



OFFICIAL REPORT
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Rural Economy and Connectivity Committee

Wednesday 24 May 2017

Session 5



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Pàrlamaid na h-Alba

Wednesday 24 May 2017

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RURAL ECONOMY AND CONNECTIVITY COMMITTEE
17th Meeting 2017, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)
*John Finnie (Highlands and Islands) (Green)
*Rhoda Grant (Highlands and Islands) (Lab)
*Jamie Greene (West Scotland) (Con)
*Richard Lyle (Uddingston and Bellshill) (SNP)
Fulton MacGregor (Coatbridge and Chryston) (SNP)
*John Mason (Glasgow Shettleston) (SNP)
*Mike Rumbles (North East Scotland) (LD)
*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Carroll Buxton (Highlands and Islands Enterprise)
Douglas Cowan (Highlands and Islands Enterprise)
Charlotte Wright (Highlands and Islands Enterprise)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 24 May 2017

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning, everyone, and welcome to the 17th meeting in 2017 of the Rural Economy and Connectivity Committee. I ask everyone to ensure that their mobile phones are on silent. We have apologies from Fulton MacGregor, who will not be joining us for this meeting.

Is the committee content to consider the approach paper to stage 1 scrutiny of the Forestry and Land Management (Scotland) Bill, which is agenda item 4, in private?

Members indicated agreement.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Convener, I am sorry to be picky, but my agenda says that it is item 5. Is yours different?

The Convener: It is indeed item 5. I will speak to the clerks later about my convener's brief. Thank you, Mr Stevenson, for picking me up on that. Is the committee content to take item 5 in private?

Members indicated agreement.

Highlands and Islands Enterprise

10:01

The Convener: Item 2 is on Highlands and Islands Enterprise. I welcome Charlotte Wright, who is the interim chief executive; Carroll Buxton, who is the director of regional development; and Douglas Cowan, who is the director of strengthening communities. Charlotte Wright will make an opening statement.

Charlotte Wright (Highlands and Islands Enterprise): I will be brief. Thank you very much for your invitation to come before the committee. It is my first opportunity to speak to you all and it is a good opportunity to update you on our wider activities.

I know that many of you know Highlands and Islands Enterprise well, but I thought that it might be helpful to set out some context on what we do and how we do it. We have a long history, going back 52 years to the formation of the Highlands and Islands Development Board to solve the Highland problem and arrest decline. That was an innovative solution to create a unique entity combining both business and community development, and that approach continues to be central to how we operate today. Although the overall picture of the Highlands and Islands has improved considerably since that time, we recognise that there are still parts of our region where there is fragility. We have some complex issues to do with population decline in those fragile areas, which continues to be a challenge, and some areas have narrower opportunities.

Our commitment is to drive growth throughout all parts of the Highlands and Islands. Our overall guiding strategy is of course "Scotland's Economic Strategy" and we deliver significant activity under the strategy's four Is. That activity is about innovation—we have a number of programmes that support innovation; internationalisation, which is about supporting businesses to export; inclusive growth, which is important in terms of not only fair work but geographic inclusion; and investment, which is about ensuring that we use our investment powers to leverage growth.

We operate through our four key priorities. That is how our operating plan is set out. The first priority is to grow businesses and social enterprises to deliver their growth aspirations—primarily we do that through our account management approach, but we also have a number of programmes that are available to the wider business base. The second priority is to strengthen communities and fragile areas and is core to our activities. The third priority is to develop growth sectors. In doing that, we make

sure that there is a focus on distinctive regional opportunities for the Highlands and Islands. The fourth priority is to create the conditions for a competitive and low-carbon region. That is about our infrastructure investments, our digital work and supporting the development of higher and further education.

I will briefly give you a flavour of what that means. Last year, we supported the creation and retention of almost 1,700 jobs, and the businesses that we supported anticipate turnover growth of £120 million, of which £80 million will come through international sales. We supported 12 inward investment projects and we are currently account managing 415 businesses, 170 social and community enterprises and 50 whole communities through our community account management approach.

I could say more, but I sense that you want to move on, so I will stop there.

The Convener: Sorry—I hope that I did not make it that obvious. Members have a lot of questions, as this is a matter of great interest to the committee.

Gail Ross (Caithness, Sutherland and Ross) (SNP): Good morning. We all know that there are a lot of fragile areas in the Highlands and Islands. You mentioned that in your introduction. In some places in my constituency—very small communities such as those in north-west Sutherland, for example—when one family leaves, the local school is immediately under threat of closure and various other situations arise. How does HIE identify and support fragile communities? Are any areas that were considered fragile no longer considered fragile? If so, what was done to make them no longer fragile?

Charlotte Wright: I will start off, and my colleagues may want to join in. Your question goes to the heart of a lot of what Highlands and Islands Enterprise does.

We have a process for identifying and supporting fragile areas in which we look at a range of statistical measures to identify aspects of what we term fragility. The measures are to do with distance from main service centres and sparsity of population. That process brings out communities mainly on the periphery of the Highlands and Islands, including—as you rightly point out—north-west Sutherland, a lot of the western fringe of the mainland and the islands. Those make up the majority of the fragile areas.

In supporting those communities, we tend to work with an existing organisation or community company to see what we can do with it, to develop a plan and to put in place support. Sometimes, such an organisation might not exist, so developing capacity within the community is an

important first step. That process itself draws a lot from the community and can be a big call on it. The communities are small, and the people in them hold down two or three different jobs as well as wanting to support the way forward for their locale. It is a big ask of communities, so making sure that we invest in their capacity building and giving them that support, perhaps through a community account manager or helping with the employment of a local development officer, can be critical in the early planning stages.

You asked whether any communities are no longer fragile. That is a really difficult question for us to answer. There are some areas in which we have seen a distinct improvement, but we have shied away from telling them that they are no longer fragile and having hard boundaries about that. We need to deal with the opportunities and challenges as they emerge.

Carroll Buxton (Highlands and Islands Enterprise): That is a really good point, as a lot of the fragility is relative to performance in the rest of the region. Some of the issues, such as distance from a major service centre, are not necessarily solvable and it is more about what we can do to mitigate those aspects. Things such as digital connectivity are very important.

There are communities in which things have improved significantly. For example, the population of the Isle of Eigg has grown dramatically, albeit to a still relatively small number, because of the support that has been given and the projects that have happened there.

Douglas Cowan (Highlands and Islands Enterprise): Although we focus a lot of our strengthening communities activity on our fragile areas, we also utilise the full HIE toolbox—we support businesses in those areas and look for specific sectoral opportunities that can impact on them. For example, we are working on the north coast 500 and how we can leverage the opportunities that come out of that.

In other areas, there are specific sectoral opportunities that apply across the region. Islay, for example, is also classed as a fragile area but it has a number of major multinational businesses so we work to help the whisky industry support the growth of that island. We adopt a host of different interventions that are based on the opportunities and challenges of the specific community.

Gail Ross: HIE uses different indicators from the Government, the council and the national health service. I believe that you use the Scottish index of multiple deprivation. It is difficult to pinpoint very small pockets of deprivation in rural areas. Are your indicators better placed for rural areas and would you recommend that Highland Council or NHS Highland should adopt them?

Charlotte Wright: We have had a number of conversations about that, particularly through the community planning partnerships that operate throughout the Highlands and Islands. We would agree with your comment that the indicators of multiple deprivation are helpful in the urban context but they do not bring out some of the characteristics that Carroll Buxton highlighted, such as the sparsity of population and the challenges for rural areas.

Our experience has been about bringing those things together through the community planning process. In the Highlands and Islands, there are one or two areas that suffer from some of the more urban challenges. A certain area of Inverness, for example, stands out as fitting those characteristics and we would work with community planning partners to support it. As one of the statutory partners in community planning has made clear, the rural context is important and the locality planning process allows planning to build from the bottom up and take account of some of the rural challenges.

Our experience at that level has been that partners are willing to look at the process. Carroll Buxton might want to comment—

The Convener: That was quite a full answer. I am conscious that we have a lot of questions. Gail Ross has a follow-up and then another question.

Gail Ross: One of the main aims of community planning partnerships is to reduce inequality. How does HIE feed into that in the rural context?

Charlotte Wright: That is about a number of things, such as access to work, education, services and facilities. Our part in community planning is clearly about the economic strand of activity. Supporting that and dealing with challenges to employment, particularly wage levels and opportunity within the employment base, particularly in some of those more rural communities, is about improving equalities overall.

Gail Ross: We spoke about fragility earlier. Brexit is a hot topic at the moment. What conversations have you been having with businesses in the Highlands and Islands about Brexit? How can you help them to prepare for the possible impact?

Carroll Buxton: Our account managers talk to account managed businesses every day. HIE also runs a business panel, which has 1,000 organisations across the Highlands and Islands that we survey regularly to get their feedback on specific issues. In recent surveys, we have been asking them about their feelings about Brexit and its impact.

The picture is mixed and there have been some positive aspects. For example, the tourism sector

in the Highlands and Islands has had a bit of a boost, with more visitors coming to the area. Food and drink, on the other hand, has been slightly less positive. People are worried about exports, particularly to the European Union, which is a major market for them.

At the moment, there is uncertainty. People do not really know what will happen so they might be being a little bit slower to make some of the investment decisions that they might have planned. There are concerns about access to the labour market and the free movement of labour, particularly in some of the key sectors in rural areas such as tourism and food and drink, which have quite a high proportion of workers from overseas.

10:15

Day-to-day communication is an on-going part of our account management process, but we also do regular surveys to ask people to update us on their plans.

You asked what we can do to help companies. We have run a number of seminars with colleagues about potential new export markets and how to deal with import substitution. We know, for example, that businesses are looking to market their goods and services more locally, as opposed to further afield, or perhaps to other parts of the United Kingdom. We can take practical measures like that.

On the labour market side, we are working with colleagues to try to ensure that, in the medium term, we can make opportunities in the sectors more attractive to indigenous labour forces and build up the skills locally to take on those jobs.

Gail Ross: What about funding? Over the years, the Highlands has traditionally benefited from a lot of European funding.

Carroll Buxton: Obviously, that is an aspect that concerns people. We have been a transition region, so the volume and the value of European funding coming into the area have been declining, albeit that they are still important to specific projects. Some areas have more concerns about that than others do. For example, overseas students have quite an impact on the higher education sector. We have been working on a number of transnational co-operation projects. Those are not just open to members of the EU, and we can partner up with other countries and benefit from some of those funding streams.

We are looking, first, at other sources of funding to replace EU funds and, secondly, at how we can continue to tap into some of those in the future landscape.

Peter Chapman (North East Scotland) (Con):

Good morning, folks. My question follows on from the discussion on Brexit. In your introduction, you said that one of your high-level activities is supporting exporters. How many more new exporters are there in the HIE area since last year and how does HIE support increased export activity?

Charlotte Wright: We have a number of programmes to support that international activity, and we are using EU funds as part of a programme to bring in new exporters. We have devised a measurement system, which we call the internationalisation ladder, so that we can track the progress of internationalising businesses from the early stages of when they start to think about exporting. A company may start that process by going to an exhibition overseas, just to see how exporting works and to start making contacts. That may build into their having a presence overseas and becoming fully integrated into an internationalising agenda and relying considerably for their income and turnover on internationalisation.

We have found that that support has made a significant difference. I do not know whether Carroll Buxton has a number handy.

Carroll Buxton: I am trying to find an exact number, but I am not sure whether I will find it in the next two minutes. However, we can supply it.

Charlotte Wright: We can certainly give you that information, because we have been tracking that area. Getting more value is key, and more value tends to come out of a smaller number of businesses. Also, the way to grow the base of internationalising is to bring in new entrants. That is a slow process—it can take up to five years from starting to think about exporting to fully exporting.

Peter Chapman: If you can find the figure in the meantime, that would be useful.

We will move on. Food and drink is obviously an important part of your work. The graph in figure 1 of the Scottish Parliament information centre paper shows that it is the second most important area, in terms of the numbers of clients that you account manage. That does not surprise me. I have a fairly specific question: will you provide details on HIE's food and drink collaboration initiative for small-scale food producers?

Charlotte Wright: I think that you are referring to our joint work with Scottish Development International to bring together smaller operators in the food and drink sector. Again, that is principally to tackle the issue of exporting.

Exporting is a challenge for a small business and, of course, a lot of the business base in the

Highlands and Islands is small and the producers within it can be small. Collaborating and working together, along with the additional support that we have put in by providing someone who led the process on behalf of the collaborative group and went into the market, made the contacts and acted as the agent supporting the process, have made a big difference.

We are looking at how we can take that model and roll it out further—not only to other parts of the region, but in other activities. We have also found that there is a synergy across products with provenance. People are interested not just in food and drink and its provenance in the Highlands and Islands, but in other products—textiles such as Harris tweed, or other items—that they look at together, as a basket of products.

Peter Chapman: Are the food and drink products mainly from fishing or farming? I suspect that they are a bit of both, but mostly from fishing.

Charlotte Wright: Let me give the committee a flavour of that. Farmed salmon, which is produced in the Highlands and Islands, is the UK's biggest food export. It is the most significant sector overall and plays a big part in our exporting—as does shellfish, although it is a much smaller sector than farmed salmon.

There is a range of other products, including quite a lot of bakery products. There are some big producers in the Highlands and Islands, such as Walkers, and a number of smaller companies, such as Reids of Caithness, which has been massively successful and has recently won awards for its products. We are finding that there is a lot of traction in bringing together niche products. Salmon dominates as far as both volume and value are concerned, but there is a lot of activity across smaller niche producers.

I should also mention growth in the distilling sector, with niche whisky brands and a lot of producers making gin. Microbreweries have also been very successful.

Peter Chapman: Very good. Thank you.

The Convener: Jamie Greene has a quick follow-up question on that.

Jamie Greene (West Scotland) (Con): You mentioned your relationship regarding exports. Will you explain to me how you work with SDI and the Department for International Trade, which have strong and large overseas networks to help businesses from across the country export to the wider world, and not just to Europe?

Charlotte Wright: SDI operates as an entity that is jointly owned by the Scottish Government, Scottish Enterprise and HIE. It is very much part and parcel of how we operate in international trade. We have two or three members of staff

based in the Highland and Islands who are part of SDI. They host a number of exhibitions and meet-the-buyer events, and are very much part of our programme of supporting increasing international trade. We use SDI's network of 22 overseas offices in work on our inward investment priorities and to make contact with our businesses that have their headquarters overseas. SDI is very much part of our team; we see ourselves as being part of its team, too.

The wider relationship with the DIT tends to use SDI as the gateway. In the development of CSWind UK, in Machrihanish in Argyll, we found that we worked very well together with UK Trade & Investment—as DIT was then—and SDI to make sure that what is now the Korean investor came to Argyll to take over that facility.

Richard Lyle (Uddingston and Bellshill) (SNP): Audit Scotland informs us that HIE's spending has decreased by 22 per cent in real terms since 2008-09. How does HIE respond to Audit Scotland's concern that budget reduction over the past seven years

"creates a risk that the enterprise bodies' resources are being spread over too broad a range of activities and this might not be the most efficient use of their funding and expertise"?

Charlotte Wright: The Audit Scotland report was a very important piece of work and it was good to see that it found that, on the whole, the work that is done by us and SE is very successful, overall. In the public sector, it is always a challenge to look at budgets and at opportunities and challenges in how we can use our resource.

On the points that were raised by Audit Scotland, we have sharpened the approach in our resource prioritisation framework, which is a tool that we use internally to make decisions on where to allocate resource. We have an investment strategy tool for our account managers and supporting businesses. That tool is to ensure that those businesses make the best decisions on whether to use HIE resources or to use our influence to support other investment, or whether to use both as a package to make investment work overall.

We are also looking at our plans for strategic investment at our own hand—for example, the more significant infrastructure projects. We use the split in our activities between our supported businesses and communities, and things that we do at our own hand, to flex our use of budget across the piece.

We look forward, along with our partners, to seeing how the operation of the new strategic board contributes to the priorities of Scotland overall. As I said in my introduction, though, our

guiding document for priority setting is "Scotland's Economic Strategy".

Richard Lyle: On your balance sheet for 2008-09, including business receipts you had £10.6 million. In 2015-16, there was £43 million. It quadrupled. Why is that?

Charlotte Wright: The difference tends to come from a number of sources. The thing that can make the most significant difference is property sales. We always factor an amount for property sales into our budget—we have done a fair amount of that in recent years, although it is probably tailing off now. We have sold some properties, which means that our portfolio is smaller than it was.

Richard Lyle: What proportion of HIE investment over the past few years has been in the Inverness area? Has it been at the expense of more rural areas, such as the Western Isles and Sutherland?

Charlotte Wright: If you want precise figures, I will need to come back to you with them. What I can say, however, is that we ensure that we invest across the Highlands and Islands. We have made a significant investment in the centre of Inverness through the development of the Inverness campus. That is not just about serving the city of Inverness, though: the campus has a broader reach as a location for business and the University of the Highlands and Islands.

I would set that against our investment in the Western Isles in recent years. We have, for example, spent nearly £25 million on developments at Arnish, near Stornoway; we contributed £5 million to the £10 million development of Lochboisdale harbour, as part of the community developments there; and we contributed £1 million to the development of the fantastic facility that is Lews castle in Stornoway. Our record on ensuring that our investments are spread throughout the Highlands and Islands speaks for itself. That is important to us.

Richard Lyle: You make sure that everyone gets a share of the cake.

Charlotte Wright: As I said in my introduction, it is important that we drive growth throughout the Highlands and Islands. That does not mean that the split in resources looks the same every year; rather, our approach takes advantage of the opportunities or challenges, at any one time, throughout the area. The benefit of that regional approach is the ability to switch resources, depending on what has happened or what the opportunities are.

Jamie Greene: I would like to talk bit more about your finances. I believe that your 2016-17 spending budget is about £80 million. How much

of that will be spent on loans to businesses, on grant funding and on taking equity stakes in businesses in the HIE area?

Charlotte Wright: I am afraid that I do not have that split in front of me; I can come back to you on that.

Jamie Greene: Okay. Looking backwards, are there success stories, major losses or investment write-offs from those loan or grant schemes that you think the committee should be aware of?

Charlotte Wright: Let us look at a few of the recent successes. We are working with Inside Biometrics, which is an early-stage life sciences company in Dingwall. The company's principal formerly worked at LifeScan, which is part of Johnson & Johnson and is Scotland's biggest life sciences company. He left LifeScan when it did some downsizing and set up Inside Biometrics. We have made a number of investments in Inside Biometrics and we recently awarded it research and development funding. The company has grown tremendously and is attacking an important niche in diabetes and ketone monitoring. It is also doing useful work for people who want to track their metabolic rates during exercise.

10:30

Such investment in early-stage companies carries a degree of risk. So far, this one has been on a very successful course; similar companies in Argyll have not been so successful. For us, the balance of risk is important. Without making judgments and deciding to follow through on them, we will not get the kind of growth that ultimately leads to small companies turning into impressive and significant employers, as Inverness Medical, which is now called LifeScan, did.

Jamie Greene: I am trying to get a sense of the return on investment from such investments. It is not clear, either on paper or in your evidence, whether the ROI is heading in a positive direction or whether there are more losses than gains. Perhaps you could write to us with details of some of the financial details behind your investments—which have been successful and which have not—and the relevant returns.

Charlotte Wright: I am happy to give you some detail of the split on that. The overall impact of our investment shows much more success than loss. The message that I wanted to get across is that a degree of loss is expected, because we are taking risks. That is the business that we are in.

Mike Rumbles (North East Scotland) (LD): Last year, your operating costs were just over 18 per cent of your spending plan. I know that your budget has been reduced over the past few years. Have your operating costs reduced or are they at

the same level, at about 18 per cent? What is the trend?

Charlotte Wright: Some costs have reduced—a key one being our headquarters costs. We were in a building that we leased; we moved out of it to allow an inward investor to move in. We have built our own building on land that we own, which has led to a significant saving. We are also rationalising our office space across the Highlands and Islands. However, it is really important to us that we retain local offices, so we will always ensure that we do that.

I would like to make a point about operating costs in terms of the staff resource. You make a valid comparison in relation to the cost of operation and the amount of money that we disburse to businesses and others, but much of what we provide is advice that comes from the people whom we employ. Those staff are part of the operating costs, but they also deliver direct to business.

Mike Rumbles: I was just trying to get a handle on whether the operating costs have stayed the same, as a proportion of your overall spending, or have increased or decreased.

Charlotte Wright: We have increased slightly the budget for the current year, but that reflects the picture that I have just painted for you of our moving more towards ensuring that advice and information, through expertise in our staff base, are key parts of our product.

Rhoda Grant (Highlands and Islands) (Lab): What progress has been made in the past year towards achieving the goals that are set out in HIE's operating plan?

Charlotte Wright: Are you talking about the year that ended in March?

Rhoda Grant: Yes.

Charlotte Wright: I will give you a flavour of that. I mentioned in my introduction that almost 1,700 jobs were created and retained, which is significantly higher than the range that we set of 700 to 900 jobs. There were significant outliers in that, in terms of big investments with some of our inward investors. We tend to look at those as outliers within the overall picture, but that was a very significant outturn in job numbers for that year.

We measure the impact of what we do with businesses in terms of business turnover; we look at how much of the increase in their turnover can be attributed to our intervention by year 3 of their development plans. On that basis, £120 million of increased turnover is forecast, of which £80 million will come from international sales. Again, that shows that there is a focus on an international sales push.

I mentioned the 12 inward investment projects. We are also account managing and supporting 47 communities. As the committee knows, what we do with social enterprise and the social economy is really important to us. We are looking at turnover growth in the social economy of £5.6 million.

We have provided 155 premises with access to fibre broadband. Our subsidiary company Wave Energy Scotland, which deals with technology development in wave energy, disbursed £6.5 million to 16 projects. Through our digital excellence centre #hellodigital, more than 2,000 people came to a variety of events to progress what we want to do on digital. It is great to get the fibre in place, but we also need to realise its benefits. The events were on a range of subjects, including drones, virtual reality and 3D manufacturing.

Carroll Buxton: Those are examples of the progress that we have made against our harder measures, but there is a range of other things that are more difficult to measure—for example, the support that we provide to Highland and Islands Airports Ltd to attract more international flights into Inverness airport, which has a huge impact on the region. Just the other day, KLM announced that there will be a second daily flight from Inverness to Amsterdam. The feedback that we have had from the business community and potential investors is that that improved connectivity is extremely good.

We recently undertook with young people in the region research on how they feel about the region and their attitudes and aspirations. They are now much more positive about their prospects in the region: they want to live and work and study in the Highlands and Islands, and they say that it is now a much more attractive place to live than it was five years ago. They think that it will be even more improved five years forward.

Some of the trends that we look at are becoming more positive. It is not always easy to say how much of that is directly attributable to what HIE has done, but we are certainly contributing to many improvements.

The Convener: Rhoda, are you going to move on to the next question, because Gail Ross would like to ask a follow-up question?

Rhoda Grant: I have a follow-up to ask before I move on to the next question.

The Convener: Could you pause after your follow-up to let Gail Ross come in?

Rhoda Grant: Okay.

That sounds very positive. Do you foresee challenges in meeting your targets?

Charlotte Wright: Do you mean our targets for this year?

Rhoda Grant: Yes.

Charlotte Wright: As Carroll Buxton mentioned, our business panel said that there has been a slowdown in businesses making investment decisions. That will continue to be an area on which we focus, and we will need to use our investment powers as leverage. Uncertainty always means that businesses feel a bit less confident about making decisions to develop. We want to make sure that we continue to find the right strategy and to provide the right support for businesses to enable them to continue to grow.

Gail Ross: You said that 1,700 jobs have been created and retained. I imagine that it is relatively straightforward to calculate the number of new jobs that have been created, but how do you calculate the number of jobs that have been retained? What does that mean?

Charlotte Wright: If there is a threat to a business, we need to look at what would happen if we did not invest to support it. In some cases, the business would retract. Such investment might mean that the business will maintain the workforce, but sometimes it is a mix—as well as maintaining jobs, it might grow additional ones. We look very carefully at that. In some cases, we are talking about quite small numbers. However, in more high-profile cases in which there has been a total threat to a business and we have stepped in, we may be able to say that the intervention through the public sector has genuinely supported maintaining the whole facility.

Rhoda Grant: Audit Scotland said that HIE, Scottish Enterprise and the Scottish Government had to do more to ensure that your performance framework aligns with the national performance framework. What work has been carried out, and do you think that it is well aligned now?

Carroll Buxton: Quite a lot of work on that is going on through the enterprise and skills review. Our staff have been working closely with the Scottish Government and Scottish Enterprise, in particular, but also with other public sector bodies to ensure that we are more aligned and that we are measuring the same things in the same way. It is work in progress. We have done some work internally on how our measures align with the national performance framework. On a broader basis, we are working with those other organisations to improve that, and a new measurement framework is in development.

Charlotte Wright: It is important that we continue to measure the things that we measure because of the activities that we undertake. We have the additional remit of what we do with communities and the social enterprise sector, and

we want to ensure that we are still tracking and measuring that work in terms of our investment and the impact that it has on those communities.

Rhoda Grant: Would it be helpful if the national performance framework adopted some of those measures? I hear from people in other areas that they are quite envious of HIE's social remit. People are keen to have that social dimension reflected, especially in areas of deprivation and areas with rurality issues. Do you see that being adopted?

Charlotte Wright: We are discussing that in one of the workstreams of the enterprise and skills review, which is on data. We are supporting the idea and, I hope, influencing where the work will go. We recognise that we are a regional agency and that there are a number of national indicators that we would contribute to.

John Finnie (Highlands and Islands) (Green): Good morning, and thank you for the good work that you do across the area. It is not always recognised, but I assure you that it is appreciated.

I would like to ask about social enterprises. The Highlands and Islands region has 9 per cent of the population but, I am told, 22 per cent of the social enterprises, 193 of which are account managed by you. That is 30 per cent of all your accounts. Can you give us detail of the specific support that is provided, please?

Douglas Cowan: Your numbers are correct: 22 per cent of Scotland's social enterprises are in the Highlands and Islands, according to the "Social Enterprise in Scotland Census 2015", which we were behind. We account manage about 150 social enterprises per se; the other 47 or so accounts are community account management, whereby we provide broad-based and more holistic support primarily to our more fragile communities.

The support that we offer to social enterprises is similar to the support that we offer to our business base. There is a broad range of support interventions, from advice and financial support to access to a wide range of services, including graduate placements. Intense account management support makes a difference and is appropriate for the plans and aspirations of social enterprises.

Our portfolio covers a wide range of enterprises, including organisations that support people who are furthest from the labour market. You might have seen in the media today news of our investment in Cope Ltd in Shetland to enable it to diversify and expand its operation. An organisation in Campbeltown, at the opposite end of the region, called Kintyre Recycling, does similar work. We have a number of clients in the childcare sector, which we support equally in a number of ways. We

cover a broad range of organisations geographically and sectorally and we provide specific support to organisations. The organisations that we work with are those that can deliver the greatest impact economically or socially.

10:45

John Finnie: How many of your account managed companies have signed up to the Scottish business pledge and the living wage? Is there a target for those initiatives for the current and future years?

Carroll Buxton: From memory—I will have to confirm the figure—about 10 or 12 of our account managed businesses have signed up. Sign-up is proportionate and even around the country, but the figures are relatively low. Although the business pledge is being heavily promoted by account managers to our client businesses, sign-up is relatively low.

Charlotte Wright: A high proportion—the majority—of our account managed businesses already meet the criteria of the Scottish business pledge, so the approach that we take is to get them to go through the final stage, which is to sign up to it.

John Finnie: Thank you. The term "alignment" has been used. I will ask about your relationship with other bodies—in particular, the Scottish Government—with regard to two specific issues. One of the issues, ethical investment, I have discussed with Charlotte Wright personally. The other very specific issue is the concerns that have been expressed about the geopark in north-west Sutherland, which is of world significance and requires only a modest sum. Are you able to comment on your relationship with the Scottish Government and other bodies with regard to those two issues?

Charlotte Wright: John Finnie and I have had a conversation about ethical investment: I have also talked to the Scottish Government about it. As we discussed, it is not straightforward to say what exactly we mean by "ethical investment". The particular point that we discussed previously was about involvement in the arms trade; we highlighted some of the activities of some of our engineering companies that might at some point feed into that supply chain. However, we do not directly support any companies that manufacture weapons, as such.

John Finnie: I am sorry to interrupt. Is that a conscious policy?

Charlotte Wright: We do not have a set policy.

John Finnie: Perhaps that is something that you could consider.

Charlotte Wright: I understand your concerns about that and we will continue to have conversations with our partners in the Scottish Government and see where that takes us in our policy approach.

Our local office in Thurso is looking at the challenges for the geopark that John Finnie mentioned. We have other geopark areas in the Highlands and Islands. I hope that we can find a resolution; I understand that they do a lot of good work. If there is a way that we can continue to support it and to find a sustainable route for it in the future, we will. The important thing with any such initiative is to find a route to sustainability.

The Convener: Well done on getting that regional constituency question in, Mr Finnie.

John Mason (Glasgow Shettleston) (SNP): Rhoda Grant already mentioned HIE's social dimension. It is slightly different from Scottish Enterprise, and I want to explore that a little bit. If we are going to have a new body in the south of Scotland, would it benefit from the community support model that HIE uses? Part of me wonders whether Scotland as a whole and Scottish Enterprise should use it, too. Is there something special about the Highlands and Islands—I agree that there is—that means that the model is required there, but not elsewhere?

Charlotte Wright: On your final point, I always say that there is something unique about the Highlands and Islands. There are other predominantly rural parts of Scotland that might share some of the challenges and opportunities, but the Highlands and Islands region is half the land mass of Scotland and has the significant challenges of islands and sparsity of population.

We are engaged with the group that is looking at the proposed vehicle for the south of Scotland. We have hosted visits from members of the south of Scotland alliance so that they can see what we have been doing in the Highlands and Islands and what is transferable. We are really keen to ensure that the experience, skills, knowledge and expertise of Highlands and Islands Enterprise are put into the mix to support the development of whatever is most appropriate to deal with the opportunities for the south of Scotland.

John Mason: Do you regard how you deal with communities as being significantly different from how Scottish Enterprise does it?

Charlotte Wright: Yes. For example, Douglas Cowan described earlier our approach to community account management, whereby we account manage whole communities and have worked to support those that have income-generating assets. We also run the Scottish land fund across the whole of Scotland in partnership with the Big Lottery Fund, which reflects the

expertise, the knowledge and, indeed, the policy of Highlands and Islands Enterprise, which is about where land sits for communities.

John Mason: There are challenges for communities all over Scotland, although I accept that the challenges for those that you deal with are slightly different. However, I suggest that some communities in the cities are also struggling with their identity, and so on. From what you have learned, do you think that there is anything that Scottish Enterprise could roll out more widely in urban areas?

Charlotte Wright: There are always opportunities to share knowledge. Our work has focused on communities in our rural areas. The degree to which that could be transferred to other areas would depend on the challenges in those other areas. Our challenges are often about access to facilities and resources, but the challenges for urban centres—we have few of those—are more about the indicators of deprivation that we spoke about earlier, such as higher unemployment or lack of access to employment.

John Mason: My last question is about where Inverness fits into all that. It is now a city, which it used not to be, and it seems to be doing quite well. Does it not need the same level of input as rural areas?

Charlotte Wright: Inverness is a tremendous success story. As you are probably aware, in order to compare different parts of the country, the story of Inverness has often been compared with the story of Dumfries. What has happened in Inverness has had an effect across other parts of the Highlands and Islands and is a driver of the economy. We do not claim that it drives the whole Highlands and Islands economy, because there are a number of small economies throughout that diverse area.

What we need to do in Inverness, which we are doing, is focus on the key opportunities, which means investing in the business base and creating a dynamic city environment. We are working with Highland Council on delivery of the Inverness city region deal. It is important that it is a city region deal and is not just about the centre of Inverness. We can use that deal to push out to other parts of the Highlands.

John Mason: Thank you.

The Convener: Jamie Greene has the next question.

Jamie Greene: Much has been said about the demographic challenges that face the Highlands and Islands, so I was surprised to see that the area's population growth, with the exception of Argyll and Bute, where the population has shrunk,

has been double the Scottish average. What is your view of the potential demographic challenges over the next five, 10 or 15 years in the Highlands and Islands?

Carroll Buxton: You are right that the population story overall has been positive. The population in the Highlands and Islands is growing overall, apart from in Argyll and Bute, which has specific challenges. However, we view the demographic issue as a bigger one that is about the gap in the population that is caused by the missing younger element. The population in most areas of the Highlands and Islands is ageing. Encouraging young people to come back to the region or to stay is key to the region's growth. The position varies across the patch.

The research that we undertook recently, which I mentioned earlier, into the attitudes and aspirations of young people, has helped to inform some of our work. I do not think that the outcomes of that research have been a particular surprise, because it shows that young people want access to employment opportunities and education opportunities. Our work with the UHI has helped to ensure that young people can stay and study in their home areas rather than move away. Tackling the demographic issue across the region is key for HIE, and will continue to be a challenge going forward.

Jamie Greene: If I may, I will move on. One of the challenges in encouraging people to come back to the region is digital connectivity. Can you quickly reflect on that? Further, can you advise me whether you will be participating in the remainder of the reaching 100 per cent—R100—project?

Carroll Buxton: Absolutely. As you are aware, HIE has led on phase 1 of next-generation broadband roll-out in the Highlands and Islands. It has been a very challenging project, but HIE has been involved in connectivity and telecoms projects for a number of years and has a really good story to tell. I know that the service is not good enough or fast enough for the people whom the project has not touched yet, but we are an integral part of R100 and are working closely with Scottish Government colleagues on its shape and how it rolls out.

We have learned a huge amount from the phase 1 roll-out. We always knew that roll-out was going to be challenging in the Highlands and Islands, and quite different from the roll-out in the rest of Scotland. Although, by the end of the phase 1 contract, we will have touched 86 per cent of premises across the region, which is slightly in excess of where we had hoped to be—when we first started out, the target was 84 per cent, and we have achieved a better result than that—the remaining 14 per cent are the most challenging. It is, therefore, not a case of being complacent or

thinking that the job is nearly done; there is still a difficult job to do, and we feel that it is absolutely vital that HIE is part of that. Our colleagues in the Scottish Government have also indicated that they are keen for us to be an integral part of that work.

Jamie Greene: You mention reaching the last 14 per cent. I think that we all accept that the most challenging parts of the country to get to are the furthest-away parts of Scotland. We have heard evidence that it may cost as much to get high-speed connectivity to those areas as it will cost to get it to the rest of the Scotland in its entirety. Do you have any views on that?

Carroll Buxton: I think that better-informed people have given you evidence in the past, but I agree that the bits that we have got left to do will cost a significant amount of money. We will not be sure until we do some detailed modelling, but I would not disagree with the ballpark figures that you have been given.

The Convener: Can I just clarify something, Carroll? We have been given three different sets of ballpark figures, varying from £100 million to £600 million. Which ballpark figure would you not disagree with? I do not wish to take you too far from being your diplomatic self.

Carroll Buxton: I think that my colleague Stuart Robertson, who gave evidence at a previous meeting, said that the cost would be in the region of £300 million.

The Convener: Okay. So—somewhere in that sort of range. That was very diplomatic.

Carroll Buxton: Can I be cheeky and correct the answer that I gave to Mr Finnie? I can update the figures on the business pledge. Twelve of our account managed companies had previously signed up to the business pledge and the number has now risen to 17. Across the Highlands and Islands, there are 25 companies that are signed up to the business pledge, including companies that HIE does not support.

John Finnie: That is very positive. Thank you.

Jamie Greene: I am pleased to hear that tech hubs are developing in the HIE area. That is very exciting. However, with technology come risks including automation in industry and technological advances in rural agricultural industries. Do the digital economy and technology pose any specific risks to HIE's progress, or do you see more opportunities?

Charlotte Wright: I definitely see more opportunities. I think that we are all aware of the productivity challenge that Scotland faces. As ever with such numbers, the productivity gap looks bigger for the Highlands and Islands, which reflects the business base. Therefore,

opportunities for automation or use of technology are what we are looking for with companies.

A great example of that is what we can do with Liberty, which is the new owner of the aluminium smelter in Fort William. It is not only protecting the production of the primary product but is planning some downstream manufacturing. That is a significant step in industrial manufacturing for the Highlands and Islands, as well as an opportunity to make it state of the art from day 1. It is easy to find opportunities when we look at big manufacturing processes.

On a smaller scale, we look at that in relation to our food and drink industry because that is all about production and how it can be improved and speeded up. There are some great examples out there of how innovation has made a difference to smaller-scale businesses.

11:00

The Convener: Carroll Buxton said earlier that further detailed modelling would be done on the final 14 per cent that we have not managed to get to. When are you planning that detailed modelling and when will the results be known?

Carroll Buxton: The procurement process for R100 will kick off this year, with contract awards sometime next year. Some of the modelling will start at that stage but a lot will be done once the engineers are on the ground delivering it. In the course of the contract, we have found that you can estimate to a certain extent during the procurement process, based on the information that is available, but sometimes when you get out there on the ground things are not necessarily as you thought they were.

The Convener: I asked that question because one of the questions that I think we probably all get asked is when people will get their broadband. Especially in relation to HIE projects and businesses across the Highlands, that becomes fairly critical.

Carroll Buxton: The phase 1 contract for the build in our area is coming to an end and the main part of the contract concluded back in December, but the extended build and the spend that is funded by the innovation fund and the gainshare payment, which is what BT put back in because of the take-up, will extend to December and probably into 2018.

Build will continue in our area over the next 18 months and the R100 build will kick off after that. We will be able to update communities about when they will be coming into the programme through the normal process—the exchanges on the website.

Rhoda Grant: The Highlands and Islands region has enjoyed quite high employment rates compared with the rest of Scotland, but we know that some of that employment is made up of multiple jobs and low-paid, seasonal working. To what extent is that the case? How can we tackle that, given that tourism is obviously a big part of the Highland economy?

Carroll Buxton: In terms of employment rates, you are absolutely right. Historically, the Highlands and Islands region has had higher levels of employment than the rest of Scotland. Similarly, it has had lower unemployment levels, although that can vary quite a bit across the region.

We have low-paid sectors; some of the major sectors are historically reasonably low paid. Part of our remit and part of the account management work that we do with businesses is to drive up wage levels in the businesses that we support. For example, if we look at the profile of salary levels in businesses that we supported last year I think that there is a good story to tell and a good picture to show. That is how we do it—by supporting businesses to grow and helping them to increase wage levels individually.

Charlotte Wright: Rhoda Grant spoke about people having a number of jobs. We recognise that picture, but it is difficult to get the true data on it. I can think of numerous examples in which we know that that is happening. That says something about the employment opportunities, particularly when they are affected by seasonality or, as Carroll Buxton said, by the predominance of some low-paid sectors.

Trying to get to the bottom of that is quite challenging, but I think that we have enough anecdotal evidence from our knowledge of the communities that we live and work in to know that something is happening around that. In some ways, it is a good thing, because it is about community resilience. People are ensuring that all the key things in a community are getting done and that services are being picked up. However, it is a challenge for an individual to juggle two or three jobs—I absolutely recognise that.

Rhoda Grant: I will move to a different question, which has come up today to an extent. It is about the growth of Inverness and whether that is to the detriment of the rest of the region. Have you looked into that? To what extent does Inverness attract businesses and people from the rest of the region? Does it act like a magnet, pulling what communities need into the centre rather than encouraging those aspects to be spread out to the periphery?

Charlotte Wright: Generally, there will always be an attractiveness to what the biggest city in the Highlands and Islands can offer, whether that is

about business or greater social opportunities and amenity. A lot of people use Inverness for that service base.

We and our partners—UHI is an important example—have recognised that we operate in a distributed way. There is nothing like the University of the Highlands and Islands anywhere else, in the way that the colleges operate across the further education and higher education sectors to provide blended learning opportunities.

We have not only the colleges but a network of learning centres throughout the region. In the past 10 years, that has made a substantial difference to access to further and higher education, which in itself will drive up the opportunities. People can use Lews Castle College or North Atlantic Fisheries College to access a full range of academic provision through UHI. That has the ability to be a game changer; it is why we have supported UHI for the past 20-odd years.

Our approach is similar. Our area officers are integral to how we deliver and to ensuring that our resource distribution reflects the need and the opportunities. That is critical to us.

Inverness is important, and having a regional centre is important to the growth of the region. Getting that right is a bit of a balancing act.

Rhoda Grant: Have you done any work on whether Inverness acts as a block to people leaving the region altogether? If those facilities did not exist in Inverness, people might have left and gone to Glasgow, Edinburgh or Aberdeen, as has happened historically in the Highlands. Is having that focus on Inverness and the facilities there keeping people closer to home and making it more possible for them to move back home, if the opportunities arise?

Charlotte Wright: Some of that is evidenced by the youth survey that Carroll Buxton mentioned. We have done the survey twice, with a five-year interval. In that period, there has been a difference in young people's attitudes. Several years back, the attitude—certainly in some parts of our region—was that the brightest and the best would be on the first ferry, train or boat out. That attitude has changed considerably. People have a commitment to the area, and the ability to access the university and jobs has begun make a difference. People are starting to see employment opportunities.

The provision of student accommodation in Inverness, Fort William and elsewhere is also making a difference and students are moving into those areas. For example, people are coming from elsewhere to study the adventure tourism degrees in Fort William, staying there and adding to the community. That makes a big difference, and the areas are slowly building.

On your key point, we have some information and research. Perhaps we could do more to understand how those dynamics work and how we can leverage them to the best for the region overall.

Mike Rumbles: The Scottish Government announced last August that a new islands strategic group would be set up that included leaders and chief executives from all the councils that have islands. Is HIE involved in that group?

Charlotte Wright: We are not involved with that group, but we have been working through our area teams that are based in the island areas on the islands deal, particularly its economic strand.

Mike Rumbles: The Government will introduce an islands bill. What should be the important elements in that bill? What would you like it to include?

Charlotte Wright: We made a submission to the Scottish Government's consultation on the islands bill illustrating the importance of the Government taking a flexible policy approach to the islands and, indeed, other parts of fragile mainland areas.

In the Highlands and Islands we have many fragile areas, such as remote peninsulas, that are equally as challenged as those that are totally surrounded by water. Indeed, plenty of those areas are surrounded on three sides by water and have many of the same challenges. In some ways, a wider issue for those fragile areas is making sure that we have proper access and that the policy supports them overall. We made comments along those lines.

Mike Rumbles: It surprises me that you have not been involved in the group. Do you think that you should be?

Charlotte Wright: We are certainly happy to support the group. That decision was led by the views of the local authorities that are involved.

Mike Rumbles: Okay. I find that strange.

The Convener: Richard Lyle has the penultimate question, after which I will ask a question.

Richard Lyle: There is a new line in your budget, with £1 million allocated for support for Scottish Government initiatives. What is that budget line for?

Carroll Buxton: Sorry?

Richard Lyle: This year, there is a funding line of £1 million that has never been in your budget before. It is for support for Scottish Government initiatives.

Carroll Buxton: I am sorry, but I do not see that figure.

The Convener: Richard, is the figure for 2015-16?

Richard Lyle: Yes, it was for 2015-16. I am sorry.

The Convener: One million pounds was set aside for that budget line.

Charlotte Wright: I am sorry, but I have not brought any information on 2015-16.

Richard Lyle: Perhaps you could let us know. I am just curious about that budget line.

Charlotte Wright: We will certainly do that. I am sorry about that.

The Convener: You will be aware of the recent vote in the Parliament on the HIE board and the decision that was made. How is the Scottish Government implementing that decision?

Charlotte Wright: The Scottish Government has confirmed that the Highlands and Islands Enterprise board as we know it will continue to operate as it does currently. There will be no change to the HIE board.

The Scottish Government intends to progress the new strategic board. That is under way. The new board has not met; it has not been formed. The chair of each of the agencies, including the chair of HIE, will be a member of the new strategic board. On the key point—I know that there was a lot of local and other interest in that—the HIE board continues with its current membership and to operate in the same way. All its decision-making powers and autonomy remain the same.

The Convener: I will push you a little bit on that. I see in our briefing paper that you are the interim chief executive. Does that mean that you are staying or has that not been sorted yet?

Charlotte Wright: HIE is recruiting for a permanent chief executive. The process should be concluded in early June.

The Convener: Thank you very much for enlightening us on that.

Is there any issue that we have missed that you would like to bring briefly to our attention?

Charlotte Wright: The conversation has been wide ranging. I apologise that we did not have some of the specific details that members have asked for, and we will make sure that we provide them. If members of the committee have any matters on which they want to follow up with us directly, we would be delighted to come and talk to you or, indeed, to invite you to see some of the projects that we have talked about in the

Highlands and Islands. I am keen to do that and to get to know you all better.

The Convener: Thank you for that offer. The clerks will be in contact with you about the additional information that we have requested and which you have offered us. We will circulate that information to members when it arrives.

Thank you very much for attending the committee and giving evidence to us.

11:13

Meeting suspended.

11:18

On resuming—

Subordinate Legislation

Regulation of Scallop Fishing (Scotland) Order 2017 (SSI 2017/127)

M9/A90/M90 Trunk Road (Kirkliston to Halbeath) (Variable Speed Limits and Actively Managed Hard Shoulder) Amendment Regulations 2017 (SSI 2017/128)

M90/A90 Trunk Road (Admiralty Interchange to Dalmeny) (Variable Speed Limits, Actively Managed Hard Shoulder and Bus Lane) Regulations 2017 (SSI 2017/129)

Cattle Identification (Scotland) Amendment Regulations 2017 (SSI 2017/133)

The Convener: Item 3 is subordinate legislation. The committee will consider four negative instruments, as detailed in the agenda, and whether it wishes to report any issues to the Parliament. Members should note that no motions to annul have been received in relation to the instruments and no representations have been made to the committee on them.

As no member wishes to comment, does the committee agree that it does not wish to make any recommendation on any of the instruments?

Members *indicated agreement.*

Annual Report

11:19

The Convener: Item 4 is consideration of the draft annual report, which covers the work of the committee during the parliamentary year between 12 May 2016 and 11 May 2017. I would like to consider the report page by page. Are there any comments on page 1?

Stewart Stevenson: I have some general comments. I have passed to the clerks the details of some minor typographical points, which I will not discuss in detail now. However, in paragraph 2—

Peter Chapman: That is on page 2.

Stewart Stevenson: I beg your pardon.

The Convener: We are on page 1.

Stewart Stevenson: Thank you, convener. We are now one-all.

The Convener: Mr Stevenson, I am not keeping score. Anything on page 2?

Stewart Stevenson: At paragraph 2, I wonder whether it might be useful to add before the sentence

“All meetings were held in Edinburgh”

that the agenda for all meetings, including details of private business, is published on the Parliament’s website. The purpose of doing that is to make it clear that, while we do meet in private from time to time, we make public the matters that we discuss in private so that we can be held to account for them.

The Convener: Okay. Is there anything on page 3?

Jamie Greene: Someone’s space bar seems not to be working. There are quite a few odd typographical errors.

The Convener: They will all be picked up in the proofreading. Is there anything on page 4?

Members: No.

The Convener: Page 5?

Stewart Stevenson: At the end of paragraph 12, it says that

“the bridge was due to open in May 2017, six months later than originally planned.”

In light of what the cabinet secretary actually said to Parliament on 8 June 2016, perhaps we should consider whether our report should say that the bridge was due to open in May 2017, which is in line with the contractual date, but which is six months later than previously anticipated.

The Convener: That is a factual representation of the situation. Is there anything else on page 5?

Members: No.

The Convener: Is there anything on pages 6 or 7? Page 7 has a very nice picture of Richard Lyle and John Mason.

Mike Rumbles: Is that really necessary?

The Convener: It is a good picture and we will move straight on.

Richard Lyle: I have to say that Mr Mason and I had a very enjoyable walk through the Queen Street tunnel. That was an exciting project and it was exciting to be able to see it.

The Convener: We are now on page 8.

Jamie Greene: I am checking whether something is said about this later in the report, but I have triple-checked and I do not think so. There is a lot in the report about certain transport issues but it is my impression that it does not give the flavour of the broad range of transport issues that the committee covers, such as ferries, electric vehicles and so on. I feel that the report focuses specifically on the bridge and rail services and very little else.

The Convener: We can certainly add to the report to make sure that it gives a flavour of all the areas of transport that we are involved in.

John Finnie: Might it be helpful to include the committee's areas of responsibility at the beginning of the report?

The Convener: That would be useful.

Mike Rumbles: While we are on that point, I cannot see a section on the petitions that we have dealt with.

Stewart Stevenson: That is on page 11.

Richard Lyle: Yes, page 11.

The Convener: Yes, there is a short section on petitions.

Mike Rumbles: There is nothing to say what we have done with them.

The Convener: We can expand that.

Mike Rumbles: It would be helpful for the public to know.

The Convener: We will expand that to show what we have done with the petitions.

As members have no points on pages 9, 10 and 11, we are now on page 12.

John Finnie: The report has been well put together, and I appreciate that it is just a short summary, but I have two issues to mention with regard to equalities. First, the committee is looking

at the public transport aspects of the Queensferry crossing because we know that public transport addresses a number of equalities aspects. Secondly, in relation to crofting, we are specifically looking at the entry and the retention of young people.

The Convener: The point about public transport is interesting. I think that it would probably fit more neatly into the section on the Queensferry crossing, but we can certainly refer to that. We can also refer to the fact that we are looking at new entrants into crofting.

The clerks advise me that both those points fall outwith the technical definition of equalities, but we will fit them into the report in the appropriate places.

John Finnie: I bow to the clerks, but not everyone has a motor car and the age, poverty and mobility aspects of equalities are addressed by public transport.

The Convener: Perhaps I can follow that up with the clerks.

John Finnie: Yes, indeed. Thank you.

The Convener: One or two suggestions have been made about the report. If members are happy, I will take them up with the clerks and make sure that they are included in the report, which will then be published, subject to those changes. They are not contentious and the report will not need to come back to the committee, if members are happy with that. Is that agreed?

Members *indicated agreement.*

The Convener: That concludes the public part of the meeting.

11:26

Meeting continued in private until 11:38.

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