



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government and Communities Committee

Wednesday 1 November 2017

Session 5



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Wednesday 1 November 2017

CONTENTS

	Col.
HOMELESSNESS	1
SUBORDINATE LEGISLATION	28
Private Housing Tenancies (Scotland) Act 2016 (Consequential Provisions) Regulations 2017 (Draft) ...	28
Private Residential Tenancies (Information for Tenants) (Scotland) Regulations 2017 (Draft)	28
Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017 (Draft)	28
Notice to Local Authorities (Scotland) Amendment Regulations 2017 (SSI 2017/295)	31
Private Residential Tenancies (Information for Determining Rents and Fees for Copies of Information) (Scotland) Regulations 2017 (SSI 2017/296)	31
Private Residential Tenancies (Prescribed Notices and Forms) (Scotland) Regulations 2017 (SSSI 2017/297)	31
CITY REGION DEALS	32

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

25th Meeting 2017, Session 5

CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

DEPUTY CONVENER

*Elaine Smith (Central Scotland) (Lab)

COMMITTEE MEMBERS

*Kenneth Gibson (Cunninghame North) (SNP)

*Jenny Gilruth (Mid Fife and Glenrothes) (SNP)

*Graham Simpson (Central Scotland) (Con)

*Alexander Stewart (Mid Scotland and Fife) (Con)

*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Chris Day (Transform Scotland)

Marion Gibbs (Scottish Government)

Linda Leslie (Scottish Government)

Professor Duncan MacLennan (Policy Scotland, University of Glasgow)

Barry McCulloch (Federation of Small Businesses)

Dr Peter O'Brien (Centre for Urban and Regional Development Studies, Newcastle University)

Kevin Stewart (Minister for Local Government and Housing)

Lesley Warren (Coalition for Racial Equality and Rights)

CLERK TO THE COMMITTEE

Jane Williams

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Local Government and Communities Committee

Wednesday 1 November 2017

[The Convener opened the meeting at 09:30]

Homelessness

The Convener (Bob Doris): Good morning, everyone, and welcome to the 25th meeting in 2017 of the Local Government and Communities Committee. I remind everyone present to turn off mobile phones. As members' papers are provided in digital format, tablets may be used during the meeting. We have a full house—no apologies have been received.

Under agenda item 1, the committee will take evidence from the Minister for Local Government and Housing as part of its inquiry into homelessness. Good morning, minister.

The Minister for Local Government and Housing (Kevin Stewart): Good morning.

The Convener: I welcome the minister's officials. We are pleased to have with us David Signorini, who is the head of better homes, and Marion Gibbs, who is the team leader for homelessness, both in the Scottish Government. Thank you for coming along.

I believe that the minister has an opening statement to make before we move to questions.

Kevin Stewart: I do, convener. I thank the committee for giving me the opportunity to outline our plans to tackle homelessness and rough sleeping.

In recent years, with strong housing rights already in place, we have made significant progress in preventing homelessness. The number of homelessness applications has fallen by more than a third since 2010, and fewer families are in unsuitable temporary accommodation. However, we are not complacent. We know that now is the time to do more, to build on the progress that we have made and to be more ambitious. We want to ensure that everyone—including people with the most complex needs—is supported to secure a home that works for them and to achieve the best possible outcomes.

Members of the committee and many people across Scotland will be concerned by the apparent rise in the number of people who are sleeping rough. That situation is unacceptable in a country

that is as wealthy as ours, which is why we have recently announced measures to address it.

In our programme for government, the First Minister set a clear objective of eradicating rough sleeping, and we have moved quickly to establish the short-term homelessness and rough sleeping action group, which is chaired by Jon Sparkes of Crisis. The group is already working hard to identify actions to address rough sleeping this winter, and it will report in the next few weeks on the actions that it will recommend on that time-critical initial question. In the coming months, the group will also consider what further action is required to end rough sleeping for good, how we can transform temporary accommodation and how we can end homelessness in Scotland.

We have also created the ending homelessness together fund, which we are providing with £50 million over a five-year period, and we are investing an additional £20 million in alcohol and drug services. The action group will consider options for the best use of the fund from 2018-19, and, in the longer term, we will continue to work with local authorities and other partners through the homelessness prevention and strategy group to drive change and improvement.

I look forward to reading the committee's recommendations, as it is clear to me that success will rely on all of us working together. We face huge challenges, not least from the United Kingdom Government's welfare reform programme, but through the action-focused approach that we are taking, we can make lasting change in Scotland and ensure that everyone is able to secure a safe and suitable home.

The Convener: Thank you very much, minister.

Andy Wightman (Lothian) (Green): The minister mentioned the need for everyone to work together, which has been a key theme in the evidence that we have taken in our inquiry. You also said that homelessness is not just a housing problem but is often a symptom of wider problems. In its submission, the Association of Local Authority Chief Housing Officers said that, in the longer term, consideration should be given to extending the statutory obligations on homelessness beyond local authorities to a wider range of public agencies. Do you believe that that would be helpful?

Kevin Stewart: As the committee will be aware, John Mills of ALACHO is a member of the action group, and I am sure that he will convey ALACHO's views to the group. I will certainly look closely at that suggestion.

As I have gone round the country speaking to third sector organisations, local authorities and people who have lived experience of homelessness, I have sometimes found that

services are not joined up in the way that they should be. I have also come across extremely good examples of cases in which local authorities and others have adopted a joined-up, person-centred and preventative approach to tackling homelessness that works well.

I will give the committee a good example. Jeane Freeman and I recently met Dundee City Council, which has brought together homelessness teams and Scottish welfare fund and energy efficiency staff, among others. I would like that approach to be exported elsewhere. The best practice is discussed regularly at housing options hubs. I want to ensure that all the hubs are aware of all the good work that is being done, regardless of where it is being done, so that they can pick up the best practice and make it a reality across the country.

It has been useful that, in Glasgow, the Scottish Housing Regulator has mapped out the journeys of a number of folk to find out where things have gone well and where things have gone less well. I am keen to ensure that, as well as looking at the recommendations that the action group comes up with, we continue to look at what is happening on a day-to-day basis. The work that has been undertaken by the Scottish Housing Regulator will help us to pinpoint the areas in which we need to make improvements, which might be areas in which joint working is not taking place to the extent that it should be.

Andy Wightman: You suggest that there is best practice out there, and we have seen some of that. However, the question is whether we need a step change in how we fund such services and in the statutory obligations that we place on key agencies such as the national health service and the Scottish Prison Service to ensure that, as well as being spread and learned from, best practice is embedded and becomes an obligation on the wide range of agencies that deal with the problems that contribute to homelessness.

Kevin Stewart: I will look very closely at what the action group comes up with and at what others are saying. I do not think that the issue is necessarily about budgeting per se; I think that it is about bringing together people on the front line to make sure that they are taking a person-centred approach to individuals. We often find that, although we might get elements of the help that we provide people with absolutely spot on, the element that we get wrong is the one that drives them back into a homeless situation. We must look extremely closely at where difficulties might exist, and I know that the action group will do that.

In some of the organisations that the committee has visited and that I have spent time with, we can see clearly where the holistic approach works. A good example is tomorrow's women Glasgow,

which does not follow the housing first approach, but has put in place all the agency support that is required to help women to retain their tenancies and to deal with other issues that they may face. Legislation is not always the answer to those things. We need services that are tailored to deliver on every aspect of the needs of an individual or a family so that they continue to retain a secure tenancy.

The Convener: It is worth putting on the record for anyone who is following proceedings that the Scottish Housing Regulator will be before our committee in a few weeks' time, not as part of this inquiry but to give evidence on its annual report. I am aware of the work that the regulator is doing in Glasgow; it will be interesting to hear more about that.

Graham Simpson (Central Scotland) (Con): Good morning, minister. Putting an absolute figure on how many people sleep rough is obviously difficult and may be impossible. We have had evidence that rough sleeping is increasing in some parts of the country. You have set up a homelessness and rough sleeping action group, one of whose priorities is, I think, to reduce but not to eradicate, rough sleeping this winter. We are already in the winter. How are you getting on?

Kevin Stewart: The action group first met at the beginning of October. It will meet again tomorrow and will provide me with recommendations of what we need to do over the winter. The meetings are not the only thing that is going on, however. Members of the action group have been in constant communication with one another to make sure that they get matters spot on. Mr Simpson is right about their first task, and I look forward to hearing their recommendations on that issue as soon after tomorrow as is possible.

Graham Simpson: Given that we are already in the winter and your priority was to reduce rough sleeping this winter, I would have expected something to have happened by now.

Kevin Stewart: I will consider very carefully what the action group has to say. Services are already in place for this winter: the Edinburgh night shelter has been operational since 23 October or round about that date—I am looking to my officials—and the Glasgow City Mission winter night shelter opened up during storm Ophelia because temperatures dropped at that time. I will move quickly on the group's recommendations to make sure that we get as many folk as possible off the streets this winter.

The action group is not just about dealing with rough sleeping this winter. Beyond that, it will answer the question of how we can eradicate rough sleeping. That is very important, because it is all fair and well for us to put emergency

measures in place every winter but I want to see the eradication of rough sleeping full stop—and I am sure that the committee wants to see that, too.

Graham Simpson: You are absolutely right. As you know, we have been looking at eradication, particularly on our recent trip to Finland. It sounds as though nothing has happened so far to tackle the problems this winter.

Kevin Stewart: I have said that a number of winter shelters are already in place.

Graham Simpson: I am sorry, minister, but those shelters have existed for years. There is nothing new in that.

Kevin Stewart: Sure, but it would be unfair to say that nothing has happened. I know for a fact that, between 5 October and tomorrow, when it will meet again, the action group has been working hard to come up with solutions and recommendations that it will present to me.

09:45

Elaine Smith (Central Scotland) (Lab): Thanks for joining us, minister. My questions are also on rough sleeping and follow on from what Graham Simpson asked you about. The support that you talk about is provided mainly by churches, which do a brilliant job. What should the role of the public sector be in providing support for rough sleepers?

Kevin Stewart: I am grateful to faith groups and third sector groups for all the work that they do to deal with the issues that rough sleepers face and homelessness in general. The work that organisations such as Bethany Christian Trust and Glasgow City Mission carry out is extremely important to what we are trying to do. I hope that they will continue with the engagement and work that they have done over a number of years.

The public sector and local authorities also have duties in that regard, and we know that, in many places, local authorities provide the methods and facilities that are used. I would like to see folk going into temporary accommodation with the required support rather than a reliance on night shelters or hostel accommodation. On its trip to Finland, the committee saw examples of how things work there.

We will look closely at what the action group has to say. The committee will be aware that the Rev Russell Barr, a former moderator of the Church of Scotland, is a member of the group and has been interested in the subject for many years. We will see what recommendations the group makes for provision not only in the cities but in rural areas. I am sure that it will have something to say about the services that faith groups, including Bethany

Christian Trust and Glasgow City Mission, currently provide.

Elaine Smith: As I said, the faith groups do a fantastic job, but we have to give wider consideration to how the provision is worked. In your opening statement, you talked about the apparent rise in rough sleeping—I think that “apparent” was the word that you used. Why did you say “apparent”? If it is because we do not have exact numbers, I note that Homeless Action Scotland has asked the Scottish Government whether it will conduct a national audit to establish the number of people who are sleeping rough. Do you have any plans to follow that advice?

Kevin Stewart: Two questions are asked of those who present themselves as homeless: “Did you sleep rough last night?” and, “Have you slept rough over the past three months?” The figure for those who had slept rough the night before has risen slightly in recent times. If I remember rightly—I look to Marion Gibbs to correct me if I am wrong—that figure has risen from 7 to 8 per cent of those presenting as homeless. It is a slight rise, whereas the figure for folk saying that they have slept rough over the past three months has remained almost static.

Those are the figures that we have, but there has been a rise in the number of folk saying that they see more people sleeping on the streets. That is why I am using the word “apparent”. The figures do not necessarily match the anecdotes or what I have seen myself in Aberdeen and Edinburgh.

An audit would be very difficult to undertake, and I am not sure how accurate the ones that have been done in the past have been. I would rather that efforts were put into actions to get folk off the streets and into accommodation. That is where the focus lies, and it is what the action group has been tasked to look at and to offer recommendations on. If the action group were to come up with a recommendation to carry out an audit, I would obviously consider it. However, the key thing for all of us here is not to argue about the number of folk who are on the streets on any one night but to provide those folk with the accommodation that they need.

The Convener: I will mop up a couple of things, minister. You mentioned the homelessness and rough sleeping action group, which we all welcome, and that its recommendations will find their way to you fairly soon. Will those recommendations be made public?

Kevin Stewart: I will be open and transparent, and I am sure that the group will want to be as open and transparent as it can be, so all those recommendations will be made public.

The Convener: That is very helpful.

I know from my constituency case load that my constituents see a more visible form of rough sleeping in Glasgow. When the committee visited Glasgow, some charitable organisations said to us that the nature of rough sleeping has changed. One theory—it is a theory; we do not know for sure—is that, previously, rough sleepers were down alleyways or under railway archways, but they do not feel safe there any longer. They come into the public spotlight because they feel safer in shop doorways.

Is the rough sleeping culture changing a bit? Perhaps we need to understand the lived experience of rough sleepers and why some of them opt for that lifestyle, although some have been failed by services. Has there been a change in the dynamic of rough sleeping in Scotland?

Kevin Stewart: That is a very difficult question for me to answer. In going out and talking to various organisations, we hear about the experiences of different individuals and why they have changed the way that they do things, but it is difficult to give you a straight answer to that question. In certain places in Scotland, there has been a rise in the amount of begging or, at least, an increased visibility of begging. Some of that might be down to the fact that changes in legislation by the UK Government have meant that many folk have no recourse to public funds. The UK Government must look at and address that issue, because we are creating crises for people every day because of that situation.

Tomorrow, as well as holding its initial meeting, the action group will talk to a number of stakeholder groups—between 40 and 50, I think—so perhaps we could ask it to pose your question, so that you can get more in-depth information on that. I have information that I have received from folk as I have gone out and about, but it is more anecdotal than hard information. I know that you want hard information, so we will try to get that for you.

The Convener: That would be helpful.

I have one more brief question before I bring in Jenny Gilruth. None of us wants night shelters to have to exist, but they are going to exist this winter. When vulnerable people are forced, because of the harshness of winter, to present at night shelters, you have a cohort of people who are vulnerable who might have previously disengaged from services, and that gives us a real opportunity to get them back into the system again. Do you agree that that opportunity exists? Are you confident that there will be a plan in place to achieve that?

Kevin Stewart: Absolutely. What you are suggesting should become a matter of course. Over the past years, Glasgow City Mission has

tried to link people who have presented at its shelter with health and other services, and it has had some success in that regard. We are talking about a situation in which folks, many of whom have lost confidence in people, come into a shelter and find that there are people there who are willing to listen—that willingness to listen is the key thing—and those people can then signpost them to the services that they require.

From my knowledge of what went on at Glasgow City Mission's shelter last year, that approach has been helpful. At the recent Glasgow homelessness summit, which I attended, Glasgow City Mission gave a presentation about its experience, and I know that the sort of work that it has done around signposting is now being done by many other organisations, and long may that continue, because that joined-up approach is the way in which we can help folk get out of situations that they do not want to be in.

The Convener: We will talk a little bit more about that when we address the housing first model.

Jenny Gilruth (Mid Fife and Glenrothes) (SNP): In previous evidence-taking sessions, we have listened to the experiences of homeless people, and a consistent theme has been the experiences of care-experienced young people going into the system and their experiences of homelessness. Do you have a view on how best we can meet the needs of care-experienced people in that regard?

Kevin Stewart: Since taking over this role, I have had a number of bilateral meetings with ministerial colleagues, including Mark McDonald, the Minister for Childcare and Early Years. At the moment, we are in the middle of the care review, which was instigated by the First Minister. However, we cannot just wait for its findings; actions are required now. We have already taken some action to make life easier for younger folk who are leaving the care system and moving into accommodation.

There are some barriers to what we are trying to achieve there, because the Westminster Government has removed housing benefit for 18 to 21-year-olds. The Scottish Government has been able to mitigate that using the Scottish welfare fund to ensure that those folks can continue to get support. Recently, the First Minister announced that we will look to remove younger folk from the obligation to pay council tax, in order to set them on the right path. Beyond that, when it comes to the housing options approach, we have a protocol in place for care leavers.

Mr McDonald and I recognise that we must continue to ensure that we are doing our best. I have continued to speak to young folk about their

lived experiences and where the system has not necessarily worked well for them. That is why I want to ensure that the housing options toolkit that we are developing to help to train front-line staff has elements that deal exclusively with those who are leaving care, because it is the folk on the front line who are key to ensuring that young people move into tenancies that are sustainable. It is not just about getting them a house and it is not even just about the support that is available through the Scottish welfare fund if a rent element is required or about the removal of the obligation to pay council tax; it is about ensuring that other elements are in place to support those folks in tenancies.

10:00

I know that many of the members around the table will have heard me speak from the back benches about the fact that we all have a responsibility as corporate parents to these young folk. I want to ensure not only that elected members in the Scottish Parliament recognise our responsibility, but that councillors recognise their role as corporate parents and ensure that the policies that they are putting in place at council level recognise their responsibility to ensure that care leavers are put on the right path.

At the end of the day, some of us who have been lucky enough to live in pretty secure environments still rely on parental support. I am 49 years old and, to this day, I still do from time to time, and I am sure that that applies to many of us. That support might not be monetary; it might come in the form of advice. We need to ensure that young folk have all those elements, so that they can have the best start, which we would want every young person to have.

Jenny Gilruth: I am sure that committee members cannot believe that you are 49 years old, minister.

In September, evidence from the National Audit Office laid the blame for the 60 per cent increase in the homeless population in England and Wales at the door of the UK welfare benefit reforms. Last week, the Simon Community told us that the UK welfare reforms were leading to longer stays in temporary accommodation and, a couple of weeks ago, Shelter told the committee that it is unlikely that the Scottish Government will be able to sustainably mitigate all of the welfare reforms. Do you agree with that statement? Does the Scottish Government's mitigation of what the UK Government is doing have a shelf life? There is obviously a disconnect there, and a clash of political cultures.

Secondly, do you agree that the UK Government's welfare reforms are

disproportionately affecting certain groups of homeless people? We have talked about care-experienced young people, but I would also put women—whose experience we discussed last week—into that bracket.

Kevin Stewart: I do not know how many committee members watched the STV documentary earlier this week that featured a number of women with families in Edinburgh who were affected by the benefit cap. If I remember correctly, two women—Siobhan and Melissa—talked about their experiences of the benefit cap. They said that it meant that they could no longer stay in the housing that they had been living in and that they had been forced into temporary accommodation. That kind of situation is completely unacceptable. As the National Audit Office report points out, the UK Government has not done its due diligence in considering the impact of the policies that it is implementing, and it quite clearly says that that work should have been done. The STV documentary showed directly the unacceptable impact on Siobhan, Melissa and their children.

The Scottish Government can mitigate a number of things—bedroom tax mitigation costs £47 million a year, we have talked a number of times today about using the Scottish welfare fund to ensure that 18 to 21-year-olds whose housing benefit is being withdrawn are still helped and we have put additional money into discretionary housing payments in recent times—but we cannot mitigate every aspect of the cuts that are being made.

I know that this committee and others have pleaded with the UK Government to rethink what it is doing. I ask it to take a long, hard look at the impact that its policy decisions are having on individuals and families right across the country. At the very least, there is an expectation that, when we bring new policy to the forefront in Scotland, we carry out impact assessments. At the very least, the UK Government should be carrying out impact assessments before introducing some of the policies in question. The STV documentary shows quite clearly that those changes are having major impacts on folk here.

I would like to finish with a point about the benefit cap and how other measures can be put in place to alleviate some of the difficulties with it. I understand that Glasgow City Council has done a piece of work that looks at the families who are likely to be affected by the benefit cap and who might be in rented accommodation that costs a little bit more. It identifies them and gives them the option of moving into social housing, which is often cheaper, thus removing some of those difficulties.

I think that other councils need to look at doing that. I have spoken to a number of other councils

and asked them to look at what Glasgow is doing and see whether they can do something similar. I intend to write to all the councils that I have not spoken to to establish whether they can do likewise. If we can head off some of those difficulties at the pass, it will save families from having to resort to temporary accommodation.

The Convener: Minister, my deputy convener just made the good suggestion that it would be very helpful if we were sighted on the correspondence that goes to local authorities and the responses that come back, if that would be appropriate.

Kevin Stewart: I am more than happy to give you sight of that, convener.

We have touched on care leavers. I recently wrote to all councils about their responsibilities with regard to care leavers. I asked them what policies for care leavers they have in place. I am more than happy to share that information, including the responses, with the committee, and I will do likewise with the information to which you referred.

The Convener: Okay. I will bring in Alexander Stewart in a second, but I want to mop up a couple of points first.

I note in my briefing for today's meeting that the management fees for temporary accommodation have been taken out of universal credit and that the UK Government has transferred £22.5 million to cover those costs. I have no idea whether that amount is sufficient; I just know that the figure is there and that the money was to be distributed by the Convention of Scottish Local Authorities. Could you give us more information about that figure and how the spending of it will be monitored?

Kevin Stewart: Convener, £22.5 million is not enough—the answer is no. We have had discussion with COSLA about the distribution, as you pointed out.

Can you give me an indication of what other detail you require? I might have to write to the committee to cover the issue in more depth, but if you can indicate what you are looking for, I might be able to answer today.

The Convener: Rather than ask something off the cuff, perhaps we as a committee can rethink what kind of detail we are looking for and get back to you. We certainly want to make sure that we have covered all the appropriate areas of evidence before we report on our inquiries.

As a final mopping-up point, the care leavers are incredibly important, and lots of other groups have at-risk transitions in their lives, such as prisoners and former military personnel. Is there a consolidated strategy across local authorities not

just for care leavers—as significant and important as that group is—but for all groups who have transitional points in their lives when they are at significant additional risk of homelessness? Could additional thought could be given to such an approach?

Kevin Stewart: Most councils have in place policies on veterans. With regard to other at-risk groups and people who may experience homelessness, one of our key actions involves the production of a housing options toolkit. We want to ensure that the training package is the very best it can be in order to allow staff on the front line to understand the difficulties that certain folk and certain groups of folk are going through.

My officials are quite possibly a little bit naffed off—I will not say “annoyed”—at the number of things that I have asked to have added to the toolkit. That includes things that we might not necessarily think about until we actually meet individuals and groups and hear their stories. That is why it is important that the committee has been out and about talking to folk, and why it is an important part of my job to talk to folk who have lived experience of homelessness.

For example, I recently asked officials to look at what we need to do in the toolkit to address the needs of folk from the lesbian, gay, bisexual and transgender community and LGBT young folk in particular. I met a number of young folk from LGBT Youth Scotland who came up with a number of things that, to be frank, I had not thought about, but which need to be built into the toolkit so that those on the front line can understand the pressures that certain folk go through and understand what is happening in folks' lives.

The toolkit will cover the full gamut of groups and folks. Marion Gibbs might want to add to that, because she has been at the forefront in discussing with local authorities what is required, and we are at the stage where we are about to procure the toolkit itself.

The Convener: Just before you come in, Marion—we definitely want you to contribute—I point out that, when the minister said that he might be annoying his officials, both of you had very good poker faces. However, I have perhaps annoyed Alexander Stewart, who I know has a line of questioning on the toolkit. We will hear from Marion, and then I will bring in Alexander Stewart to develop some of the points.

Marion Gibbs (Scottish Government): The toolkit has been developed through a co-production model, and all 32 local authorities—which I am sure you recognise is a considerable feat in itself—have signed up to take part, along with Glasgow Housing Association. They have

been working through the hubs to take the toolkit forward.

It is not just local authorities alone that are looking at procurement and all the rest of it—they have invited groups such as Scottish Women's Aid, the Scottish Refugee Council and NHS Health Scotland to be involved in the production of the toolkit. We are trying to capture all the experience that is out there and to ensure that the toolkit reflects the best stuff so that, when it is rolled out, the individual front-line workers will have a good resource behind them.

It is very much about identifying people who have an interest in certain areas—for example, Skills Development Scotland is involved and interested in the project. We are looking at the toolkit more widely, in relation to not only housing but aspects such as employability, financial management and health. There is a huge range of stuff in the toolkit. As the minister pointed out, organisations such as LGBT Youth Scotland have a particular offer with regard to how we can develop services to be more responsive to the needs of certain groups in Scotland.

Kevin Stewart: I am sorry, convener—I missed out one part of your question, and I think that it is important that I respond to it. You mentioned prisoners, and I failed to answer on that front. We are setting out minimum standards under SHORE. You know that I do not really like acronyms: that stands for “sustainable housing outcomes on release for everyone”. That should ensure co-ordination on release.

10:15

Beyond that, on the cross-cutting Government response to dealing with those issues, the Cabinet Secretary for Justice, Michael Matheson, chairs a ministerial group on offender reintegration, which brings together eight ministers, I think, to try to get things right for folk who are leaving prison. Obviously, housing is a major element of that. We have discussed release dates, for example. If somebody is being released at 4 o'clock on a Friday afternoon, that will not give them the opportunity to deal with services. We have had discussions about getting all of that right.

I am sorry to have come back in, but I missed out that element, and it was important that I put that on the record.

The Convener: That is very helpful.

Alexander Stewart (Mid Scotland and Fife) (Con): We have touched on the housing options toolkit, which is a huge opportunity. During our evidence taking, witnesses have been very supportive of the toolkit and the possibilities that it can bring. You have given some information about

the toolkit's depth and breadth, and there is great potential in its size and scope, but is your plan to bring it out in stages or to develop it in certain sectors? You have given us examples of organisations that were not originally considered and which you are now considering. To ensure that we get the toolkit's purpose right and that we get people's views on it, it is very important that people are not given masses of information that they are not able to disseminate fully and that the information comes out in a way that is of benefit. That was the evidence that we took. People felt that the toolkit could be a huge advantage if we hit the specifics that they want and took in the views and opinions of individuals and organisations that have a big impact in the area.

Kevin Stewart: That is a very good point. We do not want an information or training overload. Mr Stewart is right in that regard.

The toolkit will have six modules, so that will split it all up. Beyond that, there will be flexibility to look at adding to it at a later date if something else from an organisation hits our radar.

We have listened a lot to local authorities, but we have also listened to third sector partners and others, including folks with lived experience of homelessness, to try to get an approach that is as good as possible. Obviously, we will continue to monitor how well the toolkit is working, and we will take feedback from folks who are being trained on it and who are using it. It would be pointless if we did not do so.

On the listening that has been done, there have been a fair number of discussions involving me, Marion Gibbs and other folk in her team, and we have picked up on things that we know we might not be getting right in certain places and ensured that information is available to get them right. However, we have not been complacent in waiting for the toolkit; we have disseminated good practice right across the board.

If members do not mind, I will use a prop, which I do not normally do. With the help of Scottish Women's Aid, women in Fife put together a document entitled “Change, Justice, Fairness: ‘Why should we have to move everywhere and everything because of him?’” It is based on their experiences in getting housing after having had to flee from domestic violence.

The women put a huge amount of effort into creating the document, with the support of Scottish Women's Aid. As I have gone round the country speaking to folk, I have mentioned that document time and again. Fife Council has been working on the recommendations in it so that it can get that part of the service right, and other councils have taken cognisance of it and are looking to do likewise. It is not just about the toolkit itself; it is

about the constant change that is going on and the new information that is appearing. I suggest that folk read that document. Some of the key findings in it are extremely important if we are to change and reshape services to get the right approach. As folk do those things, which are extremely worthwhile, we will continue to update and disseminate information.

I am sorry for using a prop, convener, but, frankly, the women in Fife who put the document together deserve a lot of plaudits, and they deserve that we advert for the work that they have done.

The Convener: Absolutely—that is an appropriate thing to do.

Alexander Stewart: The toolkit will obviously help many people, but it may be a real advantage for those who have multiple and complex needs. We need to encourage agencies to try to redesign some of their approaches to ensure that that becomes a reality. I know that some of that work has taken place already, but it is quite a hard nut to crack to ensure that the agencies are joined up and are thinking about some of the multiple issues such as the implications for health or mental health. How are we going to progress that in the short and medium term?

Kevin Stewart: I am glad that Mr Stewart used the word “redesign”, because I do not want to reinvent—I do not think that any of us wants to do that. A huge amount of good work is already going on out there, in which all the pieces of the jigsaw are completely and utterly joined up. However, we need to ensure that public bodies, local authorities, housing associations, the health service—the entire shebang—realise that that way of working is the right way and can actually save a lot of money. Setting aside the money aspect, they also need to realise that there is a human cost of not working in that way. It is important that we take the best practices that exist and ensure that they are replicated, with redesign in certain areas, to get the approach absolutely right.

The committee has looked a lot at the housing first approach. A lot of things are going on that are not necessarily housing first per se but which are very similar to it. The tomorrow’s women project in Glasgow is a good example of agencies being brought together to ensure that there is a person-centred approach in dealing with women who often have very difficult backgrounds and sometimes extremely complex needs. With that kind of project, there is a natural progression, in that other agencies suddenly want to become involved because they see the advantage of what is going on.

Many of the women at the project were very cynical about criminal justice. Some of them told

me and Jeane Freeman, who was with me that day, that, sometimes, folk stray from the path a little bit and find themselves in the criminal justice system again. However, sheriffs in Glasgow recognised that those women were taking part in and were being helped by the project and, consequently, they probably took decisions that were different from those that they would have taken otherwise, because they knew what was going on and that the journey for those women was on-going.

The issue is not only about persuading certain elements to come in at the very beginning, but about additional folk recognising that, if they come on board, their involvement will add value and help people to proceed further along the path.

Alexander Stewart: Health and social care partnerships give us another opportunity to look at what we should focus on. The partnerships must consider how they want to move things forward. I have no doubt that we will see benefits from health and social care integration in the long term, but in the short term the agencies must consider coming out of their silos to support individuals. There is still some way to go to resolve that issue. What you are doing is supporting and helping, but the agencies must think about what they are doing to make that support a reality.

Kevin Stewart: Many bodies are looking at the evaluations of the housing first model that have been carried out, such as Turning Point Scotland’s housing first project evaluation, which was put together by Sarah Johnsen of Heriot-Watt University. One does not need to delve far into that report to see the positive outcomes from following the housing first path.

I am pleased that Aberdeen will probably be one of the next areas to hold an event on how the agencies there can use the housing first approach.

As I have said, the complete housing first model does not have to be used. Instead, it is about having a person-centred approach that ensures that all the elements that an individual requires to be able to sustain a tenancy, and the help behind that, are in place.

All that means that the work must be psychologically informed. Folk must know about the real difficulties that the person, or the family, faces, and they must ensure that they get the environment absolutely right when helping folk who often have complex needs.

As MSPs, we will all have had constituency cases in which someone has come to us with a problem that they need help with. However, when we delve down further, we often find that the initial issue that they raised was not the real problem. We have to get better when delving into issues to see exactly what is required to help that person on

their way on the journey to a sustained tenancy. That is extremely difficult with folk with complex needs, who may completely and utterly distrust authority or the system. Therefore, the most important thing is to ensure that folk on the front line have the knowledge to be able to delve down into the issue, build that trust and have empathy. We cannot legislate for a lot of that—we cannot legislate for empathy or common sense—but I want to ensure that we provide all the elements that are required to allow the folk on the front line to start the process of getting people on the right path with the right support.

10:30

The Convener: Maybe we could mop up one or two things about the housing first approach before we move on. Andy Wightman has other matters that he wants to explore in the next line of questioning.

The committee is moving towards being significantly sympathetic to the housing first approach. Usually we are told that we should have fidelity to a system. However, when the committee went to Helsinki we were told something very different. If housing first works, it is because of some key underlying principles. Housing first should be implemented in the context of the country—it is about what works for that country. Another key principle is that people should be given access to all services at the point of crisis. That involves integrating health, social care and housing, which takes a significant realignment of budgets to achieve, as well as having a greater supply of housing. In Finland, someone who turns up in an emergency may have to be accommodated for a few days but a social worker is pretty quickly appointed and they get a secure tenancy and all the associated wraparound services.

We were impressed by some aspects of housing first. There are some small-scale examples in Scotland, including at Turning Point Scotland, which is in my constituency. I ask you the same question that I asked the First Minister last week, which was about budget lines in relation to trying to achieve the model in Scotland. We have the £10 million a year ending homelessness together fund and the £20 million a year alcohol and drug services budget. There is also the substantial affordable housing investment programme and healthcare budgets. Would aligning those budgets bring money into the system to create new tenancies? Housing supply is a key issue, but so is the workforce, because we need additional care workers, addiction workers and social workers in the system.

As I say, housing first has been tried on a small scale in Scotland. We know about the action

group, but we are just trying to tease out the Government's thinking on housing first and the budget lines that the Government might draw on to make that model a reality.

Kevin Stewart: I imagine that the action group would make recommendations about funding. We can use the new ending homelessness together fund to pilot initiatives and look at what is required. You rightly pointed out that we have a lot of money in the system, although that does not always join up as it should. Aligning budgets is not necessarily the solution to everything, but aligning people is extremely important.

I go back to the situation in Dundee, where a team of folk work together. One person sits at one end of the room and deals with somebody who is homeless. Instead of leaving it at that, however, they immediately speak to their colleagues around the room, depending on whether the homeless person needs something from the Scottish welfare fund or advice about home energy efficiency. They might even go through that person's benefit entitlements and look at what is required to get them additional support from the Department for Work and Pensions. There is not one budget for that—there are still different budget lines—but I think that that team approach, where everybody works together, is the way forward. There are huge opportunities there in relation to where we are at the moment.

Alexander Stewart touched on health and social care integration. It is absolutely vital that health and social care partnerships look at what they are doing on housing and homelessness. A huge amount of the preventative work that they undertake is around ensuring that they are getting it right for individuals. In the case of health and social care partnerships, that means not just homeless folk; it is also about ensuring that folk have the right adaptations in their homes to save them from having to go into hospital or long-term care.

At the moment, we have huge opportunities to get this right. Homelessness is not just a housing matter but a matter that goes across the public sector, and I have been spending a huge amount of time speaking to health, justice, early years and employability colleagues to ensure that we are aligned in tackling the issue. We could move forward with new approaches, but if we do not have everyone with us, folk will still fall through the cracks. That is why all the elements have to come together.

I will look very carefully at what the action group says about budgeting, and I assure the committee that in the medium to long term the homelessness prevention and strategy group, which we intend to reinvigorate, will continue to look at all of these

issues. If necessary, we will look further at how budgets can be aligned.

Finally, with regard to the affordable element of all of this, I expect all local authorities and housing associations to look at the opportunities that our programme provides in order to ensure that we have the right accommodation for homeless people. At the moment, 73 per cent of the City of Edinburgh Council's allocations go to homeless people, whereas the average across the country is about 40 per cent. Local authorities and housing associations should continue to monitor their allocations policies to ensure that they are getting it right for homeless people. Beyond that, folk who are homeless should be benefiting from the new housing that is coming on stream.

The Convener: That was very helpful, minister. It is worth noting that homeless people and rough sleepers are not always the same thing, and the housing first approach very much focuses on vulnerable people who find themselves on the street at times of crisis. There are supply-side issues, which is why I deliberately mentioned the existing £20 million and £10 million a year budgets for supporting individuals rather than housing itself. I also mentioned the AHIP budget, because there is a supply-side issue in that respect. We will return to this point soon, but I know that you take a great interest in strategic housing investment programmes—

Kevin Stewart: Perhaps too much of an interest, convener.

The Convener: If we decide to back housing first, should a percentage of the new units that local authorities wish to see in the years ahead be built on a housing first model? Should some of them be allocated to very vulnerable individuals on a housing first secured tenancy approach, which would mean local authorities aligning their support services for the most vulnerable people—those who, this year, will be staying in the night shelters in Glasgow and Edinburgh or sleeping rough around Scotland? I am just trying to get a tangible idea of what the meaty AHIP budget could mean in practice, the nuances of how it is spent and whether a housing first model should be directly aligned with it.

Kevin Stewart: As I have told the committee before, councils should, when formulating their SHIPs, look at the housing needs and demands in their areas, and that will include the housing needs of folks who find themselves homeless. We have previously talked at length about local authorities ensuring that they have the right provision in place for disabled people and families with disabled members, and I would expect them to do exactly the same thing when they look at what is required to move forward with a housing first model, if that is what they intend to do. My answer, therefore, is

yes, I would expect authorities to look at such elements in their assessments of housing needs and demands.

Obviously, when formulating any housing first policy, local authorities will need to have the housing in place. Whether that is existing or new housing, they will have to think about how they provide that element in order to move forward with housing first.

The Convener: I will take supplementaries from Kenneth Gibson and Graham Simpson in a second. First, though, I want to sneak in a final question to tease out this issue a little bit more, as you would expect me to, minister.

In Finland, there is a relatively modest financial incentive from the centre for local areas deciding to invest in housing first models. The Finns have actually adapted a lot of former hostels into self-contained one-bedroom flats. I am not saying that I would necessarily follow that route in Scotland—I suspect that I would go for a more scattered approach to housing—but nevertheless there are financial incentives and leverage from the centre.

If, nationally, we decide that housing first is the right way to move forward, can you envisage using central budgets a bit more innovatively to incentivise local authorities to deal with some of the supply-side issues around housing first? I get that the statutory duty sits with the 32 local authorities, but we are developing a national action plan and we need to strike the right balance between driving leadership from the centre and allowing local discretion.

Kevin Stewart: I will look very carefully at the action group's recommendations and, beyond that, I will look very carefully at your committee's findings. I have the report of your trip to Finland, convener, but I have not read it in as much depth as I would like to. Once I have done so, I might have a number of questions to ask you about your visit to find out more about what is working in that country. We come at the issue from a different angle from the Finnish—we have different legislation and stronger homelessness rights—but I am willing to look at good examples from anywhere and everywhere to try to get this right.

I would not want to push from the centre a system that might not work in a particular place. The delivery of housing first is likely to be very different in the likes of Glasgow or Edinburgh to what it would be in some of our more rural towns and areas, and we have to allow that flexibility. That said, I am always willing to look at all aspects of best practice, wherever it might be, and at how we can take it and get it right for people.

As for budgets, the ending homelessness together fund gives us an opportunity to pilot certain initiatives and see what works and what

does not work. That will allow others to look at their budgets and at where they might need to realign them, whether we are talking about local authority budgets or our own budget. We might need to do a wee bit of learning from some of the pilot initiatives that we will inevitably have to put in place in order to find out where we are likely to go.

The Convener: That is very helpful. I suspect that I speak for the committee when I say that we would appreciate having an on-going dialogue, perhaps not even as part of a formal evidence-taking session. That kind of discussion would be very helpful, and I think that we might take you up on your offer to tell you at a later date about our experiences elsewhere. Thank you for that, minister.

I will now take supplementaries from Kenneth Gibson and Graham Simpson.

10:45

Kenneth Gibson (Cunninghame North) (SNP): My point leads on from what the convener has said. Minister, you said that you do not really favour a push from the centre, but that is the model that worked in Finland, because there was a need to get buy-in from all parties and people around the country. I am pretty sure that the mayor of Helsinki, who was the housing minister at the time when that came forward, emphasised to us that that was the only way to get a significant delivery of housing first. Last week, the witnesses at the committee overwhelmingly said that housing first should be implemented at the earliest possible opportunity.

I have a couple of questions. First, you talked about 40 per cent of allocations being for homeless people. Should housing be built specifically for homeless people? That is what they do in Finland, as it is the model that they feel works, whether in scattered housing or in the more communal approach.

Secondly, there has been a lot of talk this morning about cross-cutting budgets and the ending homelessness together fund. What cost benefit analysis work has the Scottish Government done on the impact of housing first relative to other homeless provisions that we have in Scotland and with regard to not just the costs of delivering such a model, but the resulting savings in local government, health and justice?

Kevin Stewart: I talked about not wanting a push from the centre. I meant that I certainly want a push from the centre to make sure that folk are doing all that they can to eradicate rough sleeping and homelessness, but I do not want to be dictatorial and inflexible about which system they should use. Perhaps I got my wording a little bit wrong, as there is definitely a push from the centre

to eradicate rough sleeping and to provide the right services for homeless people.

Whether we should provide housing for homeless people only is a difficult question to answer, and there are many views on that. In my days on the council, we ensured that temporary accommodation was spread throughout the city. The logic was to ensure that folk with families could still send their children to the same school and have their family support networks. The same went for individuals, as taking someone away from their family support network and putting them at the other end of the city is not particularly wise. In some cases, it might be a good idea to have folk together and to build the right accommodation for folk who are homeless but, in other cases, we need flexibility so that support networks are still there. There is not one right way of doing it, and Mr Gibson—

Kenneth Gibson: I am sorry to interrupt, but that is exactly what I was saying.

Kevin Stewart: We could definitely look at that and I am willing to have further informal or formal discussions about your experiences.

On Mr Gibson's question about cost benefit analysis, some work is going on in Renfrewshire on that. We need to do much more work on that front, so we will continue to look at that situation. Without a doubt, however, without necessarily having all the figures behind it, we can clearly see from the evaluation of housing first by Turning Point Scotland that individuals' lives have changed and that a huge amount of spend on crisis, which is always the most costly element, is not happening.

I think that we can share the cost benefit analysis from Renfrewshire, but I do not think that that analysis goes far enough yet. We will continue to do more work in looking at cost benefit analysis. I point to the reports that already exist that show crises, and therefore crisis spending, going down. Such preventative spend is definitely the way in which we should move forward. I will share the Renfrewshire stuff that we have and try to provide the committee with more cost benefit analysis as we move on.

The Convener: I want to give a time check. We are beyond our time. Graham Simpson has a supplementary question, and Elaine Smith and Andy Wightman have specific lines of questioning that are still outstanding. I intend to take both. I know that this is a forlorn hope, but I hope to have them disposed of by around 11 o'clock. I am in the hands of members and the minister on how we get on with that.

Kevin Stewart: I am happy with that, convener.

Graham Simpson: My question follows on from what Mr Gibson and Mr Doris asked about and the committee's visit to Finland. The housing first programme there was driven by a Government minister, who is now the mayor of Helsinki. He did not force the programme on councils, but he got buy-in from them. It seems to me that that is the way to do it. He comes across as quite a charismatic guy—I see that the minister is smiling—and he managed to get buy-in from the 10 biggest councils. His starting point was, "We do not want to see homeless shelters in our cities." Finland does not have those any more, as they have been converted.

Minister, are you prepared to perform that role as a housing first leader or champion in Scotland to get councils on board without forcing them to do things, to persuade them, and to put in extra resources? That was also done in Finland.

Kevin Stewart: The answer to that is simply yes, although I do not know whether I would be regarded as charismatic.

One of the key things that I have done over the piece is to bring local authorities together with a mix of folk—not only folk at the director and head of service level, but folk at the front line—to try to ensure that we are all on the right path. I want to ensure that best practice is exported right across the country, and I want every local authority to do its very best to help the most vulnerable folk in our society. They have a huge amount to benefit from in the ways in which things have been done being changed. We cannot have a situation in which we deal only with crises; we have to move to a situation in which we help people with their needs and become more person centred.

If we look at the homelessness journey that we have travelled on in Scotland since 2010, we see that the number of folk who have presented as homeless has reduced by 39 per cent. We can continue to ensure that we are building new homes on that journey. Getting folk who do not need any additional support into houses is quite easy in some regards. We now need to concentrate on more vulnerable folks who have much more complex needs, and we must ensure that services are aligned to help them to be able to sustain tenancies. That will take a huge amount of work. As the First Minister outlined, the programme for government shows that that is a priority for the Government.

On what I have done since taking office, particularly in going out and speaking to folk, I realise that we have a journey to go on. I want to be in the driving seat on that journey and I want to take folk with me to ensure that we do our very best for folk out there. Some of this will not be easy. We require a degree of partnership working with not just local authorities but the third sector

and other stakeholders, to make sure that we get this absolutely right.

The recommendations that we get from the action group will set us on the right track. After it has done its work, we must continue beyond that to ensure that we deliver. The reinvigoration of the homelessness prevention and strategy group, which I co-chair with COSLA, is vital in ensuring that we continue on that journey and get absolutely the right services in place right across the country.

I am sorry if that took too long, convener.

The Convener: That is okay, minister.

People in Finland would say that housing first has not ended rough sleeping completely but that it has ended rough sleeping as they used to know it. One service user told us that the big challenge for the third wave of the policy is to engage with those who have completely opted out of engaging with services and are sleeping in tents in the forests in Finland.

Housing first is not a magic bullet to solve rough sleeping. It is a great speedy pathway through which people can engage with services at the first point of crisis. It is important to put that on the record. When a big initiative pops up, it can be seen as a magic bullet. We are not saying that; we are just very keen to see how it can be rolled out successfully in Scotland.

There are two lines of questioning left. I will bring in Elaine Smith MSP for the first one, to be followed by Andy Wightman MSP.

Elaine Smith: Minister, you mentioned the STV documentary. In that programme, the issue of standards of temporary accommodation was raised, and I will ask you about that. In the "Fairer Scotland Action Plan", the Scottish Government committed to developing minimum standards for temporary accommodation based on the equivalent standards for permanent social housing. How do you see that being achieved and when will the changes be introduced? I appreciate that, given the timescales, you might want to write to us with further detail.

Kevin Stewart: I know the interest that Ms Smith has in that issue and I am more than willing to meet her again if that is what she wants.

The action group will look at temporary accommodation, including minimum standards. Ms Smith is well aware that I want to ensure that temporary accommodation is of the best possible standard. Eighty-two per cent of families in temporary accommodation are in mainstream social housing, and I want that figure to grow. I do not want to rely on unsuitable accommodation.

As the committee is aware, the Government has reduced the amount of time that folk can spend in unsuitable accommodation from 14 days to seven days. I would rather that that was zero days, but I am aware—as the committee will be—that in emergency situations something has to be put in place quickly. Beyond that, in rural areas, particularly in smaller places, it is often difficult to give folk temporary accommodation in social housing. Rather than have folk move away to other places, we must have some flexibility. The action group will look at minimum standards in some depth, and we will look at its recommendations.

I was horrified by what one woman said in the STV documentary, and I will follow that up. I want to know exactly what happened and what accommodation that family was put into, so that that can never happen again.

11:00

Elaine Smith: Thank you, minister. I might take you up on that kind offer. I am sure that all members of the committee are interested in the issues.

There has been a suggestion that the order that you mentioned could be extended to other groups, such as young people. I will leave that sitting for now.

I turn to the issue of what happens when people present as homeless. It is widely acknowledged that we have some of the best homelessness legislation in Europe, if not more widely, but we heard evidence that people sometimes cannot access their rights under that legislation. For example, Thomas Lyon, who gave evidence to the committee, had spent six and a half years on the streets in Glasgow until the Legal Services Agency had him put into a temporary furnished flat. From what we hear, there seems to be some kind of gatekeeping going on. I am sure that members will know from their constituency casework that people sometimes have to seek assistance from the LSA or the Govan Law Centre and then go back to the local authority to tell it what their rights are. How do you respond to some of the concerns that we have heard about that?

Kevin Stewart: First, I thank the organisations that advocate on behalf of homeless people. Ms Smith mentioned a number of them, but there are many others, and hats off to them.

People should not have those difficulties. Last year, we had the situation in which Alasdair Codona went on hunger strike outside the Parliament. I went and spoke to him about his experiences, as did Mr Wightman. There was a lot of concern about gatekeeping in Glasgow City Council at that time. The Scottish Housing

Regulator has been looking at the issue closely—I mentioned the journeys that the regulator has looked at. I would be extremely unhappy if that kind of gatekeeping was going on. I would want to know about it and I would want the Scottish Housing Regulator to be made aware of it, too. People have rights in legislation, and no one should be acting as a gatekeeper.

Elaine Smith: Andy Wightman wants to follow up on some of those issues, so I will leave it there.

The Convener: That is helpful—thank you.

Andy Wightman: I have a few brief questions, minister, and, with respect, there is no need to elaborate too greatly in your answers. We heard from the Legal Services Agency that it regards the code of guidance on homelessness as being out of date. Are you happy to consider updating it?

Kevin Stewart: We will consider what the action group has to say. I am willing to consider most things, as Mr Wightman is well aware. We need to have a good hard look at the current 150 pages of guidance and make any necessary changes, based on not only the recommendations of the action group but the further work that will no doubt go on in the homelessness prevention and strategy group.

Andy Wightman: We have heard views about putting the housing options approach on a statutory basis. Do you have a view on that?

Kevin Stewart: Housing options is being done voluntarily, and it has worked particularly well under the voluntary set-up. I know that other jurisdictions are looking at putting the approach on a statutory footing, and I will look at what comes out of that although, as I have said previously, legislation is not always the panacea for everything. Housing options is working well. If, at any point, it transpired that that was not the case, I would rethink my position. I will also look at what comes out of the work that is being done in other jurisdictions.

Andy Wightman: I have a final question. Elaine Smith mentioned the witness Thomas Lyon, who gave evidence on 20 September. He opened his comments by saying:

“The reason that I became homeless was that I had a private let at the time and the council was paying for it, but my landlord went bankrupt.”—[*Official Report, Local Government and Communities Committee*, 20 September 2017; c 46.]

We are about to consider commencement orders for the Private Housing (Tenancies) (Scotland) Act 2016. Is it right or wrong that people such as Thomas Lyon should be plunged into the nightmare of homelessness merely because their landlord goes bankrupt?

Kevin Stewart: We should do everything possible to ensure that folk do not enter homelessness. We know that various situations arise in people's lives that are not of their making. From my constituency experience, I know that in certain cases local authorities could do more through services to keep folk out of homelessness.

Andy Wightman: But is it right or wrong that he should have been made homeless because his landlord went bankrupt?

Kevin Stewart: In almost every case, it is wrong that somebody becomes homeless. I do not know the specifics of that case, so it is difficult for me to comment on it. However, when circumstances are not of people's own making, local authorities and others should step up to the plate to help them out of those situations.

The Convener: That concludes this evidence session and agenda item, so I thank the minister and his officials.

Before I suspend the meeting briefly to allow the witnesses to change—the minister is staying with us, of course—I say to members that we will have a comfort break once we have disposed of the statutory instruments.

11:05

Meeting suspended.

11:07

On resuming—

Subordinate Legislation

Private Housing Tenancies (Scotland) Act 2016 (Consequential Provisions) Regulations 2017 (Draft)

Private Residential Tenancies (Information for Tenants) (Scotland) Regulations 2017 (Draft)

Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017 (Draft)

The Convener: Under item 2, the committee will take evidence on three Scottish statutory instruments that provide regulations for the Private Housing Tenancies (Scotland) Act 2016.

I welcome back Kevin Stewart, Minister for Local Government and Housing—thank you for staying with us, minister. I also welcome from the Scottish Government Linda Leslie, who is the private rented sector team leader, and Kirsten Simonnet-Lefevre, who is a principal legal officer.

The instruments are laid under affirmative procedure, which means that the Parliament must approve them before the provisions can come into force. Following this evidence-taking session, the committee will be invited at the next agenda items to consider motions to approve each instrument in turn.

I invite the minister to make an opening statement.

Kevin Stewart: I am pleased to be here to present three affirmative instruments that support the introduction of the new private residential tenancy. The “UK Housing Review 2017”, which was published by the Chartered Institute of Housing, acknowledges Scotland's flagship housing policy. The report says:

“The Private Housing (Tenancies) (Scotland) Act 2016 marks the most significant reform of private renting in more than a quarter of a century ... New PRS tenancies will be open-ended and significantly more secure through the virtual ending of ‘no fault’ evictions”.

In line with the core principles of the act, our new tenancies will improve security, stability and predictability for tenants, and provide appropriate safeguards for landlords, lenders and investors.

I will touch briefly on the content of each instrument that is before the committee. First, in the Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017, we prescribe the statutory terms that must apply to all new private residential tenancies. The terms in the

schedule cover matters such as “rent receipts”, “rent increases”, “notification about other residents”, “subletting” and “access for repairs”. All those terms mirror those contained in schedule 2 to the 2016 act and have therefore been previously approved by the Scottish Parliament, except for paragraph 9 of the schedule, which is an addition. That paragraph, which covers termination, makes it clear that a

“tenancy may not be brought to an end except ... in accordance with Part 5 of the Act.”

Secondly, in the Private Residential Tenancies (Information for Tenants) (Scotland) Regulations 2017, we prescribe the information that a landlord must give to a tenant at the beginning of a new private residential tenancy.

Where a landlord chooses to use the model private residential tenancy agreement, a tenant must be provided with accompanying easy-read notes. If the written terms of the tenancy are drafted by the landlord, the landlord must supply alternative accessible notes called “private residential tenancy statutory terms supporting notes”.

Thirdly, the Private Housing Tenancies (Scotland) Act 2016 (Consequential Provisions) Regulations 2017 is a routine, technical instrument, which amends various primary and secondary legislation in consequence of the 2016 act.

That is a brief overview of the regulations. I am happy to answer any questions that the committee may have.

The Convener: Thank you very much—I appreciate that. Do members have any questions?

Elaine Smith: Citizens Advice Scotland has expressed concern about the process for serving notices. Some people might miss notices that are served electronically, which could have consequences.

Kevin Stewart: I pass that over to Linda Leslie to respond to.

Linda Leslie (Scottish Government): Good morning. We consulted on serving notices electronically and a number of responses highlighted the same concerns. The 2016 act permits tenants and landlords to communicate electronically, but we have made it very clear in the model tenancy agreement and the easy-read notes that that is something that they must agree to do. We have also spelled out in the easy-read notes that tenants, in considering whether they want to do that, should be thoughtful about whether they want important information, such as changes to their terms of tenancy, to be served electronically rather than in writing.

It remains possible for landlords and tenants to use written communication. The model tenancy agreement provides a specific clause that makes the landlord and tenant consider how they want to communicate. There is nothing that forces tenants to agree to electronic communication.

Elaine Smith: Should a tenant agree to such an approach, a concern is that, were a single email to be missed, that might result in a tribunal notice to evict someone being missed. There are inherent dangers to agreeing to that approach, even if the tenant thinks that they can work in that way. However, I accept what you have said.

Kevin Stewart: I hope that what Linda Leslie has said give Ms Smith some comfort. If the committee requires any further information in that regard, we will pass it on. As always, we will continue to keep an eye on these matters after implementation.

The Convener: As there are no further questions, we move to item 3, under which the committee will formally consider motion S5M-08087.

Motion moved,

That the Local Government and Communities Committee recommends that the Private Housing Tenancies (Scotland) Act 2016 (Consequential Provisions) Regulations 2017 [draft] be approved.—[Kevin Stewart]

Motion agreed to.

The Convener: The committee will report on the outcome of the instrument shortly.

Under item 4, the committee will formally consider motion S5M-07895.

Motion moved,

That the Local Government and Communities Committee recommends that the Private Residential Tenancies (Information for Tenants) (Scotland) Regulations [draft] be approved.—[Kevin Stewart]

Motion agreed to.

11:15

The Convener: The committee will report on the outcome of the instrument in due course.

Under item 5, the committee will formally consider motion S5M-07899.

Motion moved,

That the Local Government and Communities Committee recommends that the Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017 [draft] be approved.—[Kevin Stewart]

Motion agreed to.

The Convener: I thank the minister and his officials for their attendance.

Kevin Stewart: Thank you.

**Notice to Local Authorities (Scotland)
Amendment Regulations 2017 (SSI
2017/295)**

**Private Residential Tenancies (Information
for Determining Rents and Fees for Copies
of Information) (Scotland) Regulations
2017 (SSI 2017/296)**

**Private Residential Tenancies (Prescribed
Notices and Forms) (Scotland)
Regulations 2017 (SSI 2017/297)**

The Convener: Under item 6—we do not escape subordinate legislation just yet, members—the committee will consider Scottish statutory instruments 2017/295, 2017/296 and 2017/297. The instruments are laid under the negative procedure, which means that their provisions will come into force unless the Parliament votes on a motion to annul the instruments. No motions to annul the instruments have been laid.

As there are no comments, I invite the committee to agree that it does not wish to make any recommendations on the instruments. Is that agreed?

Members *indicated agreement.*

The Convener: We got there in the end, committee. I suspend the meeting briefly for a comfort break.

11:17

Meeting suspended.

11:24

On resuming—

City Region Deals

The Convener: The next item on the agenda is the first evidence-taking session in the committee's inquiry into city region deals. I welcome Professor Duncan Maclennan, who is from Policy Scotland at the University of Glasgow; Dr Peter O'Brien, who is a research associate at the centre for urban and regional development studies at Newcastle University; Lesley Warren, who is policy and public affairs officer for the Coalition for Racial Equality and Rights; Barry McCulloch, who is a senior policy adviser at the Federation of Small Businesses; and Chris Day, who is a policy adviser at Transform Scotland.

I thank you all for coming along this morning. I am sorry for the slight delay in starting the item. We will move straight to questions.

Graham Simpson: To be blunt, the background to our inquiry involves the concerns that some members of the committee have had around the Glasgow city deal. My opening question is a general one. You do not all have to answer this question, but anyone who wants to can do so.

Have you made a comparison between the deals that exist in England and the Scottish ones—particularly the Glasgow deal—to see how they are operating and whether there could have been improvements in any of the Scottish deals?

The Convener: I can be a bit unobservant, so please try hard to catch my eye if you are desperate to speak.

Professor Duncan Maclennan (Policy Scotland, University of Glasgow): I should make it clear that I am speaking in my academic capacity rather than as a commissioner on the Glasgow city deal, but I will happily tell you what I think of the process.

The Glasgow city deal arose through a process that was in many ways similar to the processes around the larger deals in England, although there were exceptional political circumstances in the period of its formation and it was formed very quickly. Like a lot of the other deals, it focuses heavily on transport, which was a characteristic of all the early deals. That arose as a result of what I view as a technical mistake relating to the fact that the cost benefit analysis in transport always gives people hard numbers whereas other infrastructure issues that might be more supportive of growth and productivity are much more difficult to put figures to.

I do not think that any of the city deals have identified the infrastructure that is required to

enable the creation of productivity and innovation districts, and I do not think that they have been used imaginatively in the UK. For five years, I served as the chief economist in the federal department for infrastructure in Canada. When it is dealing with infrastructure programmes, it looks closely at how innovation districts can be created in cities such as Toronto and so on. The approach in relation to Glasgow was similar in that regard.

The difference between the Glasgow city deal and those in England is the Scottish Government's emphasis on inclusive growth, which has meant that the discussion about where the impacts fall and who benefits has been more acute than it has been in relation to the English deals. The particular arrangements whereby there is a commission—chaired by Anton Muscatelli—rather than just a national evaluation has put a bit of focus on those issues and has enabled a fair amount of economic scrutiny of what is going on in relation to the set of projects that are involved in the Glasgow city deal.

The Glasgow city deal is similar to the English city deals in some regards but different in others. Establishing that was part of the point of the exercise that we have been engaged in. All the city deals were bespoke.

Dr Peter O'Brien (Centre for Urban and Regional Development Studies, Newcastle University): Part of the challenge is that these things are not static; they are evolving as we sit here and discuss the issues.

We have done research across the UK but also, increasingly, in Australia, where city deals are being developed. In England, right at the outset, the coalition Government at Westminster had an appetite to remove any notion of overt performance management, metrics or a sense of benchmarking and measuring around the delivery of the city deals. Ministers in that Government were clear that they wanted a clean break from what they saw as the target-driven culture of the previous Government. We understand that civil servants were informed that they should not instigate a national or an English performance management framework.

When ministers asked how these things were doing, it proved difficult to answer the question, and a system had to be introduced retrospectively across the city deals in England. To some degree, it is still early to say, but the process that was set up did not help matters. We now have gateway reviews, for example, and I think that the city region deals in Scotland have learned from the English city deals. Right at the outset, though, how the performance of the English city deals was to be measured was part of the problem—there was no framework in place to deal with that. Of course, the Government would say that it was up to local

areas to do that work, but we would argue that the situation was quite problematic.

11:30

The Convener: Do our other witnesses have any observations to make?

Barry McCulloch (Federation of Small Businesses): Building on previous comments and addressing your question directly, I think that those concerns are shared by small businesses with regard to the Glasgow deal, the other two operational city deals and the three city region deals that are in the pipeline. This is not a Scottish phenomenon, but there are big concerns about the lack of transparency at the development and implementation stages and the lack of more inclusive and discursive engagement with the private sector.

If you have tried to piece together the puzzle of city region deals in Scotland, you will find it quite a challenge to gauge questions such as how much is being spent, where it is being spent and why it is being spent there. When you ask or try to answer some of those questions, you are struck by the scale of it. We are looking at somewhere in the region of £4 billion to £5 billion over 10 to 20 years, with upwards of 30,000 to 40,000 new jobs being created. I therefore think that this is a very timely inquiry by the committee and look forward to taking part in it.

The Convener: As has been said, not every witness has to answer every question, and no one else is catching my eye to indicate that they want to add anything. Mr Simpson, do you want to follow up on any of that?

Graham Simpson: Yes, convener. We will be focusing on some of the detail of the individual deals in Scotland, but I do not think that that is the purpose of today's session. That said, I believe that Dr O'Brien highlighted the issue of scrutiny of the results of the deals—in other words, the bang for our buck. In Scotland, a lot of money from the UK Government and the Scottish Government is going into the deals, but where is the scrutiny? Who is looking at the deals in Scotland—particularly the Glasgow city deal, which was the first and is now up and running—to see whether we are getting value for money and whether we are getting out of them what we are supposed to be getting out of them?

Peter O'Brien: Part of the challenge in England has been the abolition of the Audit Commission, which carried out formal scrutiny of local government. The National Audit Office now has a much more direct role in scrutinising local government in England, including combined authorities and city deals, and it is doing really good forensic work on that. To that degree, it is

excellent, but the hiatus period and the change and turmoil that were experienced from 2010 onwards meant that things probably fell between the cracks.

The process of deal making seems quite opaque and secret however you look at it, and the very nature of such deals makes it quite difficult to get information on how things are going. That is certainly what we have found in carrying out our research. We know that the Government has carried out a stocktake, but getting access to that information has been quite challenging for researchers.

Lesley Warren (Coalition for Racial Equality and Rights): Mr Simpson was asking about financial impacts, but there are huge equality impacts arising from how the money is being spent. The deals were created partly to address community issues, but almost all of them contain only vague references to social impacts, and I can find no detail about who will benefit and who has been involved at the various stages. The Glasgow deal is now fully formed, but our organisation has not been part of that work and I am not aware of any community groups that have been involved either. That lack of transparency is an issue for us, because we cannot evaluate the impacts of the deal and who will or will not benefit from it.

We welcome the Equality and Human Rights Commission's project to engage with local authorities and partners, but it seems as though someone has just thought of doing that sort of thing. The deals have been in process for a few years now, and we would like to know more about what has happened in them. We understand that the process is quite secret in the early stages, but that information should now be released. It would be good to know whether equality impact assessments have been done and how the money will be spent in relation to public sector equality duties.

The Convener: That was helpful. I will take Professor MacLennan next and then open the discussion up to our other witnesses.

Professor MacLennan: I will make just a couple of comments about the evolution of the deals. A long time ago, I spent about 10 years on the board of the Glasgow regeneration alliance, and a deal was always conducted in private between the city, Government agencies and so on. There is nothing different about the city deal with regard to the flow of major resources.

After local government regions were scrapped in Scotland, the capacity for local authorities to make major investment decisions on infrastructure did not exist. With regard to the issue of metrics and how we might go forward, I think that there is now a more acute understanding of the effect of

infrastructure on growth and productivity and its importance to economic development than has been in the mindset of Scottish city policy makers for about 15 or 20 years. There are pros as well as cons to this, although the cons might be quite big, and it is important that we look at the context in which the deals have evolved, which is the absence of major thinking about infrastructure on a metropolitan scale.

On the question of who is watching these things, part of the point of the deals was to give local authorities skin in the game and to ensure that their money was put in at the front end. Therefore, each local authority ought to be looking at where progress is being made. The Glasgow economic commission is unusual in the UK, because we—I have to watch what hat I am wearing when I say this—are there to see how the deal is progressing. We are scrutinising how it is going.

In addition, it is fine to look at each individual deal but we also need to look at what they are all adding up to as a set of changes to the Scottish city system. I think that that has been missing in the debate and, indeed, in policy thinking in Scotland. In my view, no one is addressing or monitoring that issue, and I do not think that we have got to grips with what the deals all mean at a Scotland level. I also agree with the point about the need for scrutiny by the community, which in my view has been near absent in all of the deals.

Chris Day (Transform Scotland): I reinforce Lesley Warren's point about the need for scrutiny of equalities in the deals, and I highlight a similar absence of environmental assessment. Before I retired and took on this voluntary post with Transform Scotland, I worked for City of Edinburgh Council and the then Lothian Regional Council in transport for more years than I care to remember. In the latter part of that period, it was the norm to carry out not only environmental and equalities assessments but financial and various other assessments on any given project. I would therefore assume that to be the norm in each of the city deals, but we do not seem to have a reflection of their collective impacts on equalities or the environment. It might be that the sum total of project A and project B in any individual deal is not A plus B—it might be A plus B plus C. That sort of scrutiny appears to be missing even though, notionally, one would expect the impact assessments to come through on the individual projects that form part of each deal.

Barry McCulloch: There is no doubt that the governance arrangements that have emerged have focused on robustness and adequate scrutiny, but the focus has been on partnership working in the deals and on facilitating such working among local authorities. No one is looking outward, and there has been very little opportunity

for external stakeholders such as small businesses to contribute.

There are assurance frameworks, gateway reviews and a whole raft of terminology to describe the world of city region deals. However, despite the commitment that has been made by the Scottish and UK Governments, there is very little detail at a Scotland level and no dashboard approach to tell us where we are with the projects. For example, there is a good website that gives information on the 20-plus projects in the Glasgow city region deal, but the scrutiny of those projects is on Glasgow City Council's website. That might seem an obscure point to make but, if communities and business owners were trying to get information on the deals and the scrutiny of the deals so that they could scrutinise the proposals, they would expect all of that information to be in one accessible place.

The Convener: Does Graham Simpson want to follow up on any of that?

Graham Simpson: There was so much there, convener. It is fascinating.

Professor Maclennan said that none of the deals has identified the infrastructure that is required. I am sorry to focus on the Glasgow deal—it is the most advanced deal in Scotland—but one of the criticisms of it is that a whole load of money was thrown at it and that what was required was not identified. It was not actually a deal, but more a case of, “Here’s the money—off you go and spend it”. Council officers in the various authorities salivated at the pot of cash, took projects that they had not been able to deliver for decades, dusted them off, popped them into the deal and off they went. Is that a fair criticism?

Professor Maclennan: I said that I thought—

The Convener: I am sorry, but I am going to ask a helpful question. I will come back to you in a second.

You were involved in the Glasgow deal and my history is as a regional MSP for the Glasgow region. Graham Simpson made a good point, and he knows the specific case that I am about to raise as a case study example.

When I was a regional MSP for Glasgow, the Cathkin relief road completion was suggested as one of the projects. There was massive local opposition to the project, because it was thought that it would not necessarily mitigate some of the travel issues—public transport was the big issue in that area, rather than the completion of that road link. The eventual cost was £18.6 million, yet a Scottish transport appraisal guidance report from as recently as 2007 had put the cost of building that road at £3 million.

The community thought that the road was hugely expensive, undesirable, unwanted and not value for money, but that was one of the first Glasgow city deal projects. It got no community buy-in from the very earliest stages. That road exists now and is open, so the issue is Mr Simpson's point and how we learn from such experiences. City and region deals are being rolled out around the country, so rather than me lambasting Glasgow city region for that specific ill-considered road, how can we learn lessons from that to ensure that it does not happen again?

I am sorry, Mr Simpson. I saw that as my opportunity to put some of that on the record.

Professor Maclennan: I reinforce some of the points that Peter O'Brien made earlier about the importance of having good monitoring systems in place. What I said was that, in the assessments that were made, I thought that transport investments came up as top of the list on city deals around the whole of the UK in terms of cost benefit analysis and prioritisation. That relates to the methodology whereby consultants and experts are able to give a big number for a transport project—usually it is the save value of travel time—that they cannot do for other projects. Therefore, there is a bias towards doing things in transport.

We have an inheritance in which, at the city and city region level, there is not the capacity to do the modelling or to understand it. In other words, there is a reliance on external advisers and consultants to tell us what the answer is. Those advisers do their job, but every place gets pretty much the same answer, which is not the right answer with regard to the infrastructure needs of businesses and innovation areas in cities. My point was that it was analytically weak from the get-go.

11:45

I do more work in Vancouver and Sydney than I do in Glasgow—it depends who pays for the research funds these days. I have just been involved in developing the city strategy for the Sydney metropolitan area. Sydney is a good demonstration of how to do a major investment strategy for a metropolitan area, because of its capacity, as a city region, to do the modelling, to have the debate and to involve communities—and, in this case, the committee for Sydney, which is all about business—in the process.

We can learn from the experiences that we have had, but we can also learn from other places that do it much smarter than we do. We do not put in enough thought or resource. We are trying to do all this at a point when, for the past 20 years, the people who do that work within local authorities have been retiring early. There was hardly anyone

left who could do this work when it came up. When the £1 billion arrived in Glasgow, there would not have been that many people who knew what to do with it.

Graham Simpson: That was obvious.

The Convener: I will leave that one hanging there, Professor MacLennan.

Professor MacLennan: I am not sure that I can go back to Glasgow now.

Chris Day: You might be referring to people like me.

I pick up the point about the way in which the Glasgow deal seems to have come together and suggest that the pendulum has swung the other way in the more recent deals. The transport components of the most recent deal, in Edinburgh, form quite a small part of the funding of that deal so far. I am not arguing the point about the split between transport, housing and the other projects that form part of that deal. Off the top of my head, I can think of two individual projects. Although one of them accounts for six times the amount of spending of the other one, I have some difficulty in seeing how it relates to the general thrust of the council's policies. It involves spending £120 million to grade separate Sheriffhall roundabout, compared with £20 million that will largely be spent on studies into sustainable transport in west Edinburgh.

In the context of the local transport strategies of the councils that are part of that deal, it seems strange to me that Sheriffhall roundabout is the big megaproject. Where has that come from? That is part of the difficulty. It has been touched on by the other witnesses, but it is also part of our evidence. If we look at the strategic priorities of the partners involved, how on earth are such decisions reached?

Barry McCulloch: The aim of city region deals is to boost regional competitiveness. The question is whether they are on track to deliver that growth, and the truth is that we do not know. We can hide behind phrases such as, "It's too early to tell"—by the way, it is too early to tell—but, stepping back from that, reviews that were conducted in England by the National Audit Office highlighted major problems and deficiencies in the methodology and approach.

I will cover a few of those problems, the first of which is difficulties in discounting displacement. If Edinburgh grows massively as a result of the city region deal, is that at the expense of Glasgow, Stirling or Inverness? Is it additional? Secondly, there is the lack of capacity and expertise to monitor, appraise and evaluate the programmes. That relates to Duncan MacLennan's point. Lastly, there is the issue of different deals using different

methodologies, which means that, at the end of the day, we cannot step back and say, "Because of X money, we delivered Y jobs." In this case, jobs are being measured and implemented in quite different ways.

It will prove a challenge for the Scottish Government and the United Kingdom Government to make quite grand claims about city region deals. Some quite inflated claims have been made, which indicates the deal-making nature of the city region deals. Local authorities are trying to lever more from central Government but, from an outsider's perspective, all that that does is to heighten expectation that the deals will have a transformative impact.

Dr O'Brien: I want to pick up on modelling in the UK context. We did research on local areas that suggested that it was very difficult for them to prove that city deals would generate additional economic growth and jobs. The Office for Budget Responsibility's model had almost factored in what it thought was the way in which the UK economy was going to grow and that city deals were about displacement, not additional growth. Local areas came up against a central UK Government response, which was, "The model says this and you are advocating that, which we are not quite convinced will work."

That has been part of the challenge even for places such as Greater Manchester, which is seen as the poster child for city region working in the UK. Convincing the Treasury, the OBR and others that additional growth can be generated at the local level, above and beyond what the national forecaster says, has been part of the issue in England, and that might be the case in Scotland as well.

The Convener: That is interesting. Do you want to come back on that, Mr Simpson?

Graham Simpson: I would love to. I could ask questions all day, but it is important that other members have a chance to ask some.

The Convener: I will bring you back in later.

Andy Wightman: We are at the beginning of our inquiry. The fact that the deals run for quite a long time means that governance is very important. As I understand them, the English deals had a degree of governance reform in them. It was almost as if the Government was saying, "Here are some additional funds and here are some additional powers."

In recent years in Scotland, we have had regional spatial planning, and local government has received fiscal powers, has had very embedded frameworks for equalities, environmental and economic assessments, and has had governance and transparency

arrangements and all the rest of it. It seems surprising that we would attempt to do regional economic development through a process as opaque as this deal making, particularly when the displacement effects that have been intimated—my colleague Jenny Gilruth might say more on this—appear to be a risk in the Edinburgh city deal.

I represent Lothian, so perhaps I will be criticised for saying this, but Edinburgh does not really need the kind of growth that is envisaged, whereas post-industrial areas such as Fife desperately do. I do not want to see thousands more commuters pulling into Edinburgh every day. That would present massive problems for Edinburgh, and if we build new roundabouts that is precisely what will happen.

I suppose that my question is whether we should be taking the deals very much further or whether we should strengthen existing local government governance arrangements and local authorities' capacity to work together. Should we strengthen local authorities' existing powers over money and planning to do precisely what city region deals want to do in policy terms, but in a way that is more transparent, up front, consultative and sustainable, over the types of timescales that have been talked about?

Professor MacLennan: I am not sure whether I agree with you on that. A fundamental problem for growing metropolitan areas is that the consequences of economic growth, whether they are shortages of transport infrastructure in the metropolitan system or shortages of affordable housing, have remained in those metropolitan areas, whereas the tax revenues that have accrued from the growth have gone somewhere else. Some of them may have come here, but most have gone to Westminster. They have not gone to local authorities. Therefore, local authorities are reliant on national or federal Governments having coherent reallocation programmes for public investment in housing. It would be really difficult to say that the UK Government has had such a programme in the past 10 or 15 years.

The problem that we deal with in managing metropolitan regions effectively is one of acute vertical fiscal imbalance in what we are asking them to do. In the absence of greater tax resource powers or assignment of tax revenues to metropolitan areas, we need a way of transferring resource back. Transferring it back through a Government structure such as a functioning city region, rather than to individual local authorities, makes good sense, given the nature of labour markets and housing markets. The city region is a reasonable entity, but we have to look at

environmental and social factors as well as economic factors.

There are governance issues. The Scottish Government confronts the issue of how it deals with city regions and the areas outside them because, if it neglects other areas, the approach will not be very effective. There is also the real difficulty in Scotland that we have intruded the geography of the city regions into a geography that has health boards, regional infrastructure hubs and other quango boundaries, and none of those match. Tidying up the governance structure in quite simple ways would help to bring together those things and give the Scottish Government a clearer focus on how all those things come together at one scale.

Chris Day: I wonder whether we have never quite resolved the issues that arose out of the last reorganisation of local government. At that time, there was a regional layer, which would take on many of the projects that we see featuring in the city deals, such as bypasses, railway stations and railway reopenings. Those projects were carried out by regional councils. Obviously, we now have the Scottish Government and local councils. I am not saying that there is an argument for introducing yet another layer of local government—perish the thought—but there seems to be a gap somewhere between the local council level and the Scottish Government, which Duncan MacLennan was perhaps getting at. I do not know how to resolve that. It seems that a lot of joint boards, joint committees and partnerships are being set up that have very little democratic accountability because the appointments are made by local authorities and the Government. People are not directly elected. Fundamentally, the issue, which the committee has probably rehearsed quite well already, is about quangos.

Barry McCulloch: There is a middle ground to be achieved involving city region deals, which represent significant capital investment, the existing function of local government to support economic growth, and the regional and national bodies that support local and national growth. Things can be quite complicated and duplicative, and we are not standing back and asking how we can make Scotland a more competitive place.

Despite the plethora of strategies, the deals are probably more about cities than city regions. Where is the consequent impact on local economies? I have big issues with what will change for Ayrshire, Lanarkshire or the post-industrial places within city deal areas. There is a good argument about agglomeration economics and making cities great, but Scotland is a community of towns. There are 479 towns here. What about our towns and our regeneration efforts in them? We should not lose sight of the fact that

we spend more than £2 billion a year on our enterprise and skills network and that local government already has a key role to play through the business gateway and other functions in supporting business.

The Convener: That is very helpful.

Dr O'Brien: Mr Wightman made a very important point about the governance of initiatives. That issue has come up in our research. Members can think about that in the context of England, which is a very centralised country. There are big questions about how England is governed and the rest of England's relationship with London, for example. Questions about city deals have arisen in that context. From the UK Government's perspective, governance was part of the quid pro quo. A group of local authorities would get particular investment if it agreed to set up combined authorities. Even now, we have metropolitan mayors. Today, the seven metropolitan mayors in England are meeting for the first time. That gives us a sense of where things might potentially be heading.

There is a particular set of challenges in England. I know Yorkshire very well from doing work there. In such counties, it is very problematic to try to agree the next stage of city deals through devolution deals and metropolitan mayors. We would argue that city deals are seen not only as economic development instruments but as governance reforms, too. That has been quite clear in England.

12:00

Professor Maclennan: I have two points, one of which goes back to governance and the point that the approach sits slightly awkwardly between Government and quangos and the like. I have always been surprised that, in the Parliament, where we have regional list members, there is not an active regional-scale role for those members, which might well relate to overseeing city deals. It might make sense to have a democratic presence in that context.

Secondly, it is correct that Scotland is in some sense a country of towns as much as it is one of cities. The national spatial planning framework, which has had a coach and horses ridden through it by the city deals, has very much been written from the perspective of the Scotland of towns—I think that cities are mentioned on page 64. That framework has an accurate feel for how Scotland is as a place.

I have always railed against the notion that we should treat cities, towns and rural areas as if they are cuts rather than seeing them as connected, because they are connected and supportive of each other. If city deals go forward without

coherent town deals across most of Scotland, and not just for the towns that have been missed out by the classification of the city regions such as those in North Ayrshire, we will be missing an important trick in terms of looking at ways to take forward investment projects in some of the smaller towns.

Lesley Warren: I want to pick up on that point about governance. From our perspective, it feels as if there is a disconnect between the city deals and what is happening at national and local level to address equality issues. For example, we have the race equality framework, which sets out how racism, including institutional racism, should be tackled in policy making. That should apply across all public bodies. The public sector equality duties place strict requirements on local authorities in relation to reporting and what they should consider as evidence and involvement. However, none of those higher-level drives is being fed into how the deals operate. It was mentioned that there has been no engagement with communities, but we would go further than that and say that we know of communities that have tried to approach their local city deal groups and have just come up against a brick wall.

The Convener: That is helpful.

Does Andy Wightman want to follow up on any of that?

Andy Wightman: I will leave it there just now.

The Convener: Okay. That leads us nicely to Jenny Gilruth's line of questioning.

Jenny Gilruth: Going back to Barry McCulloch's point that the deals were originally more about the cities than the city regions, I represent a couple of the towns that have been talked about. Professor Maclennan states in his written submission that the multiple local authority arrangements

"are compelled by a focus in City Deals to target investments and policies to reflect, as far as possible, functional geographic areas, rather than be bound by administrative areas."

In the Fife context, the decision has been to cut North East Fife and take it into the Tay cities deal, with the rest of Fife lumped in with Edinburgh. I believe that that is to the detriment of my constituency, which takes in two areas of high unemployment and child poverty levels: Glenrothes and Leven.

In his written submission, Barry McCulloch states:

"If Inverness grows as a result of investment from the City Deal, for example, how will this benefit firms and citizens in Fort William?"

From my perspective as a constituency MSP, I feel that the Edinburgh city deal has been a great

boon for the city but has been to the detriment of my constituents in Glenrothes and Leven. I cannot point to a single local project that my constituency has benefited from.

Is there a tension between the aspirations of the UK Government, with its focus on growth, and the Scottish Government's contrasting ambitions on inclusive growth? To me, inclusive growth is also about equity, which was originally meant to be part of the consideration in the deals. It seems to me that my constituency has fallen through the cracks between two city deals and has been missed out. Do the panel members have any views on that?

The Convener: I suspect that they might.

Professor Maclennan: I should admit that I also work at the University of St Andrews, so I go through Jenny Gilruth's constituency quite often.

Jenny Gilruth: Lucky man.

Professor Maclennan: Fife is a good example of an important level of government that has been split by different city deals, so I take that point on board. However, if, as Barry McCulloch says, the objective is competitiveness, we need to deal with the metropolitan region. That happens around the world for major metropolitan areas, because the metropolitan region is where the labour market flows go and it is where thought has to be given to some of the big environmental issues as well as issues such as housing. Therefore, I defend the notion of city regions, but we have to be careful about how that is grounded. If there are exceptional areas that lie between two regions, we cannot just draw a line; we have to think about how we deal with that.

The issue gets slightly more complicated in the case of Scotland. We have been talking about cities, but if we were having this discussion in the context of Australia or Canada, only two of the Scottish cities would be classed as such: only the core metropolitan areas of Glasgow and Edinburgh are the terrain of agglomeration economies, growth drivers and the large scale. That is not to say that we should disregard the rest, but we have to think about them differently, because the growth strategy for the Perth and Tayside proposition or the proposition in Aberdeen will be different in terms of global connectivity and the way in which those places connect to the economy.

At the Scotland level, we are not being very direct. When I hear people talk about agglomeration economies in Perth and Stirling, I think, "Good luck—if you can find any, let me know." I have seen no evidence of them, and I do not think that people will find any. That said, we need to consider the geographic structure of our big towns in Scotland. It is important to think about how we deal with Stirling but also how we deal

with Falkirk or Paisley—although I should say that we are already dealing with Paisley. We need to be a bit more subtle about how we make the arguments, and we should not see all the city regions as the same.

The point about inclusive growth and the impact of the projects in Fife goes back to the point that the initial city deals were designed not to deliver inclusive growth but to raise gross value added per capita. However, there is capacity to remake them. After all, city deals are a relatively small part of overall capital investment. There is a case for realigning them in the context of spending within those areas.

Barry McCulloch: There is definitely a tension between growth as traditionally conceived—in gross domestic product and GVA terms, as Duncan Maclennan mentioned and as the question illustrated—and inclusive growth. I have heard many people talk about retrofitting city region deals to try to make them more inclusive. It is disappointing that that has to happen. The aspect of inclusive growth that I would focus on is the regional cohesion argument, which is about moving away from focusing purely on cities as a policy instrument to start to talk about our towns and rural areas and what they need.

Research that the FSB published in February showed that the most enterprising places in Scotland are not the ones that we thought they would be; they are Newtonmore and Ullapool and other small rural towns that have a strong history of entrepreneurship. That has not been captured in conventional discussions about economic growth. We are missing the opportunity to do much more for the hinterlands. To do that, we need to focus on digital infrastructure and specifically mobile phone infrastructure, which is the game changer.

The beauty of city region deals is that they bring together the Scottish Government, the UK Government and local authorities. In a lot of ways, they represent a unique settlement that allows us to get over some of the disputes about reserved and devolved powers. According to Ofcom, there is access to 4G in only 12 per cent of Scotland's landmass, so many business owners are still operating with very poor 2G. We need to increase the amount of people who can access 4G, because that is where transformation lies and where we can get productivity and growth.

Jenny Gilruth: I agree with the point in Lesley Warren's submission about the lack of communication with communities. From my experience, it does not seem that the local communities that I represent were involved at all in any consultation.

That links in with Chris Day's submission, the final page of which says:

"The Deals should provide significant opportunities to investment in sustainable transport. However, without a commitment to include sustainable transport or for to have proper regard to national objectives for carbon emissions reduction, there are no mechanisms to ensure that sustainable infrastructure is prioritised."

You might be aware of the Levenmouth rail link campaign in my constituency, and the opportunities—in jobs, for example—that the link offers in connecting towns with cities; indeed, Professor MacLennan alluded to such opportunities. As far as rail links are concerned, the area that I represent is completely cut off. Might we be able to revisit the opportunities for smaller communities in towns such as those that I represent? I think that it was Barry McCulloch who alluded to smaller communities being disproportionately disadvantaged in respect of unemployment statistics and child poverty, for example.

Chris Day: On the point about Leven, I think that what happened was quite strange.

Jenny Gilruth: It was staggering.

Chris Day: I know that the Scottish Government has now committed to doing initial work on the matter. A lot of analysis has to be carried out on the returns from that potential investment, but one would have thought that, as a partner in the deal, Fife Council would be hammering on the door. Earlier, someone called this a deal-making process; I can think of a couple of other projects in Fife that might have gone into the deal to make it more sustainable. Members would expect us, as a sustainable transport organisation, to say that the project should be made more sustainable, and that has not happened.

I retired in September 2016. I should immediately make it clear that I was not involved in preparing the Edinburgh city region deal. However, I was in the organisation that was, so I had some slight and informal insight into what was happening and my observation was that the process was quite opaque not just to the outside world, but to some of the people whom we would have expected to be involved in the decision-making process.

Finally, I reinforce my earlier comment that if we look at the city deal's outcomes—in other words, at what got put on the ground after the initial "Bang!"—the decision seems quite strange.

Lesley Warren: I see no reason why communities should not be involved, and I see no barriers to their involvement. Obviously, it is not necessarily appropriate to have certain types of involvement or consultation in some of the high-level negotiations but, given where we are at the

moment, I see no reason for that not to be the case now. The constituent members of most of the city deals are public bodies, which have to comply with the public sector equality duties, but we have seen no transparent narrative with regard to what even individual bodies have done. For example, the local authorities' own public sector duty reports do not show exactly how communities have been involved or the engagement that they have had. We would expect reports on those things to be part of their current legal duties, never mind the bigger deals.

We feel that this is very much a two-edged sword. With the money that is behind the deals, there is real potential to address the equality issues that we are all aware of and the underrepresentation of certain groups in areas. However, without transparency, positive action and community involvement, we could see a regression. Just last week, we saw in the press that the Edinburgh city deal was going to remain the status quo, which obviously could further entrench disparities and disadvantages.

Peter O'Brien: Some of the city deals in England seem quite dated now, given how much changed in the UK with Brexit on 23 June last year. The UK Government has talked about an industrial strategy, and many city regions and places in England are now thinking about their role in such a strategy and the whole concept of value, whether that be simply economic value, which is what drove the city deals; financial value—in other words, the return on investment in infrastructure; or social and environmental value. However, what about the places that really have been left behind and the consequences of that situation and what happened in the referendum last year? As a result, some of the city deals seem quite dated to me.

There is a tension with long-running programmes lasting 25 or 30 years. In England, the context continually changes from the regional level to the city region level to the local level and then back again. One suspects that that will continue, and it has bedevilled economic development in England and probably across the UK. There are a number of tensions, but as I have said, the English city deals feel quite dated, because people are now asking about the industrial strategy and the role of the state in these kinds of issues.

12:15

Barry McCulloch: That is a really important point. There is a misunderstanding that city region deals are somehow set in stone and that the £1.1 billion for Glasgow has been spent, but that is not the case. Funding is given in five-year increments, projects that have been promised must go through a thorough gateway review and projects that do

not stand up and do not deliver any additional impact will not go through.

That fluidity creates opportunities. I predict that local authorities will be looking afresh at city region deals in the light of changing political administrations and considering what their longer-term commitments should be. In some ways, city region deals are becoming the default way of developing the economy, and that will suck up a lot of resource, both in human terms and capital infrastructure spend. It is important that we maximise that spend, whether through procurement and ensuring that smaller businesses win as many contracts as possible or through targeting spend at more disadvantaged areas.

Professor MacLennan: If you look over a long period—say, 20 to 30 years—or even go back to the 1970s, you will see that we have spent a huge amount on urban regeneration in Scotland and that we actually did it quite well at times. However, we have been much better at thinking about how we change neighbourhoods than about how we change broader metropolitan economies. In other words, we have dealt better with some of the housing issues than with economic development issues.

The important thing with city deals was that they threw the focus on GVA growth into the policy debate, but it would be wrong to ignore the wider environmental and social issues. Members have stressed the importance of inclusive growth. Most people have signed up to it, but unfortunately nobody has been able to tell me what is meant by it. If cities and groups are to be able to react in this discussion, it behoves the Scottish Government and the city regions to provide clarity about their definition of inclusive growth. You can have lots of versions of it, many of which will be very good, but you have to be clear about what it means if you are going to discuss how you are going to connect the infrastructure investment projects to the social outcomes that Jenny Gilruth has asked about.

There is a lack of clarity in the Scottish Government's strategy. It is sending the right message, but it needs to articulate what it actually means and how more local entities, whether they be city regions, local authorities or towns, can react to it. That is a real problem.

The Convener: I will move on, because of limitations of time. Kenneth Gibson has a couple of supplementaries.

Kenneth Gibson: On the definition of inclusive growth, the shorthand version is that it means that every community benefits from overall growth in the economy. My concern is the same as Jenny Gilruth's. I represent a constituency in North Ayrshire, and in Ayrshire the per capita income is 32 per cent lower than the Scottish average. There

is a real concern that we are being left behind and almost a bewilderment at the size of the Edinburgh city deal, given that in the Edinburgh area there are already housing shortages and the economy is overheating, relative to other parts of Scotland.

There is also a concern that towns in North Ayrshire, Fife and elsewhere will be, in effect, dormitory towns, to which people move because housing is cheaper and from where they drive, cycle or take the train or bus to work, which of course will put bigger demands on our infrastructure.

I know that we have touched on this already, but how do we ensure that some areas do not miss out? Should there be an equalisation with regard to growth deals? Should we look at the issue of areas such as Ayrshire falling further behind the rest of Scotland and the UK and ensure that additional funding goes into those areas to help them to catch up on GVA with places such as Glasgow and Edinburgh?

Professor MacLennan: The shared objective that all areas should gain from growth in a nation such as Scotland is unexceptionable. However, how that is applied to a single specific set of programmes is more difficult. If the ethos about Scotland's economic future is, in part, about the competitiveness of the major cities, which can do certain things that other bits of the country cannot do, the question of whether that has to be shared through every project or through the tax revenues that come from growth in a particular place is a tricky one. I would apply the less restrictive criterion that, when you undertake a major investment project for growth reasons, you try to ensure that as many benefits as possible accrue locally. If you cannot do that, you have to rely on the tax system to redistribute.

I have read North Ayrshire Council's submissions and done some work with it in the past. It is a good example of a council that is trying to think about how to take a set of towns forward in a way that involves a set of town deals, which I referred to earlier. Equally, in the Fife setting, you could have a set of deals that tackle some of the infrastructure restriction issues that relate to some of the growing areas and that disadvantage others.

As a necessary complement to the city deals approach, we have to give much greater prominence to what happens in town, as well as city, strategies if we are going to have fair outcomes, growth and inclusion around Scotland. That might be an odd thing for an urban economist to say but, given the way that Scotland functions, it is really important that we think about that.

Dr O'Brien: I have two points to make in response to that.

There is some interesting work happening on the notion of foundational infrastructure by people such as Karel Williams of the University of Manchester. I mentioned industrial strategy and there is a report being published today by the industrial strategy commission of the universities of Sheffield and Manchester that says that every place should have a basic minimum level of infrastructure. It says that economists are now beginning to get their heads around that and see that it is important, which is quite interesting.

There is a big question in the UK, particularly in England, about how to capture things such as land value uplift in places that are more market driven and where the economy is more buoyant, and to use that to reinvest back into infrastructure elsewhere. That is highly difficult and problematic, but we have to get our heads around that. For instance, we have not done enough in London to capture the land value uplift from property and land that has been used to invest in crossrail to then reinvest elsewhere. We also need to address the question of land value, tax and redistribution.

Barry McCulloch: In the light of that question, city region deals are unquestionably the new game in town. We have three operational city region deals that have levered significant investment, there are several in the pipeline and we have two operational growth deals that are looking for external investment.

It is only natural that local authorities, being tight on finance, will go where the money is, but there is a wider point about building resilient local economies outside of that. The approach is city-centric and my fear is that businesses and citizens outside the city region sphere will miss out, unless we focus on maintaining existing infrastructure, spending and recruiting locally, building up local economies and insulating them from the external shocks that we know will happen. It is all taking place at a time when the economy is in a difficult state and business confidence is subdued, so it is really important that we maximise the economic impact from not just local authorities, but all levels of government.

Kenneth Gibson: There is a real question whether infrastructure investment should go into areas that are doing well to make them grow even more or into areas that are falling further behind to allow them to catch up. Obviously, I would support the latter route.

My question, which is for Professor Maclennan, is on gross value added. With regard to the 12 city deals that you have looked at, only one of which is in Scotland, I find the difference in new money—so to speak—per capita quite astonishing. Glasgow is the second highest of the 12 that you have looked at, and its figure of £556 per capita looks really impressive. However, the list ranges

from that to a woeful £3 per head in the north-east of England, Sunderland and the black country. Dr O'Brien might want to comment on this, too, but what is the reason for such colossal differentials in the deals that you have looked at?

Professor Maclennan: Peter O'Brien probably knows more about the English setting than I do, but when we compared the English deals with the situation in Scotland, we found the reason to be the bespoke nature of the deal. There was never any intention to have equality of per capita expenditure from place to place; it was all about the story that was told to Westminster and the funding bid that went with it. Indeed, the fact that there was no attempt to achieve equality is why I think using city deals as the basis for devolution in England is doomed from the outset. It is not going to serve that purpose in any fashion. In short, there is no rationale for the per capita expenditure differences that I have seen.

On the point about using infrastructure to make gains, I was recently doing some work for the Prime Minister's office in Australia. The Australians have an interesting view about our city deals; they find them relatively small and unambitious. They can afford to have slightly bigger deals; for example, the city deal in Sydney is about creating a third Sydney around a new international airport. They are on a different scale with regard to what they think this is all about.

The Australians also commented that they found the approach to the deals really odd. One used land, planning powers and infrastructure, but there seemed to be no coherent commitment to extracting development gain from the process to pay for the infrastructure. I think that that is true. When you look across the Scottish city deals, there has been no real thinking about the extent to which they, rather than taxpayers, can pay for the infrastructure, and I think that it would be well worth looking at that in the Scottish context. To repeat, though, I know of no rationale for the variations in expenditure.

Dr O'Brien: We have nothing other than the graph that we produced on transport infrastructure in Cardiff, Cambridge, Manchester and Preston, the information for which we found it very difficult to get. However, with regard to Sunderland and the black country, there was a sense that the UK Government wanted to conclude deals quickly and that money had been committed elsewhere. The funding that Sunderland got was for preparatory work for the advanced manufacturing park; those involved in the deal tried to be ambitious with tax increment financing, but they did not get anywhere with the Treasury. As we have said in our submission, that has led to this real disparity, and there are areas such as Sunderland, Stoke and Staffordshire and the black country that really

need investment in their local economies. Of course, it also leads to a kind of opaqueness and a sense of what some might call unfairness in the system.

The Convener: I will bring in Alexander Stewart in a moment, but I have a couple of questions that we will ask again in forthcoming evidence sessions and which we therefore need to cover today. Our understanding is that future funding for city deals is conditional on specific outcomes being met; however, it is also a guarantee of long-term funding. It raises the question of what happens if those outcomes are not met. Are the local authorities involved in the city region deals making alternative arrangements for the long-term sustainability of the projects that have been started? The term “retrofit” has already been mentioned, but is that code for pulling the plug on one scheme and popping it into another? It would be helpful to get some information and views on that.

Moreover, I am not quite clear about the outcomes that have to be met. We have already had some discussion about how one might define inclusive growth. Is GVA a relevant index when looking at outcomes? Should there be better thinking on how we monitor outcomes? Some general information on that would help us, as we will be asking witnesses in future meetings the same questions.

12:30

Dr O’Brien: On the first question about the role of local authorities or groupings of city regions in ensuring that the investment is available to deliver on particular projects, I would point out that with the deals running for 25 to 30 years there are, in effect, staged payments from Government for meeting certain conditions and criteria. You would not take 25 to 30 years to build, say, a metro system, or at least one would hope not; the timescale would be much shorter. However, the issue for a group of local authorities is to securitise that income, borrow against it and deliver the investment over 10 or—hopefully—five years.

The question, then, is what would happen if the group of local authorities that borrowed the money up front for investment did not meet certain conditions. That is part of the reason why some local authorities in England have been quite nervous about signing up to successor city deals or what are called devolution deals. They are not quite sure whether they can meet those financial requirements.

The Convener: Does anyone have any comments that might be relevant to the situation in Scotland?

Barry McCulloch: Your question is almost impossible to answer, convener, because of the lack of transparency. I am waiting for the work from Audit Scotland and the Accounts Commission to provide greater scrutiny and allow us to come to an informed judgment, but at the moment, saying whether or not the projects are on track to deliver growth would be a relative stab in the dark.

Professor MacLennan: In Glasgow, there has been a lot of discussion about trying to get indicators to suggest how progress is being made, and some progress has been made on that. When the commission in Glasgow was set up, its role was to scrutinise the projects that were there instead of saying what should be there, although a more active debate is now taking place about whether the commission should be saying, “The indicators are already showing that this or that is problematic, so maybe we should think about something else.”

I do not want to comment further on that, because that would get me into my commission remit, but I think that those are fair points to make. Some progress has been made, but there needs to be more. I think at a personal and professional level that the process needs to be much more transparent and much more in the public domain.

The Convener: Thank you. That was helpful.

Alexander Stewart: I thank the panel for what has been a very interesting discussion. We have touched on the frustrations and tensions that are emerging across the piece, and as someone who represents Mid Scotland and Fife, I have been looking at my region, which has affluent areas such as Perth and Kinross and Stirling, and other areas such as Clackmannan and Fife. There are real differences across the region that I look after, and various deals are being drawn up by the local authorities.

With regard to the issue of engagement, which we have touched on, local authorities have been the mainstay of—or have had a massive impact on—this process. Academia, too, has played its part, as have communities and business, although apparently to a lesser extent. However, the business community has told us that there has been poor or no engagement and poor or no consultation and there is little or no knowledge of what is happening. We have heard from previous discussions and some of the submissions that we have received about business champions being part of the process, and I would like to expand our discussion to cover that issue.

If we are to have the economic growth and investment that have been talked about, the business community will have to be pioneering and sector leading, but I have real concerns that

that is not the case in this matter. We might be told about good engagement with an organisation or business in some areas, but that has not happened with the small businesses that make up the mainframe in most of our towns and cities and which generate employment, economic development and potential for the future.

I have some real concerns about that situation, so I would like the panel to think about what should be happening and what we are trying to achieve through the direction that we are going in. However, I believe that the small business sector is already missing out in the process.

The Convener: Does the panel have any reflections on that? I suspect that Barry McCulloch might have.

Barry McCulloch: I share Mr Stewart's concerns, but the city region deals are here to stay, as we have committed to provide funding for at least a decade for two of the operational sets of deals and for 20 years for the Glasgow city region deal. Therefore, the conversation that we need to have now is about how we can make the process work more effectively, and we have to set aside concerns that that should have been tackled three years ago.

One approach is to reflect on developments outside the city region deals. We have a culture of open and transparent decision making, whether through community empowerment or participatory budgeting. Only this week, we had an announcement from the Scottish Government and COSLA about participatory budgeting and we have the business improvement districts. We are quite good at that in Scotland, but it seems that city region deals are insulated from those developments, and I struggle to understand why.

As Mr Stewart mentioned, there is an opportunity for improvement through having independent small business champions—that idea is an important part of our contribution to the debate. It is important to have an independent private sector voice involved in the deals. There is Opportunity North East in the Aberdeen city region, but it represents a particular segment of the economy—albeit an important one—and there are questions to be asked about how representative its views are of smaller local businesses. The small business champions would have the important role not only of scrutinising but of exploring opportunities and ensuring that key spending decisions are made with small business in mind. For example, that could mean ensuring that the public contracts Scotland website is used for procurement for public contracts, as has been done with the Glasgow deal. It is also about promoting opportunities, because there are significant supply chain opportunities for the private sector to exploit.

We need to be much more systematic in our approach to engaging businesses, because the engagement is piecemeal at the moment. We might run an event in one area or a survey might be developed in Moray, for example, to encourage businesses to take part. However, we need a much more holistic approach so that the local community overall—the private sector, the third sector and citizens—can have an open debate about what should be taken forward. The missing component is that transparent and open discussion about what is best for the economy of, for example, Moray or Stirling and Clackmannanshire, what the money should be spent on and how we take that forward.

The Convener: I wonder whether we can widen the discussion a bit, because I am conscious that we are not really talking about people and communities that much when we talk about inclusive growth. One reason why we were keen for Lesley Warren to come along was to get her views on sustainable growth and what an equalities agenda looks like. Barry McCulloch rightly talks about a small business champion in relation to future engagement and how city deals and city region deals should develop. Should there be an equalities champion? Is there a need for a much stronger engagement strategy in how city region deals do their business if retrofitting is going to happen to some of the deals? Are there lessons to be learned? Can Lesley Warren give us some pointers on how we can take that forward in a much more inclusive way for all our communities?

Lesley Warren: We would agree with most of what Barry McCulloch said. We already have much of the legislation that is needed. As was said, we already have the Community Empowerment (Scotland) Act 2015 and there are already duties on the public sector, which I have mentioned several times. We generally have a consultation environment when it comes to public spending and local decision making, but we are just not seeing that in city region deals. Therefore, the issue is perhaps not necessarily about introducing new schemes or ideas or having one person whose job it is. For example, the minister wrote to the Equality and Human Rights Commission and encouraged every city region deal to work with the SHRC because it is important to embed certain issues.

Our concern is that we just do not know where communities fit in the process. There has been no transparency about what decisions have been made, especially for some of the newer deals. It is not clear to us where communities would fit into that. We want to ensure that, when communities are included, it is not just tokenistic but meaningful and that their views have an impact.

The Convener: That is helpful. How can that be improved on? For example, what would inclusive growth mean to CRER? My constituency, Maryhill and Springburn, is very close to Glasgow city centre and is one of the most deprived constituencies in Scotland. I would want to know how the city region deal would benefit Possilpark or Royston. I would want to know that, instead of just making the strong economy in some parts of the city even stronger, the deal would get people economically active and bring added value to the economy of Glasgow. Despite my constituency sitting at the heart of a city region deal, I have issues about what inclusive growth would look like. What would inclusive growth mean to you? Those are questions about city region deals that we will have to tease out with the political leadership.

Lesley Warren: For CRER, employment is a key part of most of the deals, and we are looking at addressing issues of social exclusion in many areas. Scotland wide, members of the black and ethnic minority community are outperforming their white counterparts in education, yet they are less likely to be in employment. When they are in employment, we tend to find clustering in lower ranks and lower pay brackets. When the money is spent, we would expect there to be measures to tackle things like that. It is something that we have known about for a long time. The statistics are not new—they have existed for a decade or more.

We also know that there is massive underrepresentation of BME applicants among candidates for apprenticeships, and the situation is the same for disabled people. Again, we would expect the deals to be a vehicle through which to address those issues.

It is a shame that there is not enough information about the city region deals. If we had documentation about what they are currently doing, we could be more involved on the issue of positive actions and so on. I do not feel comfortable saying, "This is what we should be doing," because I do not know what is currently happening.

Alexander Stewart: You have identified many areas of major concern. In trying to progress the deals, we need to ensure that there is community engagement and that deprivation is talked about. It should not just be blue-sky thinking, whereby the deals are seen as the panacea that will sort out everything in the community for the next couple of decades. That will not happen unless everybody is involved in the deals and makes a contribution. With some of the deals, there are real winners and losers. As we continue to investigate the deals, it will be important to see how that progresses.

Where should we look next to see what is being achieved in communities and organisations? If we do not get it right, organisations will wither on the

vine and communities will go backwards instead of going forwards.

The Convener: Lesley Warren gave good examples of the kind of things that she would like to be monitored. What outcomes of the deals would the other witnesses like to be monitored?

Professor MacLennan: I spent a long time working on housing issues in Glasgow and I was on the board of Scottish Homes for 10 years. I spent a lot of time—two days a week, as it happened—working with communities in Glasgow and the west of Scotland more generally, mainly on housing issues. The energy that communities put into those issues really shifted those places. I have absolutely no doubt that, if communities had not been encouraged or enabled to take forward change, there would still be whole neighbourhoods, particularly in Glasgow, that would have issues with drugs and crime.

I am thinking about how this would play out in the other cities in which I work. At the very least, there would be a communities forum to discuss the issues recurrently. There would also be an annual communities conference to talk about progress as perceived by the community. In my academic capacity, I will write to the chairman of the Glasgow economic commission to suggest that it might be a rather good idea for us to do that in the context of Glasgow, and maybe the others will take it up. Community engagement of that kind is absolutely essential if these projects are to be taken forward and, as somebody said earlier, supported by the community.

The Convener: That is very helpful. Dr O'Brien, do you want to add anything?

12:45

Dr O'Brien: My brief final point on the matter is that, in England, a lot of the deals were capital heavy and we cannot divorce what was happening to local government revenue spending at the time, which was impacting heavily on local communities. Local authorities were having to cut back on services in local communities while, at the same time, those capital-intensive deals were coming in, which meant that there was an imbalance. The split between capital and revenue is important for the deals, as revenue tends to be much more important to local communities.

The Convener: Are there any additional comments before we move on?

Barry McCulloch: In terms of what happens next, it is important that the city region deal teams get out and talk to not only businesses but communities proactively and that those discussions involve not only the delivery of a project such as the improvements on Sauchiehall

Street but people's views on how things are and how they can be improved, because moves elsewhere to do that have been proven to work. The approach needs to involve a commitment to something that is a bit more open and transparent. However, to make those judgments, we have to know what we know and, at the moment, we do not.

There is good practice in Scotland performs, and I see no reason why city region deals should not aspire to a dashboard approach, so that people can, at a glance, see their overall performance.

Chris Day: That question rather blindsided me, so my response might not be entirely coherent. I will be looking into areas such as transport poverty. You will probably have seen the work that was done by Sustrans on that issue—I think that it was published last week. Some of the issues have already been alluded to by members of the committee.

For example, Edinburgh is a prosperous and overheated economy, and the question is, how do people who live in the less well-off communities surrounding it get access to it? By "access", I mean physical access, which involves issues around how easy it is to get to places via public transport as opposed to by car. For instance, it is easy for a well-off person who lives in East Lothian to get in their car and whizz around the bypass to their nice, well-paid job in Edinburgh Park. Issues such as modal split should also be considered.

I do not have a preset package of answers for you on that issue, but I can get back to you if you want.

The Convener: We are just prodding away and teasing some of this out. Your answer is helpful. Would Lesley Warren like to comment?

Lesley Warren: I welcome the questions about what can be done to improve things in relation to what we have just been talking about.

I am nervous about pointing to one magic bullet. With regard to the comment about community forums, we have been working hard to ensure that equalities are at the forefront of everyone's minds and that people do not just leave everything to be dealt with by an equalities adviser. We are talking about huge sums of money and people who are in high-ranking professions. Everyone should be thinking about equalities as part of their day-to-day work. We would like to see that being documented, in the first instance, as well as there being individual engagement and work with communities and wider Scotland initiatives.

The Convener: You would welcome a form of communities conference, but you think that equalities should be a mainstream, everyday

concern—that is the key point that you are making.

Lesley Warren: Yes.

Andy Wightman: I am still trying to work out what this is all about and what we are trying to do. I see some logic in what the UK Government was attempting to do in England, but I do not see the logic in Scotland. My understanding is that the Scottish Government has made no formal announcement that there will be a programme of city region deals. We have had a cities alliance and a focus on city regions in the third national planning framework, but none of that is matched up with city region deals.

The announcement that Glasgow would get a big lump of cash was made—by Danny Alexander, I think—in July 2014 and, within hours, the Scottish Government matched that sum. That was in the lead-up to the Scottish independence referendum. Is it not the case that what has been happening in Scotland has been done substantially on the back of a highly politicised process in 2014, when the story was that the fact that the UK Government was giving all that money to Glasgow showed that Scotland did not need to be independent and the Scottish Government then said that it would match that sum for related reasons? That was all quite hasty and took place in a politicised environment, and we are now dealing with the aftermath of that.

There is also the fact that we do not want to be left out through not having city region deals. However, from a Scottish policy point of view, I am still not clear what a city region deal is, because they do not seem to have any rational or logical underpinning. I am not saying that the English city deals have a rational or logical underpinning, but we can see what the UK Government was trying to do, and I do not see that in the Scottish context. Are we just playing catch-up in relation to decisions that were made, understandably, in a highly politicised environment in 2014?

The Convener: Now, there is a question. Professor Maclennan, do you want to start?

Professor Maclennan: To quote the Kinks, in the field of urban policy, we are dedicated followers of fashion—there is no doubt about that—and there were distinctive political circumstances at the time. That said, however, the Scottish cities alliance was a good idea. I was and am supportive of the idea of having a forum that brings together the major chunks of the geographical population of Scotland to discuss issues and the connections between them. That interconnection has been missing in the English context. However, the Scottish cities alliance was running on about £6 million or £7 million a year, so

it was about catalytic ideas rather than investment in infrastructure.

To flip the argument over, and recognising that the larger Scottish cities and the others are partly competitive with cities in England in terms of outputs and markets, could we argue that enough attention was being paid to strategic infrastructure investment in the Scottish city regions? In 2014, I would have been fairly confident in saying that it was not. Therefore, we needed something to deal with the city regions.

Back when, in cities policy in Scotland, there were cities development grants, those were allocated initially—before the programme was downsized—on the basis of a strategic city region statement. People have forgotten about that, and I remember it only because I was responsible for leading the review of Scotland's cities. There was a notion that city regions ought to have a strategic vision and work together, which prevailed for about 18 months and then disappeared for various political reasons.

It is not all simply about fashion and politics. There was a genuine case for having a more coherent view on how infrastructure could support growth, and we then needed the specific model that would translate into that growth. I would defend that as a reasonable expectation. However, as the process has gone on, it has not met my initial expectation that it would be a good way to have an infrastructure strategy that connects the economy, society and the environment. That has not evolved. We could do better, but we should not lose sight of the need for a coherent infrastructure strategy at the regional level.

The Convener: Because Andy Wightman might not have the chance to come back in again, I will give him the opportunity to make any additional reflections or to ask any further questions at this point, which can be mopped up by the various witnesses. Time is almost upon us.

Andy Wightman: I am happy, convener.

The Convener: It was helpful of you to ask, as a final question, "What is it actually all about?" It would be useful to get some clarity on the intended purpose of the deals, but it might also be helpful to hear what the witnesses think they should be all about. Can we have some final comments on city region deals?

Barry McCulloch: There is a degree of comfort in hearing that I am not the only one who is trying to make sense of them. The FSB has been trying to do that for about 18 to 24 months.

The position that we have arrived at is that the deals are a payment-by-results model, whereby the Scottish and UK Governments provide funding

for the projects that they want to deliver. However, that has not really brought together the UK and Scottish Governments in a programme of works to upgrade infrastructure or deliver a skilled workforce. The intentions are sound, but it has not quite worked out that way. We have spent a lot of time on building up the apparatus and structure. We are servicing the governance arrangements but we are forgetting the ultimate purpose of the city region deal, which is jobs and growth. We can argue about what that growth should look like, but that should be the focus.

City regions are here to stay, so we must consider what practical approaches will make the model work. I recommend that the Parliament not only undertake greater and regular scrutiny to make sure that the city deals are delivering but that it look at how to make it easier to do business across city regions. That is about not deregulation but better regulation. For example, at the moment, a window cleaner operating in the Glasgow city region needs eight window cleaning licences. There is an opportunity to put the process online and to streamline and simplify it so that a person has to apply only to one place in order to be able to clean windows throughout the Glasgow city region. We must consider the connection between municipal boundaries and economic geographies and have a serious look at what we can do to make it easier and more efficient to do business.

Lesley Warren: We want city region deals to be a real opportunity. As has been mentioned a few times, there is generally a positive attitude towards equalities in politics and across local government, but city region deals are an opportunity for people to put their money where their mouth is and say what they will do to tackle the issue.

Dr O'Brien: I have two final points. First, we should not underestimate the question of policy transfer and how the models will be transferred—typically by consultants—across local and national boundaries. There is a process to consider. The National Assembly of Wales is conducting its own review into city deals, and it would be useful to look at its report, which is imminent.

Secondly, the UK Minister for Cities, Greg Clark, did his PhD on incentive payment systems. The civil servants in the UK Government that we interviewed told us that deal making is in his DNA, so I would not underestimate that part of the story either.

Chris Day: I have not got much more to say. One should apply a certain element of perspective—the deals will not make or break cities, because wider global forces are work. When I moved to Edinburgh, in 1979, it was a sleepy provincial city. Through a combination of local government action and Edinburgh's genetic makeup, it has become the city that it is today.

Liverpool is a classic example of global forces overwhelming anything that can be done at the local level.

We do not have any easy answers. I remember being involved in ring-fenced funding in the early part of the previous decade, when the Scottish Executive had projects such as the public transport fund. Some of the issues have been going through another cycle, and a city region deal is another pot of money for things that local authorities will scramble to get. Sometimes, those things do not necessarily reflect what local authorities would, in a neutral environment, choose to do, but that is what is available and, when they are hard pressed, that is what they will go for.

Professor Maclellan: What the Government tries—or has tried—to do in terms of economic development and the geography of Scotland is a tough ask. It is a tougher ask now, in many respects, than it was, because where we put our money and how that pays off, although it meets social objectives, must contribute to the tax base in a way that is more constrained now than it was in the past. The deals that we make in the future will depend on how places thrive—and the Parliament's resources will be increasingly determined by that.

Territorial management—that is a good French phrase; although the French do not do it spectacularly well, the phrase is the right one—involves thinking about how the larger cities, the city regions and the smaller cities with their connections to the rural areas are all important. The Scottish voice has influenced city region deals, and inclusive growth is now a subject of discussion in England. That was not the case before the issue arose in the Scottish city region deal context.

City region deals are a relatively small part of the capital flow, but we need to think about how they fit into the broader strategic investment that the Government and, indeed, local authorities and groups of authorities want to make. There is the capacity to do something really interesting in the Scottish context and to build on the model rather than scrap it.

The Convener: I thank all the witnesses for giving evidence today—it has been really helpful. As Mr Wightman alluded, we always knew that we would be grappling and struggling a little bit to get our heads around some of the city region deal stuff. Today was our first evidence-taking session, and it has set the scene well. We are very appreciative of that.

If there is any additional information that you want to pass on—there may be something that you wish you had mentioned or you may have an

idea that you think we should raise with the political leadership when it comes to give evidence—do not hesitate to get in contact or send an email to the clerking team.

13:00

Meeting continued in private until 13:16.

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