opportunity to strengthen community planning and to make it an issue on which people have a clear focus.

All the partners are very keen to work in that way. At times, I suppose that other priorities get in the way but, if we are serious about our aims to improve health and tackle inequality, we need the full input from all partners and a much more rigorous look at the single outcome agreement and how that reflects priorities in the localities and sub-localities in our area.

Anne McTaggart (Glasgow) (Lab): Good morning, panel. CPPs have been around for a while and you have all been involved in them, particularly Ms MacDowall, who has involvement in 27 CPPs. Why do we need to make that participation statutory? What difference will that make?

Stephen Kerr: Perhaps in many situations where things are not necessarily done voluntarily, there is an expectation that people will participate. Across the country, you might see variability in participation and in the success of the community planning partnerships. Putting that participation on a more solid base will help to reduce the variability and improve outcomes across the country.

Anne McTaggart: How will participation change?

Stephen Kerr: We have a very strong community planning partnership. However, we do not have complete connectivity between the aims of all the organisations. Even though that is a high priority, the bill would make it an even higher priority, and that could be linked more clearly into those organisations’ objectives and the single outcome agreement made more reflective of the communities’ needs.

In some areas, the tendency is to have outcomes in the single outcome agreement that reflect existing requirements, targets, standards and so on and perhaps not so much the specific local priorities relating to inequalities and health.

Anne McTaggart: Will the new CPP structures that are set out in the bill make a difference to community involvement?

Stephen Kerr: There is an opportunity for that involvement to be strengthened.

The Convener: How will you do that?

Stephen Kerr: We are reviewing the partnership agreement in our area. We are reviewing our structures and how we link with local communities, and we are beginning to focus much more on finding sub-localities—smaller geographical areas and populations where we think the greatest need is. That focus is proving to be very helpful. If there was a statutory framework for community planning work, all the partners would be more likely to be engaged in a stronger way. It is hard to express it, but that is what I am trying to say.

The Convener: Superintendent Irvine is itching to come in.

Superintendent Irvine: I agree that the legislation needs to be strengthened to make it more effective. In my experience at a national level, effective partnership working and collaboration depend on the individual rather than the process. If the individual understands the beneficial outcomes for communities that working collaboratively can deliver, it works pretty effectively. It is less effective where there is an absence of legislation because of the demands that are placed on individuals by their own organisations.

Strengthening the legislation to reflect a more collaborative approach and to articulate the benefits of more effective partnership working would be useful. In doing that, you would strengthen the link with communities, and their engagement in consultation is critical to agreeing what local action should be pursued to achieve which outcomes. There are some good examples at the national level of consultation and engagement shaping some of the outcomes, but there is also an absence of such engagement in

other places. A consistent approach would be exceptionally beneficial.

Linda McDowall: Making such engagement statutory would also give people a collective responsibility for making things happen. I am a great believer that it is people, not structures, who make things happen. The bill provides an opportunity for people to rally around the local outcome plans and to see some tangible outcomes from them after agreeing—genuinely collectively—to deliver those outcomes. For me, that is where you will get the greatest involvement of both the business community and the local community.

The Convener: I will play the devil's advocate. You said that it is people, not structures, who make things happen, yet we are having to produce legislation to improve the situation. Some folk have said previously that some of the bodies that are involved in community planning partnerships try to push all the responsibility on to the local authorities, saying that they are the lead bodies and that it is up to them to do this, that and the other. Is that fair? Why do we need the changes, and why have people thus far not managed to make community planning partnerships work to the degree that they should in many areas?

Linda McDowall: I can speak only of my own involvement in the community planning partnership in Perth and Kinross. That is not how it operates. We have agreed that each partner will map out the assets of the area, looking at it both locally and regionally in the wider Tayside area, and will then agree where it can help to deliver the outcomes that have been identified as providing the greatest opportunity. I genuinely believe that we sometimes need that structure to get people around the table and to appreciate what each partner brings to the table and how it can play a part in delivering those outcomes while involving the local community.

We have lots of examples of working with team North Ayrshire, and we have done some work in the south of Scotland and Renfrewshire, where partners have genuinely worked together to deliver specific, tangible outcomes at very little cost apart from people's time. People can see the benefit of pooling the collective resource to make a difference locally that then makes a difference to the Scottish economy overall.

The Convener: You said that you have agreed to map assets. I was involved in a community planning partnership that agreed to map assets but failed to do that. Did you achieve that?

Linda McDowall: We are still in the process of doing that. We have a number of workshops planned in Perth and Kinross, and we are looking at the wider Tayside region.

The Convener: When did that process start?

Linda McDowall: It has been going on for about three or four months, and we are beginning to see real benefits to being aware of the asset base and how it builds into the collective picture of sustainable growth in Scotland.

10:15

Danny Logue: I want to pick up on the earlier question about the difference that the legislation will make. As I mentioned, we are on 24 of the 32 local authorities' CPP strategic boards. However, when SDS was created we were on very few of those boards and we ended up creating a parallel structure called a service delivery agreement. That was our attempt to align ourselves with single outcome agreements, which have been mentioned. We are now members of a large majority of the boards. In fact our chair, John McLelland, has written to the boards on which we are not represented to ask for SDS representation. We have had early feedback on that.

Formalising arrangements helps to achieve consistency and it helps collaboration to have the key partners there. I am personally involved in quite a few CPPs and I have not experienced any notion of partners offloading any of the responsibilities on to local authorities. There has been collaboration on assets, resources, services and priorities. Our local plans are very much aligned to the single outcome agreements. That is about the accountability of partners. That is why we have been able to have local resources devolved to local partners in each of the CPP areas.

Alex Rowley (Cowdenbeath) (Lab): People listening to the evidence this morning might be forgiven for thinking that the bill is about forcing public bodies to work together because they are not doing so currently. What is your view on that? It sounds as though you are saying that we need to legislate to get public bodies in a given geographical area to work together.

Superintendent Irvine: It goes back to the point that was made about consistency across the country. There are strong examples of areas in which effective collaboration functions very well. I would question whether that is consistent across the country. In some places, for a variety of reasons, people do not see any inherent value in the process. The examples of good practice are patchy. We in the public sector need to capture that good practice and try to promote it more effectively across Scotland. The bill provides a framework to enable us to do that.

Linda McDowall: There are lots of examples of this working really well. I mentioned team North Ayrshire. We work with North Ayrshire Council to

look at the challenges that the area faces. We have been building business capacity there and looking to get further investment into the area. We have been looking at town centre improvements. North Ayrshire formed an economic regeneration strategy and a board for the area. Team North Ayrshire, which was established in December 2013, looked to create a one-stop shop for the community and the business community in considering the outcomes, assets and opportunities in Ayrshire. That is a great example of partnership working at community planning level achieving results.

I could give you other examples from the south of Scotland and Renfrewshire, where we looked at exporting opportunities. There was more signposting to partners' services to make it clearer to local people, including local business people, where to get help and support. Collectively, we achieved results. We also had joint, collective responsibility to deliver and we knew that we had the expertise around the table to make things happen.

Danny Logue: The point about having consistency across all areas has been made. The picture varies, so there is a need for greater consistency. Linked to that is a need for genuine collaboration from all the key partners around the table. In many of the CPPs that I am involved in, the membership differs—different organisations and individuals are involved.

To add to what Linda McDowall said, it is about genuine engagement of partners whereby everyone feels that they are making an equal contribution to the discussion around the table and no one feels that they are there as an afterthought.

Two years ago, we introduced co-commissioning in establishing skills pipelines for young people across each of the 32 local authorities. We did co-commissioning in relation to the employability fund and some of the services that we deliver. There is genuine involvement of local stakeholders in defining what services we provide within the local community.

Stephen Kerr: I agree with the points that were made about variation and trying to bring all the partnerships up to a standard. As others have said, there are many examples of areas where it works well, and in my own area, Shotts, we have a healthy living centre to which all the partners contribute. It tackles lots of related issues, such as physical activity, with activities for young people and help for them to access services and leisure. Crime and youth disorder in the area have gone down, and the community transport that is in place helps people with employability. We have a lot of input into health promotion in the area, and there are lots of activities and social opportunities for older people. Early years work is going on and we

have a food co-op where people can not only access food but learn cooking skills, and that helps to tackle issues such as obesity.

The Convener: I do not want to stop you, Mr Kerr, but you have given us a flavour of what there is.

Alex Rowley: Some of the criticism that has been levelled at community planning partnerships has focused on the fact that having a lot of projects does not necessarily show joined-up public services. That is not a view that I hold—the living well project in my area involved all the different partners and was often used—but I wonder what can make partnerships more transparent. Should every budget, whether in a local authority or health authority, clearly reference where that budget fits within the community plan and the strategic outcomes that are being suggested? How do you demonstrate and make transparent the fact that those public bodies are working to a common agenda, whatever that may be?

Stephen Kerr: You would expect the single outcome agreements to do that to a certain extent, in identifying the common priorities that we are working towards. I agree that there may be other ways of doing that, and linking the objectives of each organisation to the community plan and single outcome agreement would be a good way of doing that. The same could be true of finances and of identifying where contributions are being made.

Alex Rowley: Could you reach a stage at which each organisation has to bring its budget to the CPP board and demonstrate how that budget is delivering for the area?

Stephen Kerr: Our partnership is beginning to do work around joint resourcing. It would be perfectly reasonable to expect each organisation to report to the CPP on how it is spending its budget or how its activity contributes to community planning.

The Convener: This is an extremely important line of questioning. One of the things that the committee has previously been told about outcomes—and let us stick to health—is that although a community planning partnership may have agreed a health outcome, the national health service health improvement, efficiency and governance, access and treatment targets will differ from that outcome.

Mr Rowley is right to ask where the budgeting emphasis of the NHS will be in that regard. Will it be to achieve that HEAT target or to achieve the outcome in the single outcome agreement?

Stephen Kerr: The resources and attention of the organisation should be on achieving what is in

the single outcome agreement for improving health and reducing inequalities, but I agree that resources and activity tend to be targeted towards HEAT targets rather than towards an outcomes-based approach.

The Convener: I do not quite get what you are saying, because you are saying both things at the same time—that the priority should be achieving the single outcome agreement aim but also the HEAT target.

Stephen Kerr: I suppose that what I am trying to say is that from a purely NHS perspective, our resources are sometimes targeted specifically at achieving HEAT targets, when in fact the outcomes for individuals might be improved more by taking an outcomes-based approach linked to the single outcome agreement. For example, it is quite possible that in trying to achieve a target for delayed discharges, people might be discharged from hospital to a care home, whereas if they had had a period of further assessment they might have been able to return home. I am not saying that that happens universally or in any specific location, but it is something that we are working on in Lanarkshire. Some HEAT targets can drive resources and expertise towards a focused point in a person's journey through the healthcare system.

Alex Rowley: That is an excellent example relating to delayed discharges.

I want to ask about the involvement of the community. I do not know whether you are aware of the model that was set up by Fife Constabulary under its chief executive Norma Graham. Every two months they would go to a community meeting and pick up three priorities of that community. Two months later, they would report back on the progress that they had made. They led the way on that; the local authority and others followed behind. Obviously, the Police Scotland change then came about, but that was a model for engaging the community and for taking on board community priorities. When we are talking about single outcome agreements and high-level outcomes, I wonder whether we are, in the same breath, talking about engaging the community and about the role of the community in all of this.

Superintendent Irvine: The example from Fife is an exceptionally good example of effective policing, in which good community engagement drives local priorities in order to make safer communities. Other examples use a similar model. As organisations working in the public sector, we have to deliver that type of model in order to deliver sustainable solutions.

At strategic level within community planning partnerships, there are examples of investment decisions being taken that build projects and

programmes. My experience is that there is a bit of a disconnect between the type of local service in policing that we are saying is really effective—where we speak to people about what they want at community level—and programmes that are driven strategically. The challenge for us all is to join that up. Unless we deliver an on-the-ground service that is visible to people, and unless it is understood how we are driving our business through community engagement and shaping what we are trying to achieve, there will always be a disjoint between what community planning is seen as, through communities, and what we are actually doing in terms of working on the ground.

Alex Rowley: Does anyone else want to comment on that? We talk about community planning, and the word “community” suggests people, but is planning actually done at a much higher level? Are we kidding ourselves that this is somehow about the community setting the agenda?

Danny Logue: It is both—planning is done at the strategic level and at the community level. Skills Development Scotland has been heavily focused on local delivery. National organisations can be criticised for having a national focus that does not really reflect local priorities and we have very much been at pains to address that. That has been done through a number of areas. We have on-going customer evaluation and local stakeholder engagement with partners and individuals about the services that we provide. One good example of that is the local employability partnerships—the third sector is heavily involved in those and in what is delivered locally. The same goes for other community organisations. It goes back to my earlier example about the co-commissioning of services, particularly employability funds, and how we deliver them locally. It is really important that we do that.

Finally, it is important that we reflect two things. One is local performance, and how we deliver our services to local areas. Also, we have a very detailed communications strategy and plan that reflects SDS as a national organisation, but more important is that it also reflects what we are doing locally. That forms the basis of partnership agreements with local schools and parent-teacher councils and so on—the Department for Work and Pensions is also involved—to ensure that we get communications out to local partners and stakeholders.

10:30

Linda McDowall: Scottish Enterprise's main engagement has been with the business community, and we will continue to have that focus. Until now, the business community has

found it quite difficult to engage with community planning partnerships, perhaps because they have been very high level. With the evidence-based local outcome plans, it will be easier for the business community to engage. We hope that we can work with communities to create jobs locally, to build business capacity and to compete for other opportunities. We can even escalate the approach up to regional level, where we can look at travel to work patterns and the various skills assessments that SDS delivers for industry. We have industry advisory boards and regional advisory boards, which also involve the business community. All that presents an opportunity to allow the business community much greater involvement and a bigger role in delivery of tangible outcomes.

The Convener: Superintendent Irvine talked about the strategic level of a community planning partnership. During that, I expected to hear how local ward policing plans form the basis of the outcomes that community planning partnerships are after. There is proactive community engagement in coming up with those plans, but you did not talk about them at all at CPP level.

Superintendent Irvine: That is an important part of how we deliver our business. The 353 local ward plans for Scotland are based on the consultation process that I spoke about. In turn, those plans feed into the local police plans for each authority area, so we should see a link between the local police plans and the single outcome agreements. That structure gives us a degree of confidence in how we are shaping the service, and it helps us to inform our partners at community planning level and to collaborate more effectively with them in the delivery of the local service.

The issue comes back to the different accountabilities and how the local police plans link into the Scottish Police Authority plan and the national police plan. Although I think that the plans are positive, I come back to the dilemma—there is a similar one in the health sector—about what takes precedence when we pursue outcomes at local level. All those plans add to the jigsaw and enrich the picture, but the question, which is not unusual, is how, in operational decision making, we balance the need to deal with national priorities against the need to deal with the local priorities that are driven through that process.

The Convener: Are we saying that the bill will have to make all the organisations that are represented here rethink governance structures, possibly, and certainly some of your priorities, as you see them, in order to fit into the priorities of communities and community planning partnerships? Is that a fair statement?

Superintendent Irvine: Yes, I think that that is fair.

The Convener: How will your organisations look at all of this after the bill is enacted?

Superintendent Irvine: One inherent challenge relates to funding challenges. The policing budget goes to the Scottish Police Authority, which makes investment decisions based on that. However, if we give more power to community planning partnerships to require investment from local partners, there will be a dilemma for local police commanders, who do not control the purse strings or how much money comes down to the local level. How can they support the community planning agenda locally, given the degree of control that they have? That will create a challenge within the organisation, although it is probably a positive challenge.

The Convener: Community planning partnerships were supposed to end some of the duplication that goes on. Mr Rowley talked about pooling budgets. Why do you think that you will need extra resource when, in some cases, you could actually save quite a bit of money?

Superintendent Irvine: I am sorry, convener, I did not mean that we need additional resourcing; I am saying that the investment model for the organisation is that the money goes to the SPA, which then determines how that money is used. The local police commander in Fife, for example, is the key component in our engagement at community planning level, but they do not control the amount that they get to invest or the resourcing level, which means, by and large, the people who are involved rather than the financial contribution. If the expectation from a community planning partnership is that we will invest money in it, that will create a difficulty, because the commander does not control the purse strings or how much he has to spend at local level.

The Convener: So, we will have to consider a situation in which the budgets are devolved to local commander level, which some folk would be quite in favour of.

Stephen Kerr: We have community planning structures that are replicated in localities. Each of those areas has a locality action plan that is reported back to the partnerships, so I suppose that there is a link with what is important in communities. However, there is a new player in town—the integrated health and social care partnerships. It will be important that the strategic needs analysis for all the communities and the strategic plans of the health and social care partnership, the community planning partnership, the NHS board and the local authority are reflective of one another's priorities and actions.

The Convener: Will there have to be governance changes to make that work?

Stephen Kerr: Yes.

Linda McDowall: I do not see the priorities of Scottish Enterprise changing as a result of the bill. We are an opportunity-driven organisation. We are an economic development agency, and our main aim is to—

The Convener: I am sorry to interrupt, but I am not talking about priorities; I am talking about governance arrangements that will make it easier for you to focus on co-operating with CPPs and getting the outcomes that they want, rather than on meeting other targets elsewhere.

Linda McDowall: We are already involved in 27 CPPs, and I think that our involvement will continue at that level.

The Convener: Okay. Let me ask you a simple question about your involvement in those 27 CPPs. How much money has Scottish Enterprise put into individual partnerships?

Linda McDowall: I cannot answer that specific question, although I could find that out for you. Our resource is very flexible and is based on our being an opportunity-driven organisation. We need to understand better the assets and the opportunities in each community areas to ensure that, collectively, they contribute to Scotland's economic growth. Much of our contribution around the CPP table is in staff resources. I would not like to think that it revolved around a percentage of a budget. As I said earlier, it is a question of people bringing expertise to the table to make things happen. I would be disappointed if our role was budget led.

The Convener: Let me change the question slightly. How much money has Scottish Enterprise given to CPPs to fulfil their priorities rather than Scottish Enterprise priorities?

Linda McDowall: I cannot answer that specific question, because I do not know the exact value of our input and I would not like to guess it.

The Convener: It would be interesting for us to get a flavour of that.

Linda McDowall: I would be happy to provide that information.

Danny Logue: We do not envisage any change in governance arrangements being necessary, because although we are a national organisation, our focus has been on delivering locally. Our structures are local, we have local teams and planning is done at CPP level. As I mentioned earlier, we are involved in a large number of CPPs at strategic level and our chair has written to those that we are not involved in with a view to getting membership of them.

Our focus has been at local level, and we are now able to report on the deployment of resources at local authority level. In this year's annual report, we will include what we spent in each local authority area last year. That will include expenditure on all the skills programmes and the delivery of the careers service for each of the local authority areas.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): We have just heard Mr Logue say that the focus of his organisation is at "local level"; that has been a theme throughout much of the evidence.

I have listened carefully to what people have said. I heard Mr Kerr talk about "reducing variability". Superintendent Irvine made a similar remark, and Danny Logue talked about "greater consistency". Are we being told that Castle Douglas should get exactly the same as Castlemilk?

Superintendent Irvine: I think that it depends on the make-up of the community. We have spoken about some of the assets that exist. We also need to look at the evidence base that exists. From a policing perspective, I am talking about levels of crime and disorder, and community cohesion. From a policing perspective, we would expect a community police officer and other response officers to operate in the community. However, in terms of the level of investment and the number of dedicated officers, there will clearly be differences based on the level of demand and what the evidence base suggests to us.

Stewart Stevenson: Are you saying that variability is good, if it is properly managed?

Superintendent Irvine: Absolutely.

Stewart Stevenson: I see that everyone on the panel is nodding. That is fine. We do not need to ask everybody else to speak.

I think that it is quite revealing of people's thinking that I was able to write down words that were used by panel members that suggest that the bill is a way of imposing uniformity. Would community planning partnerships take the view that their contribution to delivering for communities is to have absolute variability, and to either ignore national priorities or to place them in a secondary position, while elevating the local? Specifically, in that context, should single outcome agreements be determined before the CPPs determine what they are going to do, or after that?

Stephen Kerr: When I spoke of variability, I was speaking about variability in the level of engagement in community planning. You are absolutely right to say that the amount of resource, effort and energy that go into an area should reflect the needs of that population.

Danny Logue: When I was talking about consistency, I had two things in mind. First, we are not involved in all CPPs, and there was a plea in there about that. Secondly, CPPs vary in terms of the make-up of the membership and the maturity of the partnership in terms of outcomes.

Another point that is worth making is the fact that, rather than various organisations having different plans, we are all keen that there is a common line of sight with regard to the single outcome agreement. With regard to priorities and resources, we can work with partners to reflect local priorities and local needs, whether we are dealing with Castle Douglas or Castlemilk. We would, along with our community planning partners, build into that a number of factors, in order for us to deploy resources in terms of skills or careers advice.

Stewart Stevenson: I do not want to let you off the hook on this. Should the CPP decide what should happen before the single outcome agreement, or is it in the business of implementing the single outcome agreement? Which comes first?

Danny Logue: The CPP comes first in terms of identifying priorities. There are national priorities, but the issue is how to deploy resources to address local needs and issues. It is necessary to gather and ring fence all the various resources of the partners that operate in an area. We also deploy resources in terms of needs and we must ensure that they are aligned with all the other partners in terms of what they are doing in that local outcomes focus.

Stewart Stevenson: We can pick up other people's views later, but I will press you on that at the moment. Does the bill's creation of a national framework carry with it the danger that the decision making will be elevated upwards rather than being driven from the bottom? If so, how do we manage that danger?

Danny Logue: I do not think that that danger exists. I think that the focus of the CPPs and the single outcome agreements over the past number of years has established that framework in the local areas. We just need to address some of the issues that we have all talked about in terms of consistency, the focus on local outcome agreements and how we deploy resources locally. There is the required degree of maturity and involvement on the part of the local partners within each of the CPP areas to enable the local issues to be addressed. I do not see a danger of decision making coming down from on high.

For example, Skills Development Scotland gets a letter of guidance from the Scottish Government that says, "We are asking SDS to deliver X." We deliver that X through local frameworks. We know

what the priorities are. In the development of our annual operating plan, we would discuss those priorities with local CPP partners to ensure that they fit in with local needs, local priorities and the other plans and resources in that area.

Linda McDowall: That is a similar approach to the one that we take. The variability question is based on where the assets and the opportunities lie. If we can use that evidence-based approach and local knowledge to see where the tangible outcomes lie, that can complement and enhance the single outcome agreement. That is a win-win situation.

Stewart Stevenson: In fairness, I say that you were the only member of the panel whose words I did not write down.

Linda McDowall: Thank you.

Superintendent Irvine: I think the positive way is to introduce, as soon as you start engaging with communities, a degree of variability because different communities want and expect different things from public services. I do not think that we should shy away from that.

10:45

Stewart Stevenson: Do you agree that the evidence of variability is likely to support the argument that there is good local engagement?

Superintendent Irvine: Absolutely. Variability is not a negative thing. As soon as we start engaging with and consulting communities, it drives services in a different way. The challenge is in how the consultation and engagement drive the single outcome agreement. I have seen good examples in which a lot of the outcomes that have been identified in single outcome agreements were driven by consultation. On the other hand, others have simply been driven by a set of strategic priorities that organisations have put on the table. We need to make sure that that is the right way round and that the outcomes are community driven.

John Wilson (Central Scotland) (Ind): I wonder why we are here and, if things are working so well with the CPPs, why we need legislation to improve things. Mr Logue's case is the exception, because the SDS gets a seat at the table in the community planning partnerships. That is not what we hear when we take evidence from communities, whose experience clearly contradicts what we have heard today.

Mr Stevenson referred to the top-down approach and the bottom-up approach, and three members of the panel belong to national organisations that have national priorities for the work that they do. Mr Logue said that his organisation gets a letter from the Cabinet

Secretary for Finance, Employment and Sustainable Growth that tells him what priority X is.

Where is the conflict that we are picking up between communities and the direction taken by the CPPs on single outcome agreements and the other work that the CPPs are doing? We have picked up that such conflict apparently exists. The communities feel that they are being ignored in the decision-making process and that they have very little control or say over the priorities of the community planning partnerships.

Stephen Kerr: I find it difficult to answer that other than from a local perspective. We have local community planning arrangements in each of our six localities in North Lanarkshire, each of which engages in the community forum and has a local action plan that reflects the local priorities that have been agreed with the local population.

I am not saying for one minute that we are a perfect example—far from it. We appreciate that we could make many improvements to how we organise ourselves, how we engage with communities and how we focus on some of our more deprived areas. However, I guess that the answer to the question lies in each of the partnerships.

The Convener: Let us look at North Lanarkshire. One of the points that Mr Wilson is making came out most clearly during a committee visit to Cumbernauld where folks said that they did not feel that they were involved in the process. A lot of folks did not know about the local community planning arrangements, and they certainly did not know anything at all about the community planning partnership. Where does the failure lie?

I have to say that most of the folks we talked to were very heavily involved in their communities in one way or another, and many of them were involved in many organisations.

Stephen Kerr: As I said, the arrangements are by no means perfect. I will take that information and look at it very carefully. We engage with the community forums in that area as part of the community planning process specifically in relation to the NHS. If there is still the perception that there is not enough engagement, perhaps we need to improve on that.

Danny Logue: One of the issues is the level of the engagement that Stephen Kerr mentioned, particularly with community forums. I am involved in a number of CPPs in West Dunbartonshire and elsewhere, and community forums and representatives are indeed involved with CPPs. I have also seen some interesting developments around some of the substructures to which I alluded, particularly around employability and other issues. There are local community

representatives on local employability partnerships, and they come to the CPP to discuss services that will be delivered locally.

The issue partly comes down to the need for the community engagement that Stephen Kerr spoke about, but we also need people to get involved through membership of community planning groups—not just strategic bodies, but the sub-groups that address local outcomes and are there to ensure that there is a certain level of stakeholder engagement.

I mentioned third sector involvement. There are some really good examples of the third sector being heavily involved in addressing local priorities and taking a local focus.

Linda McDowall: We are an evidence-led organisation, and we are involved mainly with the business community. We have a strong track record of involving that community in various forums to look at the services that we provide. Given our remit, we do not engage with the local community as such, but we hope that our engagement with the business community will benefit the local community by way of job creation, business capacity building and so on.

I am not sure that there will be a huge volume of participation requests to Scottish Enterprise from the community as a result of the bill, but we would be happy to look at ways in which we could involve the local business community if its members felt that they could participate in our work.

Superintendent Irvine: Another North Lanarkshire example is Gowkthrapple, just outside Motherwell, where there is an exceptionally effective model in which joined-up public sector delivery is linked to community engagement. That example meets the aims of all the principles and intentions in the bill with regard to strengthening community links, public service and the community planning process.

Therein lies the challenge for us all in public sector delivery. There are some exceptional examples. If there is a difference between what that delivery looks like in Cumbernauld and in north Motherwell, why is that the case? It is the same local authority area, and the same policing partners are engaged in the same process. There is certainly a communication issue with regard to how we articulate our intentions. That highlights the need for us all to ensure that our community engagement process is fit for purpose and tailored to meet the needs of the local community.

John Wilson: My follow-up question is on whether the implied issues arising from the bill will mean that CPPs will look to national bodies to contribute funding for the delivery of services in their own areas. Given Superintendent Irvine's

comments about the budgetary constraints on local commanders and Ms McDowall's comment that a financial contribution from Scottish Enterprise would involve devoting staff time to working with CPPs, would it generally be viewed as favourable if CPP partners asked national bodies to contribute more to local funding initiatives so that the CPPs could direct the work of such organisations or work around them, or would there be concerns with regard to organisations' existing tight budgets and CPPs' demands on those budgets as they currently stand?

Danny Logue: I mentioned the letter of guidance that we received from the Scottish Government. It lays out the priorities for SDS in any given year with regard to careers advice, modern apprenticeships, the employability fund, regional skills assessments, skills investment plans and so on. We take those asks and look at our resources, which cover staff, support for businesses that are running modern apprenticeship programmes and the employability fund.

Any flexible resources for local deployment are already committed to our current priorities. We have flexibility on the ground in terms of how we deliver careers services, the employability fund, regional skills assessments and skills investment plans. The budget and the resources are important, but the focus on local outcomes is even more important. The focus is on what we are trying to achieve with all those pooled resources, rather than discussions about pounds, shillings and pence. If everyone is signed up to a local single outcome agreement that specified and detailed the outcomes and how we should achieve them, SDS can say, "Here are the resources that we can deploy within that geographical area to deliver those local outcomes."

Linda McDowall: If we in Scottish Enterprise are trying to achieve sustainable economic growth for Scotland, we need to understand where the assets and opportunities lie locally. I would be disappointed if we put a percentage of a budget against trying to deliver on a local outcome improvement plan. If we get the right people in and identify assets and opportunities, the challenge should be to make the most of our resources, regardless of where they lie, so that collectively we have the benefit of growth in the Scottish economy. However, there would be a danger if we said that, for example, 10 per cent of the budget had to be spent on that. What would happen if the opportunity demanded 50 per cent of the budget? We are an opportunity-driven organisation, and I like to think that our resources are fed in to where the greatest opportunities lie for the growth of the Scottish economy.

The Convener: There is a little supplementary question from Stewart Stevenson.

Stewart Stevenson: I am someone who does not believe that we should restrict ourselves to everything that we already know will succeed. What proportion of your budget are you knowingly putting aside for high risks in support of community needs?

Linda McDowall: I cannot answer that question. I would have to find out the exact figure, as I do not know it.

Stewart Stevenson: Let me phrase it more broadly. Do you think that there is a figure?

Linda McDowall: Sorry, but can you say that again?

Stewart Stevenson: You do not know the specific amount, but do you think that that is something that you are prepared to do?

Linda McDowall: We look at where the assets and opportunities lie and are driven by where the greatest opportunities are for the growth of the Scottish economy. Clearly, the public purse is best spent on achieving growth and creating jobs, and hopefully the benefits will return to local communities.

The Convener: You have opened up a can of worms.

Alex Rowley: If the key economic opportunities sit in the central belt and the key economic drivers of the Scottish economy are the city region areas of Glasgow and Edinburgh, is that not where Scottish Enterprise's priorities will be?

Linda McDowall: No, definitely not. If we look at what is happening in the seven cities in Scotland, we can see that there are opportunities to drive the growth of the entire Scottish economy.

Earlier, I talked about what was happening in the south of Scotland. People have been looking at pulling together the work of the south of Scotland alliance and the south of Scotland economic forum and driving work through the M74 corridor. They are looking at various economic development projects around that area, such as opening up Stranraer as a sailing gateway.

It is about looking at where the assets lie in total for Scotland because everywhere is different. There are certainly assets around the cities, but there are also assets around various regions from which communities across Scotland can benefit.

The Convener: We will go back to Mr Wilson's original question.

Superintendent Irvine: I do not feel qualified to answer the question, which I think should be put to the Scottish Police Authority. However, I note that

the policing principles in the Police and Fire Reform (Scotland) Act 2012 drive us towards delivering services at a local level. That should be absolutely integral to policing and so it is a challenge that the organisation should be up for.

Stephen Kerr: Whether or not a percentage or number is identified is perhaps immaterial. If community planning partnerships identify the correct needs in the correct communities, it is about the partners identifying and bringing whatever assets they can and harnessing them in the communities themselves.

Mark McDonald (Aberdeen Donside) (SNP): Most of the ground has been covered, but I am interested mainly in what CPPs can do to drive down inequalities in and between communities. I will ask three questions in one. Are CPPs doing enough to reduce inequalities, what more can be done, and how can that be done?

11:00

Stephen Kerr: The simple answer to the first part of your question is no, because we still see health inequalities in our communities. We have done a significant amount of work to improve some of the issues. We are beginning to see—certainly in our partnership—the need to do much more focused work that highlights specific areas and small populations where the inequalities are at their highest levels. We need to make our attempts in those areas much more focused to increase community engagement to bring about improvements and help people to engage in those activities.

Mark McDonald: Is work done to make sure that the outcomes that CPPs are drawing up are linked to the inequalities agenda and reducing inequalities? Where that is not happening, should every outcome be tested against what impact it will have on inequalities in communities?

Stephen Kerr: Yes, we do that, in the sense that we have locality health and wellbeing profiles that identify a range of indicators that show which areas are less equal than others, and we focus our attention on those. You should be able to drill down into our plans to see the focus on the inequalities agenda.

The Convener: I gave an example at last week's meeting regarding the priorities of local people versus those of organisations. In that example, the priority for the people in one of the deprived areas that Mr McDonald represents was tackling mental health issues, but the priority for the health service was getting folk to stop smoking. The community said that it would be easier for people to stop smoking if some of their mental health problems were addressed. How much cognisance do you take of communities and

the folk in them when coming up with local health priorities?

Stephen Kerr: We do so partly by looking at the evidence in the wellbeing profiles, which gives specific information, but work is definitely going on with communities to identify their priorities. We have an initiative in the Craigneuk area where all the agencies are very much working with the community—there is a lot of community engagement. We are hoping that that might be a model that we can use in other North Lanarkshire localities.

The Convener: Okay. I want us to return to Mr McDonald's original question about tackling inequalities.

Danny Logue: I recognise that there is more that we can do to tackle inequalities. First, an equalities impact assessment should be undertaken for all outcomes, rather than being seen in a number of areas as a separate bolt-on activity. It would help if that permeated right across all the outcome agreements.

Secondly, it is worth mentioning that, as organisations, we all have inequality action plans and priorities. However, we need to make sure that those are aligned into one objective for the community in the single outcome agreement process.

Thirdly, I return to my point about resource deployment. We need to ensure that equality issues are tackled when we prioritise resources for areas. I mentioned the employability fund as an example that relates to the careers advice that we deliver. We must ensure that resources are weighted according to local issues and challenges.

Linda McDowall: On whether enough is being done to address inequalities, there is always more that we could do. We have talked about health inequalities and Danny Logue has mentioned other issues. Testing every outcome would be one way to make sure that we address inequalities as much as we possibly can. I would welcome equality impact assessments being carried out on all local improvement plan outcomes.

Superintendent Irvine: How community planning partnerships tackle inequality is a critical and fundamental challenge. Inequality is a motivator for crime, criminality and antisocial behaviour. If we could tackle the underlying causes, that would make a significant difference to communities.

As for what more we can do, I would like there to be a shift away from the drive towards annual targets on the part of some organisations. Tackling inequality requires a longer-term, more sustained, approach. The question is how we measure what we do and hold ourselves to account against that

type of approach, rather than having short-term targets.

Mark McDonald: This follows on from the question that my colleague Stewart Stevenson posed about Castle Douglas versus Castlemilk. We hear a lot of complaints about postcode lotteries. The postcode lottery that concerns me the most involves people who are born in a certain postcode area, whose life chances are dramatically different from what they would be if they had been born in another postcode area.

Is there perhaps a need to move from considering postcode lotteries to considering postcode priorities? Is there the nerve in community planning partnerships to focus on where resources go and where the priorities are in the postcode areas where people have dramatically worse life chances than people in other areas have?

Superintendent Irvine: Considering the single outcome agreements in their current iteration, with their focus on place, I think that we are already starting to see that shift.

There is a more robust discussion around where the levels of demand are and how we invest in resourcing. There are already examples at a national level: discussions are taking place in community planning partnerships in Fraserburgh, Edinburgh and Renfrewshire about how people drive forward their business based on the level of demand.

There is inequality, so what can we collectively do to deal with it?

Linda McDowall: I agree about moving from a postcode lottery to postcode priorities. It goes back to understanding where the assets and opportunities lie. From our point of view, the issue is about being able to help with job creation, which can hopefully improve the quality of life of communities in the local areas concerned.

Danny Logue: I echo that. On postcode priorities, one big area that we examine is school leaver destinations. Approximately 54,000 school leavers every year go to a positive destination: university, college, a modern apprenticeship, training and so on. How do we address the inequalities and pursue the priority issues, employing our resources to meet needs locally? That does not just involve one single organisation. That is the benefit of having community planning partnerships and a single outcome agreement. How do we collectively pool that focus and the priorities to deal with the issues in the postcode areas that Mark McDonald mentioned?

Stephen Kerr: Absolutely: we need to focus on the areas of greatest need and the areas where

the greatest inequalities are. That is starting to happen more now.

Mark McDonald: We all recognise that, and we all accept that there is a difference between those in the most need and those who are most capable of expressing their community's desires and needs. The question was not whether we recognise those needs, but whether there is the collective will in community planning partnerships to make that step change as regards where resources go.

Stephen Kerr: There is that will locally, and that is why we are beginning to focus much more on the communities where people have the greatest needs and there are the greatest inequalities—and where people are perhaps the least vocal about their needs at times.

The Convener: Does everybody else agree that there is that collective will? I see nodding heads.

Cameron Buchanan (Lothian) (Con): Somebody said earlier that people, not structures, make things happen. I have been very conscious of the question whether the community planning partnership is perceived as an extension of the local authority. It needs not to be perceived in that way. That point has partly been answered by my colleague Mr Rowley, but I ask the witnesses to comment on whether the CPP is perceived, a bit, as an extension of the local authority, and whether it is about people, rather than structures.

Danny Logue: I referred to that point in relation to our involvement. In the community planning partnerships that we have been involved with, there has been genuine engagement by the local authority and other partners to ensure that each organisation plays its contributing role in the local area concerned. That is not about being given outcomes from the CPP, but about helping to shape the outcomes in each community planning partnership area. There is a high degree of involvement by other partners and other organisations within the CPP infrastructure.

Superintendent Irvine: There needs to be leadership in the community planning partnership. The Local Government Act 1966 and the whole structure drives the local authority towards being that leader. Without leadership, there is no governance, and without governance, there is no activity. Leadership is a critical part of what we need to strengthen at local level.

Linda McDowall: If all the partners are explicit about what they bring to the table, it will be people who will make things happen, as they will agree to have collective responsibility for delivering the local outcome improvement plans and the tangible outcomes that will be of the greatest benefit.

Stephen Kerr: Aside from the local community planning arrangements, we work very hard to ensure that our front-line staff are very much aware of community planning. For example, when a district nurse puts a dressing on someone's leg, they will talk to them about employability; they will do a financial assessment; they will identify whether the household is in fuel poverty; or they will refer people for community safety checks by the fire service. The list goes on. We are trying to embed that approach among all staff groups in the organisation.

Cameron Buchanan: The issue is the perception, not the reality. I think that that is what has been said. Do you agree that leadership is key?

The Convener: There is a lot of nodding of heads.

Do the witnesses think that the bill includes all the right partners in CPPs? Should any additional bodies be included round the table? Are there any bodies that should be removed from the bill?

Superintendent Irvine: What is included in the bill is entirely relevant. There should also be a degree of flexibility, which the bill includes, to allow local authority partners to identify the relevant people to sit round the table.

Linda McDowall: I agree that the relevant partners are there. However, I would like to see a stronger emphasis on involving the business community.

Danny Logue: I mentioned the involvement of the third sector, and that point has been addressed. Another issue is the involvement of the DWP, given the resources that it brings to the table in relation to its priorities. It is very much involved in partnership with other bodies, including ourselves. That is welcome.

Cameron Buchanan: What exactly do you mean by more involvement of the business community, Ms McDowall? In what respect is that missing?

Linda McDowall: Although the local community is involved in community planning partnerships, because of the high-level nature of the partnerships, members of the business community generally find it difficult to find a way in which they personally can engage. If the bill made much more explicit a mechanism that they could use, many more people in the local business community would want to participate in discussions, including on how they could help implement the outcomes from plans.

Stephen Kerr: I do not think that there is any need to specify any other people in the bill, but we would generally welcome any local partners who

are relevant to the agenda that we are trying to address.

The Convener: Thank you all very much for your evidence.

11:12

Meeting suspended.

11:25

On resuming—

The Convener: I welcome our second panel of witnesses, who are Jim McCafferty, junior vice-president of the Institute of Revenues, Rating and Valuation; Garry Clark, head of policy at Scottish Chambers of Commerce; and John Mundell, chief executive of Inverclyde Council.

Would anyone like to make an opening statement?

John Mundell (Inverclyde Council): Good morning. I thank the committee for inviting me here to give evidence. I fully support the principles of the bill. It is trying to achieve a lot for local people and the whole thing is about our services being community driven and designed to meet users' needs. However, the bill will bring certain challenges, especially in this time of austerity.

Not all communities have the capability to take advantage of the bill. That is particularly true for marginalised and disadvantaged communities and could lead to an increase in inequality if the partners do not succeed in delivering the aspirations of the bill. Resources are required to ensure the bill's effectiveness, and funding is key to building increased capacity in communities, especially the disadvantaged ones. There are also resource implications for councils and local partners in terms of officers responding to participation requests, as well as providing money to set up allotments and support other aspects of the bill.

Of particular concern is the ability of community groups to take full financial responsibility for the assets passed to them and the sustainability of the project. When costs arise for repairs and maintenance for buildings or where key participants no longer want to contribute to the project, local authorities will be expected to provide financial and professional support throughout. That is quite a challenge given that we are reducing resources over the next two or three years. Nonetheless, I support the aspirations of the bill.

Garry Clark (Scottish Chambers of Commerce): I thank the committee for the opportunity to comment on the bill. Our primary

interest in the bill regards the effects on non-domestic rating, but we are also very interested in those aspects of the bill that potentially allow the business community to take a more active role in local democracy.

Jim McCafferty (Institute of Revenues, Rating and Valuation): I thank the committee for inviting the IRRV. As you would expect, my interest is in part 8 of the bill. It would be interesting to compare and contrast the views among us.

The Convener: This session is mainly about considering part 8, although I am aware that members may have questions on part 2, particularly for Mr Mundell. I will not stop members asking those questions.

What potential advantages could result from the proposed power in part 8?

Garry Clark: We have looked at the response of the Scottish Government to last year's consultation on the future of non-domestic rating in Scotland and one of the key aspects to come out of that was the power of local authorities to implement local reliefs and exemptions, potentially to assist businesses in their area and to incentivise business at a local level. That is to be welcomed. It must be considered in conjunction with the business rates incentivisation scheme, which has had a bit of a bumpy ride since its introduction a couple of years ago. If local authorities are going to take full advantage of the proposed powers and pass on potential benefits to local businesses as a result, they will need to be sure that there is an incentive for them to do that—they will be looking for potential financial incentives in particular.

I think that many local authorities will look to apply reliefs and exemptions to encourage more businesses to set up in their areas, which could increase authorities' resources. However, that would happen only if the business rates incentivisation scheme operates effectively. Progress has been made this year, but the scheme has had a bumpy start.

11:30

Jim McCafferty: The institute welcomes local flexibility and the opportunity for better community building. When listening to the first evidence session, I often noticed a difference in references to the business community and the local community. Through proper consultation between local businesses and the local community about what could be done with the relief, there is a chance to move things forward. That might even shed light on the darkness of the local government budget process, which would do no harm at all.

However, there are drawbacks, which I am sure we will come to later.

John Mundell: The proposal to increase local government's fiscal power is a good thing. However, mechanisms are in place to support businesses, and I wonder whether the proposal will add an advantage. I say that because there are other opportunities to incentivise businesses in our area, through business grants and so on. At the moment, the revenue goes back to central Government, so I am not sure whether the proposal would be a major advantage to local government. However, anything that helps businesses to start up in the area is a good thing.

Another point that is in the back of my mind is that, if all councils started giving free incentives or alleviating business rates to attract businesses to their areas, that would increase competition. That could be good, but there is a risk of a downward spiral.

The Convener: In many of our poorer areas across the country, there are empty business premises, some of which have been empty for a long time. The fact that premises are empty or that there are no local shops often stops folk moving to and thriving in such areas. Does the power offer a particular advantage to disadvantaged communities?

John Mundell: Yes. I support any incentive to help people in disadvantaged communities to develop skills and build small or medium-sized enterprises. We need to do much more for small and medium-sized enterprises and to encourage people from disadvantaged backgrounds to set up in business. Anything that will help them to do that is good, but I am not sure that the measure is the only way to do that, especially as councils already have powers to help people through grants or whatever. I am not sure of the proposal's specific advantages; I do not want to say no to it, because it will increase flexibility, but I am not sure that it is the only way to do what we are trying to achieve.

Garry Clark: The proposal will be a useful tool in the box but, as others have said, other methods can be used to incentivise business conduct in an area or a sector. The power will allow a local authority to fine tune the non-domestic rating system in its area, perhaps to target an area or a type of business that it wants to encourage. It could target streets or communities in an area. That is a definite advantage of the measure, but it must be seen in the context of the wider non-domestic rating environment and other incentives that are available to businesses for different reasons, which have been mentioned.

Jim McCafferty: On the other incentives and reliefs, I wonder about the relief that is given for partially empty properties in a reduction of rateable

value via section 24A of the Local Government (Scotland) Act 1966. In some ways, that will be in direct competition to the possibility of relief of the type that the convener suggests. Local government might be drawn towards such reliefs and away from the section 24A relief, because the latter might impact on business rate incentives. The two things might be in conflict. However, we welcome the idea of having a relief that can be targeted to specific areas and gives councils much more flexibility for individual, one-off events, provided that they do not tie themselves up too tightly in setting their schemes.

Stewart Stevenson: Perhaps Mr Mundell might care to address my question first and then Mr Clark. How many businesses in Inverclyde did not proceed with business developments because of business rates in the past five years?

John Mundell: I could not give you that detail just now.

Stewart Stevenson: That suggests that it is not such a big problem that it has assumed any prominence in your in-tray. Is that a fair comment?

John Mundell: It has not assumed any prominence in my personal in-tray, but one of my colleagues deals with such matters all the time. Generally, the amount of business development in our area is not good enough and it probably never will be. We need to ensure that we do much more, and any tool that we can add to the toolbox will help.

Stewart Stevenson: I am trying to test whether the tool that we are discussing addresses a problem that you experience. Although I accept and understand that the coalface experience does not lie on the chief executive's desk, I take from the fact that the matter is not in the list of priorities in which you interest yourself that it does not seem to be a particularly big problem for Inverclyde Council. I am asking only about Inverclyde Council.

John Mundell: You are asking about the specifics. There is a range of issues that come to my desk and in which I am particularly interested. It comes down to employment, especially employment for disadvantaged communities. Anything that we can do through our community planning partnership we are doing. We are having a degree of success in that respect but, as I said, it is nowhere near enough.

I have already mentioned that I am not sure whether the power in the bill is necessarily the silver bullet that we need. Other mechanisms that we use with partners through our community planning partnership, such as grants, are helping. In the backdrop, we must always bear in mind the state aid rules, depending on the scale of the

businesses that we are trying to attract to the area, and the level of grant that we can give businesses.

At the moment, the specifics of business incentives through business rates are not on my desk all the time, but they are in the mix of ingredients that we need to resolve to help businesses to come to our area.

Stewart Stevenson: Let me reposition the question for Scottish Chambers of Commerce. If we were to ask businesses whether they would benefit from a reduction in business rates, we would get a 100 per cent positive response, so let us accept that and not go there. I do not expect the committee to hear any specific business names—for commercial confidentiality reasons, obviously—but is Scottish Chambers of Commerce aware of any specific developments that have been kiboshed by the current level of business rates whether in general or in specific areas?

Garry Clark: It is difficult to put any decision not to proceed with a project at the foot of any one particular cost pressure but the fact is that cost pressures continually affect businesses strongly in the current environment. Cash flow is also a major issue for businesses.

In that context, business rates are usually the number 2 or 3 cost for many businesses. For businesses that benefit from the small business bonus scheme, they are not an issue at the moment, but many businesses out there face cost pressures and cash flow issues, and their number 2 or 3 cost—after staffing and sometimes rental—is business rates. Therefore, any measure that tackles that number 2 or 3 cost to a business will free up resources for that business to invest.

Stewart Stevenson: Let me test what you are saying. I got the sense that you were leading the committee to the idea of using the mechanism to support businesses that already exist. Instinctively, I feel uncomfortable about that, although I might be persuadable. It seems to me that, were this support to have a value, it would be much more related to making something new happen and to enabling the cost benefit analysis to cross the boundary and create a sustainable business. Are you hearing of specific examples where that ability to nudge across the boundary would mean that more businesses would start up? I am not proposing this; I am merely pursuing a line of questioning so that we can get a case on the table.

Garry Clark: There are two aspects. It is important both to support the creation of new businesses and to sustain existing businesses. I am not sure that we should prioritise one over the other—both need to be a high priority. Existing businesses have the potential to grow and employ

more staff, but we also need to provide incentives for new businesses, and there are incentives within the global scheme that the Scottish Government already operates to support new businesses moving into properties, for example.

Stewart Stevenson: You appear to be suggesting that there is an argument for existing businesses getting this support when there is an intention to create new employment. I take it that you are not making the case for supporting continuity of employment.

Garry Clark: Continuity of employment, the creation of new employment and investment in extending premises to open up new areas of operation for a business all require investment by that business and they all, therefore, impact on the costs to the business. Anything that would reduce those costs could incentivise any of those activities.

Stewart Stevenson: But they are the costs of making changes.

Garry Clark: Whether those costs are for new services, new products, new staff or securing existing employment, they all require investment by the business. Business rates are one of the greatest cost pressures on many businesses, so if we attack that cost, we can assist businesses in doing any of those other things.

Stewart Stevenson: Does the Institute of Revenues, Rating and Valuation have anything to say on that?

Jim McCafferty: I have just one thing to add. The situation is the same as for any rates relief. Given the high number of rented commercial properties, it must be ensured that the relief goes to the businesses that it is intended to reach instead of seeping into the landlords' side of things. There is plenty of evidence—particularly from the 1980s—of how the enterprise zones in England did not bring as much to the table to promote businesses as they did to help landlords to let their properties. That is no bad thing in itself, but you should consider what the aim of any rates relief is.

Stewart Stevenson: If the measure is adopted by councils, is it more likely to help businesses than to help landlords, who are rarely anybody's favourite people?

Jim McCafferty: With any business rates relief, there is a true danger that some of it will—if not initially, then at rent review times—end up with the landlords rather than the businesses. That is an inherent danger with the proposed relief as well.

Stewart Stevenson: I do not know whether this would be legally competent, but could the bill prohibit the relief being a consideration in rent

reviews? Am I making that up and stretching things too far?

Jim McCafferty: That would take us into rent legislation and I do not feel that I am competent to cover that.

Stewart Stevenson: I most certainly am not. That is for sure.

Jim McCafferty: It is a hard one to deal with.

11:45

Alex Rowley: The Federation of Small Businesses has drawn a comparison with England, where these powers already exist, and makes the point that the effect of the powers is fairly neutral because they are rarely used. In the current financial climate, it is difficult to see where local authorities would have the resources to be able to finance such measures, so is the bill not just a toothless piece of legislation that has been introduced by a Government that would not have any of the costs to bear, in the knowledge that local government would probably not be able to finance it?

Garry Clark: As I said in my opening remarks, it is difficult to see what incentive local authorities would have simply to spend money to no end other than to benefit a number of businesses in their community. They would want to see some return from that. The business rates incentivisation scheme, which the Scottish Government has put forward, could allow local authorities to benefit if they choose to reduce rates for particular businesses in their area. If more businesses are attracted to that area, or if new businesses are created there, and they are paying more in rates as a result, the BRIS would allow the local authority to retain a proportion of that.

There have been teething problems in setting that up because of the levels of appeals expected in the first year of operation but, as the scheme progresses and as local authorities become more able to benefit from the proceeds of additional economic activity in their areas, the additional flexibility to allow a local authority to incentivise business in its area could result in a positive return for that local authority, and that is when it would become more attractive to local authorities.

John Mundell: I support what has been said. I do not have anything to add to that point, but any grant or support given by the community planning partnership, or indeed by the council, would have to be tied to some performance measure so that we get some transformational change through that process to help business to grow or to attract them to the area.

Jim McCafferty: It could feed into the single outcome agreements at some point in the future.

Alex Rowley: If we were looking at the issue in terms of community empowerment, would the logical inclusion not be to allow local authorities to set their own non-domestic rates in their own areas, given that they are the local elected bodies in those areas? What is your view on that?

John Mundell: To return to my earlier statement, it is my view that increasing fiscal powers for local authorities so that resources can be applied more effectively to the most disadvantaged would be a good thing, and the rate poundage issue is obviously important to that.

Garry Clark: Scottish Chambers of Commerce believes that having the uniform business rate applied throughout Scotland has strong advantages, but the ability for local authorities to make adjustments to incentivise business in their area would be a definite improvement on the current system.

Jim McCafferty: Although it is an attractive option to go for localisation of business rates, it would have to go hand in hand with some equalisation policy on local government funding; otherwise the central belt might very well prosper to the detriment of the rest of the country.

The Convener: Following up on that, I note that North Lanarkshire Council has suggested that the proposal in the bill

“may create ‘a race to the bottom’”.

Might allowing local authorities to set non-domestic rates in their own areas lead to a race to the bottom, as North Lanarkshire Council has suggested?

John Mundell: As I said at the start of the session, increasing cross-boundary competition, no matter whether we are talking local authority boundaries or community planning partnership boundaries, creates the risk that areas will compete to attract businesses, which might have a regional impact. That would have to be done in the right way.

My view is that the bill is focused on the most disadvantaged communities, and I think that local government and the public services are all about equalising disadvantage. We need to focus on trying to get the long-term unemployed in the most disadvantaged communities into some form of employment. If we can help them generate their own business to start with by upskilling them, that will be excellent, but there is a risk of a downward spiral, in which we are all competing against one another to get the same businesses to come to our respective areas.

Garry Clark: This race to the bottom is one of the reasons why we would be prepared to stick with the current uniform business rate, but giving local authorities the power to take measures to

address specific issues in their areas, which the bill could do, is an attractive idea.

As well as sustaining existing businesses and helping them to grow, we need, as Mr Stevenson mentioned, to encourage the creation of new businesses. As a combination of those circumstances will give Scotland the best economic opportunity, I think that the most sensible route is to allow a degree of local incentivisation to meet particular local needs while maintaining the broad spectrum of the uniform business rate.

Jim McCafferty: Although the race to the bottom is part of the issue, and I can see it as a real danger, there is something that happens after that that brings me back to the strong connection between rates and rents. If rates in a certain area are reduced for a period of time and it is not possible to contain the behaviour of landlords, rents might well increase, which will be picked up in the next general revaluation, and the rateable value base in that area will increase. I agree with Mr Clark and Mr Mundell about the dangers, but there is also a phase 2 in the long term.

The Convener: In 2011, thanks to the policies that were put in place, 57 per cent of businesses in Scotland paid zero or reduced business rates, which is a fairly significant number. Have rents risen because of the rate reductions that followed the introduction of the small business bonus scheme and other incentivisation schemes? Is there any evidence of that?

Jim McCafferty: There is only anecdotal evidence in relation to some types of property. The absence of evidence might well have something to do with the overriding impact of the recession, but evidence exists of the perverse effect of relief on rents in the charitable retail sector, in which 80 per cent relief is mandatory, prior to the recession. There is sufficient evidence of private sector landlords not being able to compete in rental bids for retail outlets in certain areas because they were outbid by charities that knew that they would get a cushion on the rates side.

Anne McTaggart: Good morning, panel. Could any changes be made to the provisions to enhance the power and make it more likely to be used? Could anything be done to make it more user friendly, accessible and transparent?

John Mundell: I cannot think of anything at this time. If you are talking specifically about business rates, I am not in a position to give you an answer to that.

Garry Clark: The bill is fairly wide ranging in its possibilities and gives local authorities a fair amount of leeway. I have no specific worries about its scope at present.

Jim McCafferty: I go back to my earlier point that instead of seeing a business community and a non-business community we need to see both as a single community in a particular locality. Can we bring the two communities together? We already have mechanisms for consulting the business community and in a broader sense there is a wider consultation with the community every time there is an election. How do we get people together to recognise the interest of a single community in an area?

Cameron Buchanan: Mr Mundell, you mentioned monitoring businesses for performance. How does one do that?

John Mundell: My comments related specifically to a council or a partnership providing some form of grant to a business that would be tied to a particular outcome such as expansion. The money might well be invested in equipment, an extension to a property or assistance with moving to a different property. We would like the proposed outcomes in the business plan to be met; if we offer a grant, we would like some return on that investment.

Cameron Buchanan: You talked about authorities being able to grant relief to any type of ratepayer, including businesses, as they see fit. Would that include employment in silicon valleys, business parks and things like that? I am just concerned about the notion of a race to the bottom. How does one grant relief to businesses? The overriding condition rather worries me.

John Mundell: I can understand why. Going back to what I said about disadvantaged communities and the need to focus help and support on a particular location, I think that what you have highlighted is important in the context of the bill. On the one hand, it will help us as partnerships develop a particular community area. On the other hand, the usual processes would be adopted for big business, although Scottish Enterprise, which gave evidence earlier, would take certain approaches and use certain mechanisms to help attract businesses to different areas.

We have just had a success with a new business—an American firm—coming to our area with the prospect of 500 jobs. That has happened through support from Scottish Enterprise and grants through that mechanism rather than through the council.

Cameron Buchanan: If you had a business park and you found that a business park in another area had lower rates, would you try to match those lower rates? That is the disadvantage; because business rates represent a very high percentage of business costs, people might well move.

John Mundell: That is the concern that attaches to the race to the bottom, and I am not quite sure how one squares the circle. You might succeed for a period of time, but then after a few years somebody else will adopt a different approach and business will get attracted to a different area. That happens at present for different reasons.

Cameron Buchanan: But it is the council that should be deciding the relief. It should be empowered to decide what it wants to do with business rates.

John Mundell: That is basically what the bill proposes.

John Wilson: Good morning, gentlemen. I will put my question in context so that you know where it is coming from. The Public Petitions Committee received a petition from a local resident in the west end of Glasgow that raised issues about the growth of the large retail sector, such as the Tesco Metro and Sainsbury's Local shops that are being created to the detriment of some of the smaller traders in high streets and town centres. We examined the petition and the planning aspects to find out whether the issues could be dealt with through planning legislation. One argument that has come back to the Public Petitions Committee is that the encroachment of such stores on town centres and high streets might be better dealt with under part 8 of this bill. Could that part of the bill take on board communities' concerns about the number of Tesco Metros, Sainsbury's Locals or whatever else that are coming into an area and potentially decimating local high street traders?

12:00

John Mundell: There are different stages to consider. For example, the big focus on out-of-town-centre developments that the bigger stores had in the past has had more of an impact on town centres more than the Tesco Metros, Scotmid and other such companies that are developing a different product.

That can have an impact on small businesses. To be honest, I see in my mind's eye using the powers proposed in the bill to assist not necessarily the Tesco Metros but, say, a local butcher to develop in a town centre or on the high streets of our small towns. I would rather use the powers in a selective and focused way to attract smaller businesses instead of the national networks such as Tesco that you mentioned.

Garry Clark: The bill contains potentially wide powers for local authorities that could be used to incentivise specific business activities in a specific area. That is where it fits into the overall business rates agenda; we have national reliefs at a national level, and as I mentioned earlier, we have

the enterprise areas. What the bill provides is a lot more local and a lot more specific to local circumstances, and it can be fine tuned a lot better at the local level. That is its attraction.

On the retail side of our membership, we have certainly found that independent stores have fared reasonably well over the past couple of years and in many circumstances have been growing fairly strongly. There are various reasons for that extremely welcome situation. For a start, people are moving away from supermarkets, particularly to buy meat or whatever in the wake of various scandals that have blown up over the piece, and that has been to the benefit of smaller, independent retailers.

That is the advantage of the powers in the bill. They will allow a local authority to take notice of specific local conditions, possibly right down to an individual street or particular community in a local authority area, and to target that area to help incentivise and support businesses.

Jim McCafferty: I agree with much of what Mr Clark has said. My only rider to those comments is that I question whether the amount of rates involved would be sufficient to dissuade a truly determined larger organisation.

The Convener: Mr Wilson?

John Wilson: I have no further questions, convener.

Mark McDonald: Some of the submissions express concern about the application of local rates reliefs having to be fully funded by authorities. It strikes me that if we want to encourage local flexibility, that should come with local responsibility. Does the panel accept that?

John Mundell: I do not think that there would be any issue with Inverclyde Council or our local Inverclyde alliance taking responsibility for or being accountable for doing precisely what you have outlined. I said earlier that other mechanisms, such as grants to particular communities, can be used. As you know, part of the bill deals with assets, which can be dealt with in different ways through grants, but there is no issue with accountability with regard to Inverclyde alliance or I am sure any other community planning partnership.

Garry Clark: The power to reduce business rates in a local authority area could be a cost to a local authority. That is only right, but the business rates incentivisation scheme ought to be geared to allow that local authority to benefit at least in part from the encouragement of enterprise in its area.

Jim McCafferty: Because they are relatively convinced that the current settlement might come under threat over the next few years, local authorities are becoming concerned about the

overall funding picture and about anything that they see as an additional cost. That is one of the drivers for that particular response. Moreover, because of the partition of the two communities that, as I have said, has happened in some areas—not, as we have heard, in Inverclyde—the local authority might lose focus on the fact that, if the approach worked, there would be a direct benefit.

John Mundell: Perhaps I have misunderstood the question. On the issue of increased costs or whatever, I have concerns about a number of areas in the bill. As I indicated in my opening comments, authorities and, indeed, community planning partnerships might well have to meet significant costs associated with delivering on the bill once it is passed. That brings us back to issues such as building capacity, the hand holding that will be required, the development of skills in communities and the assets that will have to be dealt with or transferred and then transferred back again if a community group fails. Those significant potential costs, which are yet to be determined, are of serious concern, certainly from my perspective.

Mark McDonald: I am by no means an expert on Inverclyde—were Stuart McMillan here, he might drill down into this more—but I know that the area is not too far away from one of Scotland's very large population centres. Although I represent a constituency in the city of Aberdeen, I do not represent the city centre itself, and I know that there is local flexibility in local authority areas in the application of rates relief and that it need not happen on a full local authority basis but can be targeted at specific areas. If there was a feeling in Inverclyde, for example, that investment needed to be attracted at a specific area, a rates relief approach could be taken for that specific area rather than for the whole local authority area. I take on board the point that an authority-wide application of rates relief could lead to a significant shortfall in rates, but surely the targeted approach provides some attractions for an authority such as yours.

John Mundell: Yes. I have already said that it is a tool that could be used to our advantage. However, I have also said that different methods could be employed.

As for our proximity to Glasgow, this morning I was supposed to have been at a meeting with chief executives and leaders from the Glasgow city region; that is an altogether different level on which all the councils in the Clyde valley are working closely together. Obviously, £1 billion-worth of investment over a number of years is tied to that, and all of these business incentives issues will have to be examined to ensure that one

council area is not disadvantaged more than another.

In this case, the whole concept of the city deal is to look at the region and improve its economic vitality and gross-value-added outcomes. This is happening not just at local council level or indeed down to local community level; we have to consider these things and do the joined-up bit, which involves ensuring that all the partners join up and work more closely together. Over the past few years, since the previous legislation was introduced, we have made big strides forward, but there is always more that can be done.

The Convener: Is there any advantage in councils that intend to use this power consulting business improvement districts?

John Mundell: The bill's main thrust is consultation and engagement with different communities. In our area, we have the chamber of commerce, we honour the community planning partnership and we engage with the Federation of Small Businesses. Different engagement mechanisms are used.

Another issue is that local authorities are required to engage and consult on a range of fronts. In the literature that I read before the meeting, I saw references to community learning and development consultation and children's services consultation. There is a myriad of levels of consultation. The bill talks about consultation with "community bodies", but I am keen to ensure that we consult with the communities themselves rather than just the bodies.

I will take—or perhaps steal—this opportunity to raise another point. We are, quite properly, being challenged through the bill to improve community engagement, but I wonder how the Scottish Government engages with communities on, for example, the national outcomes to ensure that it develops the most appropriate outcomes at that level. Obviously, we have to engage to ensure that we come up with the right outcomes and performance measures at local level. However, there are different levels, and we are potentially missing a trick in relation to the national outcomes.

Garry Clark: This is an interesting question. One of the premises of BIDs is that a small supplement on business rates is payable to fund the scheme. The number of BIDs in Scotland is growing, and I certainly see no reason why they should not be part and parcel of the consultations in relation to the application of any of the powers in the bill.

Jim McCafferty: Consultation with BIDs works well at the moment but, with regard to Mr Clark's point about the supplement, one issue with it is that not everybody in an area is able to participate.

Therefore, I believe that the power to introduce reliefs provides an opportunity.

Alex Rowley: Mr Mundell's submission raises a number of issues that will be useful to the committee. Obviously, we are focusing on part 8 of the bill today, but I thank him for his useful submission in general.

The Convener: I think that it was Mr Mundell who said that the power will not be a silver bullet, but that it can be used as part of the basket of other local authority powers. What changes could be made to the power that would make it more likely to be used as part of the basket of opportunities for incentivisation?

John Mundell: Do you mean specifically in relation to business rates?

The Convener: Yes.

John Mundell: The only thing that really concerns me is how meeting 100 per cent of the cost of any relief for businesses would impact on a council financially. I would like that particular issue to be addressed in one way or another, but I cannot give a specific answer. We are working more closely with our partners to apply existing resources and remove duplication, which was mentioned earlier. That absolutely needs to be developed further, but at the moment we do not necessarily have the cash to deal with business rates relief and the other additional cost burdens in the bill. I cannot suggest a specific improvement, but I point out that particular concern.

Garry Clark: As I have said, the key is to ensure that the business rate incentivisation scheme is working correctly at national level. However, I see the powers in the bill as being used at a very local level. The Scottish Government controls other ways of applying reliefs nationally and across rated properties in Scotland, and the advantage of the scheme in the bill is that it can operate at a very local level to address specific needs. It does not need to be hugely expensive for a local authority, although it would certainly help if the business rate incentivisation scheme was set up to allow local authorities to benefit from increased economic activity in their areas.

Jim McCafferty: There is every possibility that there will be low take-up in year 1. After that, if it is made more transparent in the budgetary setting process that the power is available and that councils will consider it and perhaps even take petitions on it, that will at least give a transparency that might help with take-up in future years.

The Convener: I thank our witnesses for their evidence. We now move into private session.

12:15

Meeting continued in private until 12:59.

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