



OFFICIAL REPORT
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Economy, Jobs and Fair Work Committee

Tuesday 24 October 2017

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ECONOMY, JOBS AND FAIR WORK COMMITTEE
26th Meeting 2017, Session 5

CONVENER

*Gordon Lindhurst (Lothian) (Con)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Jackie Baillie (Dumbarton) (Lab)
*Ash Denham (Edinburgh Eastern) (SNP)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
Richard Leonard (Central Scotland) (Lab)
*Dean Lockhart (Mid Scotland and Fife) (Con)
Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Gillian Martin (Aberdeenshire East) (SNP)
*Gil Paterson (Clydebank and Milngavie) (SNP)
*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Carolyn Currie (Women's Enterprise Scotland)
Matt Lancashire (Scottish Council for Development and Industry)
Helen Martin (Scottish Trades Union Congress)
David Watt (Institute of Directors Scotland)
Paul Wheelhouse (Minister for Business, Innovation and Energy)

CLERK TO THE COMMITTEE

Alison Walker

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Economy, Jobs and Fair Work Committee

Tuesday 24 October 2017

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Gordon Lindhurst): Good morning and welcome to the 26th meeting in 2017 of the Economy, Jobs and Fair Work Committee. I ask everyone present to turn off or switch to silent their electrical devices, as they may interfere with proceedings. I have received apologies for this morning's meeting from committee members Richard Leonard and Gordon MacDonald.

Agenda item 1 is a decision on whether to take in private items 5 and 6. Does the committee agree to take those items in private?

Members *indicated agreement.*

Subordinate Legislation

Renewables Obligation (Scotland) Amendment Order 2017 [Draft]

09:31

The Convener: We move to agenda item 2. I welcome the Minister for Business, Innovation and Energy, Paul Wheelhouse. He is accompanied by Heather Stewart, who will assist him on the Renewables Obligation (Scotland) Amendment Order 2017, which is subject to the affirmative procedure. I invite the minister to make an opening statement.

The Minister for Business, Innovation and Energy (Paul Wheelhouse): Thank you very much, convener. Since its introduction in 2002, the renewables obligation has driven investment in renewable energy capacity across Scotland. Installed renewable capacity has risen year on year and now exceeds all other forms of electricity generated. Our renewable electricity output has almost trebled since 2006, and in 2016 it was equivalent to 54 per cent of the electricity consumed. As well as putting us on track to meet our interim 2020 emissions reduction target, investment in this area has facilitated substantive economic growth and job creation.

In 2015, the low-carbon and renewable economy generated £10.5 billion of turnover and supported 58,000 jobs, of which about 26,000 were in the renewable energy sector. The costs of funding the RO are recovered through levies on energy suppliers, which pass the cost on to consumers through their electricity bills.

As the costs of renewable support mechanisms are generally borne per unit of electricity, industries that are electricity intensive can see their costs increase significantly. That can place energy-intensive industries at a disadvantage when competing in international markets with businesses in jurisdictions where no such mechanisms are in place to support renewables. In response to that, in 2014, the United Kingdom Government announced that it would compensate certain energy-intensive industries for the indirect costs of the RO and the parallel feed-in tariff scheme. In the 2015 spending review, the UK Government subsequently announced a transition from a compensation scheme to an exemption scheme. Shaped by industries' feedback, the exemption scheme is designed to improve investor certainty and the competitiveness of businesses by providing greater clarity, certainty and accuracy of support.

The Scottish Government supports measures to reduce the indirect costs from low-climate policies

to help ensure the international competitiveness of energy-intensive industries. As such, we have sought to ensure that those industries operating in Scotland can benefit from the proposed Great Britain-wide exemption, while redoubling our efforts to decarbonise our economy more generally. However, in May 2016, we published a consultation seeking views on the proposal to implement the RO Scotland exemption. That ran alongside a UK Government consultation. In both consultations, views were sought from businesses and consumers across Great Britain.

Responses to our consultation showed strong support from stakeholders for a consistent approach to be applied across GB. A clear case was made that that was required to protect Scottish businesses from uncertainty and complexity, which could pose a direct threat to Scottish jobs and increase costs for consumers.

The amendment order for consideration by the committee today is designed to avoid any such threat to jobs. The approach is favoured by a majority in the stakeholder community, and it is fundamental to the successful and effective operation of the exemption for businesses that are located in Scotland. I do, however, acknowledge the concerns that have been raised by some stakeholders.

First, it is important to state that the exemption will not detract from the industries' efforts to reduce direct emissions and improve industrial energy efficiency as part of our wider whole-system decarbonisation agenda for Scotland's energy system. Energy-intensive industries will continue to be incentivised to improve their energy efficiency through participation in carbon markets such as the European Union emissions trading system. We are engaging with energy-intensive industries to support energy efficiency improvements through the delivery of the Scottish manufacturing action plan and the Scottish Government's energy strategy, due for publication later this year, and with advice and support available from agencies such as Resource Efficient Scotland.

Secondly, and importantly, we recognise that non-eligible businesses and households will see a small increase in their electricity bills. The best estimate is that households could see a 0.2 per cent increase in their annual electricity bills—the equivalent of £2.30 per year—and large, non-exempt energy users a 0.6 per cent increase, which, of course, can represent a significant amount in some cases. Analysis also indicates that there may be a small increase in fuel poverty in the absence of any efforts to mitigate this. However, any such theoretical increase should be considered in the context of our wider actions to tackle fuel poverty among households and, in

parallel, to help businesses reduce their energy costs.

The Scottish Government is delivering our 2016 programme for government commitment to make £500 million available over the next four years for improving energy efficiency and combating fuel poverty through Scotland's energy efficiency programme. By the end of 2021, we will have allocated over £1 billion since 2009 to helping make Scotland's homes cheaper to heat and reducing energy bills for householders. That funding will be used to build on the measures delivered through a range of UK and Scottish Government programmes to over 1 million households since 2008.

Our formal response to the final recommendations from the strategic working group and the rural fuel poverty task force was published in March this year. It confirmed that we would publish a consultation paper in autumn this year on a new long-term fuel poverty strategy. It will include proposals for a new overarching target, once the independent review of fuel poverty definition has reported. The strategy will feed into the development of a new warm homes bill, which we plan to consult on shortly and introduce in 2018. This package of measures will work to offset any increase as a result of the amendment and continue our progress in delivering warmer homes.

We have carefully considered the views of stakeholders, and the amendments that are contained in the order that is before the committee today are designed to support economic growth, international competitiveness and investment in Scotland as we progress towards our decarbonisation targets. They will ensure that energy-intensive industries operating in Scotland can benefit from the proposed GB-wide exemption, and they represent our continual efforts to support growth as we decarbonise our economy.

Before I formally move the motion recommending approval of the order, I am, of course, happy to respond to any questions that you, convener, or other members of the committee may have.

The Convener: Thank you. Are there any questions from members?

Andy Wightman (Lothian) (Green): Just a brief one: if the statutory instrument is not passed, will the UK order cover Scotland?

Paul Wheelhouse: The issue that we have is the cost. If the UK Government moves its own order, the costs will still be borne by consumers and businesses in Scotland, but they will not have the benefits of the exemption that the energy-intensive industries would get from our order being agreed to today. In answer, the costs would be

borne by electricity consumers but we would not get the benefits.

The Convener: If there are no further questions, we will move to the formal debate on the motion to approve the affirmative instrument.

Motion moved,

That the Economy, Jobs and Fair Work Committee recommends that the Renewables Obligation (Scotland) Amendment Order 2017 [draft] be approved.—[Paul Wheelhouse]

Motion agreed to.

The Convener: Thank you very much. We will record the result, and, in light of the timing, I invite the committee to agree that the clerk and I will produce a short factual report and arrange to have it published. Do members agree with that?

Members indicated agreement.

The Convener: In that case, I thank the minister, Paul Wheelhouse, and the official from his team, Heather Stewart, for their attendance.

Paul Wheelhouse: Thank you very much, convener and members.

The Convener: I suspend the meeting for a few minutes to allow our witnesses to take their places.

09:40

Meeting suspended.

09:42

On resuming—

Economic Data

The Convener: For our economic data inquiry today, we have witnesses with us whom I will introduce in a moment. I remind members to keep their questions short and to the point; the same applies to the witnesses in their answers. The witnesses should not feel that they need to answer every question, but they can indicate if they wish to speak by raising their hand.

Our witnesses are Matt Lancashire, director of policy at the Scottish Council for Development and Industry—I welcome you; Carolyn Currie, chief operating officer at Women's Enterprise Scotland—I welcome you as well; David Watt, executive director at the Institute of Directors; and Helen Martin, assistant general secretary of the Scottish Trades Union Congress—I welcome both of you as well.

I will start with a general question: how useful is the current suite of Scottish economic data for businesses and trade unions? I am not sure who would like to start.

Helen Martin (Scottish Trades Union Congress): Have I been nominated? I will start by saying that Scotland has some very good economic data. If you compare it with other regions of the United Kingdom, you will find that we have quite a number of robust figures that come out fairly regularly about gross domestic product, unemployment and employment. Those are useful measures for us as trade unions to use, and we look at the data quite closely and use it in a lot of our work. It is fair to say that the statistics are also of good quality. They are well produced by the Scottish Government and the Office for National Statistics. We recognise that they are robust and meet national statistics requirements, and that is an important thing to recognise.

However, there are a few issues and a few gaps. The first issue is about timing. There tends to be a bit of a time lag between the Scottish data and the UK data. Even on the best produced figures and some of the key indicators in the economy, there is a bit of a time lag in Scotland compared with what is available for the UK on GDP, for example. For the slightly more complex data in Scotland, the time lag is sometimes quite great and can even be up to two years.

There is also an issue with trying to break down the data beyond the Scotland level. When you try to look at what is happening in regions of Scotland or cities or at a local authority level, the data becomes much patchier. It becomes more difficult for someone like me, who is more a user of data

than a producer of data, to understand how the data sets fit together and how to really use that data at the local level.

09:45

For the Scottish Trades Union Congress, the key area and the key gap in Scotland is wage data. The wage data for the UK is really quite good, and we can track what is happening to wages at UK level; at the Scottish level, that seems much more difficult. There does not seem to be the same range of sources; we think that that is a real miss for Scottish data because, in future, we will have a lot more tax-raising powers and the amount that people earn affects the amount that they pay in tax. That data gap is likely to become much more noticeable and to have much more of an effect on what we can do in forecasting in the future.

The last thing that we would like to see in the improvement of data is around understanding of the quality of work in Scotland. We have a lot of quite dry data sources, and we do not necessarily do a lot of things that are about how people feel about their job and how well their job runs in practice. Those things are done at UK level but not necessarily here. That would fit well with the Scottish Government's fair work and sustainable growth agenda.

David Watt (Institute of Directors Scotland):

If I may, I will make a few introductory remarks in general terms first and come to some of the specifics later.

I suppose that, as they say, there are lies, damned lies and statistics. Some of the figures are quite contradictory, which is a bit of a challenge, and we will maybe come to examples of that later as well. As Helen Martin said, we are well covered compared with some other parts of the UK, partly because of the existence of yourselves in this building; the work that is done by the Scottish Parliament information centre and others is helpful. Some of the inconsistencies in the figures are interesting, too.

That having been said, the figures should be used primarily to indicate trends and not necessarily to define policy at a given time. There is a danger of that. With respect, politicians tend to get focused on outputs not outcomes, and that is quite a dangerous trend; it is a dangerous trend in business as well, it is fair to say. A short-term number of statistics does not help to identify where the country is going or where the economy is going in general terms.

There is an interesting point about having an Office for Budget Responsibility in the UK, which we do not have. That might be something to think about in the longer term.

Finally, we are absolutely fixated on the desire for evidence-based policy, but you have to be sure where that evidence is before you start. There is a bit of debate about some of the statistics, and perhaps we can exemplify that later. We should build policy on the future of Scotland, through this building and other places, on the basis of concrete evidence. Unlike certain politicians, we certainly believe in experts.

Carolyn Currie (Women's Enterprise Scotland): I echo some of the comments that were made by David Watt and Helen Martin. Our specific point would be that data should be incorporated to look at gender-disaggregated data. The availability of gender-disaggregated data in Scotland is extremely poor. It is also extremely poor at UK level. Our view is that all economic data should be gender disaggregated as a matter of critical importance.

I echo the statements that have been made about broader measures. We have an agenda that seeks to promote inclusive growth, but our current measures really do not help with that agenda and fall quite short. If we cannot measure it, we certainly cannot change it or understand what is happening.

We would support any calls for evidence-based policy. That is utterly critical, and data plays a crucial role in that. On what the current model covers regarding wage and earned income outputs, we would be keen to see greater evidence of non-waged work being included; childcare is a good example there.

Matt Lancashire (Scottish Council for Development and Industry): I do not know what to say now; I pretty much agree with what everyone else has opened with.

I suppose that what it comes down to is that it is not generally about the reliability of evidence from economic sources. There are sometimes competing economic statistics around, whether they are from the Scottish Government or the UK Government, particularly on areas around exports and sustainability. Sometimes, that can get lost in the complexity of the economy. Clarity is needed to enable people across Scotland, whether they are in business or are members of the public or whatever, to understand those figures and what they mean.

A simple example of that is that most of our exports go to the United States of America, but we do not understand who is exporting to the USA from Scotland, whether they are American, UK or Scottish businesses. What that means for the long-term impact on the economy and the sustainability of the economy is crucial for jobs and other factors.

The economy has moved on in the past 50 years. Our measure is gross domestic product, which is a crucial measure. It is internationally recognised, and it shows whether an economy is growing. However, it has its limitations. It was probably born about 50 or 60 years ago when the economy looked very different. It was very much a goods and services economy, and that is what GDP measures. The measure needs to be more intricate than that and we need to understand that we are in a post-digital revolution where goods and services are traded in very different ways and economic output is very different. A number of tweaks are needed, I suppose, to support what GDP measures in the long term as well.

John Mason (Glasgow Shettleston) (SNP): Your answer to the convener covered areas of strengths and weaknesses, as I understand it. To build on that, can you home in on the specific improvements that you would like to see being made and, linked with that, who should make them? We have some control over what happens in Scotland; we do not have complete control elsewhere, although we can make recommendations. What specific improvements are you looking for, and who might do that?

Matt Lancashire: Improvements could be made in a number of ways. In particular, an economic data unit will be born out of the enterprise and skills review that is happening at the moment, and it will support the gathering of some of this data, create credibility among that data and support thinking on the economy going forward. That is one route.

Another route would be from businesses themselves—gaining their expertise, knowledge and information and getting that ratified. A Government representative or the Council of Economic Advisers could ratify some of the information coming from business and use that as a means of strength. The enterprise and skills review gives an opportunity through the economic data unit to provide more robust data on the economy.

Carolyn Currie: Measurement is a critical theme that runs through our strategic framework document, which has just been relaunched—the strategic framework on women's enterprise in Scotland. It specifically states an aspiration to

“pool and share data ... with partners for consideration for further research”

and recommends that

“public agencies collate customer data in a manner which allows reporting by gender in line with Data Protection and Equality Legislation.”

That offers an excellent source of data in a collaborative manner that would help us to make good progress.

John Mason: Do you think that the data is sitting there and we just need to get it out of organisations, or do they not have the data?

Carolyn Currie: The gender-disaggregated data is sitting there; it is a case of building a framework to get it out. I understand that work has started in some cases, so progress should be on its way. Business gateway was able to state in its most recent report that 49 per cent of the businesses that it supported in the past 12 months were women-led businesses. At enterprise agency level, Scottish Enterprise reported that 3 per cent of its account managed businesses—growth-led businesses—were led by women.

David Watt: There are a couple of points to make on sources. One thing that Scotland lacks is a strong independent think tank. That would help us, to be honest. There have been attempts to establish that, but sadly they have not been successful. We should all get together on that. Reform Scotland and others are playing a significant part, and that is to be welcomed. That is alongside SPICe, which does a remarkable job. Its latest stuff on Scotland's business base, which I have beside me, is quite useful. Other people might not completely sign up to some of the figures, but I think that it is a pretty good and fairly accurate guide. Most would consider that to be the case.

We have still not tied in strongly enough to our strong university base in Scotland. We have 14 of the best world-leading establishments in various areas, and it is about how we get them involved. The committee and others have used people such as David Bell at the University of Stirling and others in the past, and I would like to see that continue. Obviously, the Fraser of Allander institute is another strong agency. Some coming together of those, perhaps, as has been suggested through the Council of Economic Advisers, might be a sensible way to look at that. However, the small problem is that those organisations sometimes produce different figures, which leave us all a bit confused.

John Mason: You used the term “think tank”. Are you suggesting that such groups should think about the data after it has been produced or that they should be more involved in producing the data?

David Watt: Both of those. Research is going on in universities, and perhaps we—business and the Parliament—should support and encourage universities to find some really strong data, not just stuff from the Organisation for Economic Co-operation and Development. Inclusive growth has been mentioned. If that is the Government's key target, which it clearly is, we need to look at the data that we have. We talk all the time about wage disparity, yet I saw evidence not that long ago that

it is wealth and not wage disparity that is the issue. We start to have a different debate if we look at the issue in a different way, so we need to look at that as well. Reform Scotland has come forward with slightly different policy options based on its research, but we should sometimes use universities for the strong base research. I know that SPICe does that, and that is really important. There is then the policy development that comes out of that.

John Mason: I suspect that some of my colleagues will come back to that.

I will come to Ms Martin, and I realise that Mr Lancashire wants back in as well.

Helen Martin: On the question of how we produce more data for Scotland, the key challenge is that it would cost quite a bit of money to produce the statistics that you might want if you were to try to reproduce at Scottish level everything that we have at UK level. The key here is to think about the key gaps in our understanding of the Scottish economy and the things that we really want to focus on and then to think about whether we need to produce Scotland-level statistics using Scottish agencies or to boost ONS surveys, and to think about the best and most cost-effective method of collection.

It is important to recognise, as the Fraser of Allander institute did in its evidence, that the powers in Scotland are not the same as the powers at UK level. We cannot require Scottish companies to fill in surveys in the same way, so it might also be about tooling up the agencies in Scotland to have the power to collect the data that we need. Particularly if we are going to have much greater powers over the economy here in Scotland, we need a good evidence base to make the decisions. However, there is always a balancing act about how we collect the data in a cost-effective way.

John Mason: You specifically mentioned wages as one of the gap areas. I assume that Her Majesty's Revenue and Customs is sitting on quite a lot of information about wages. Does someone else need to collect data about wages, or do we just need to somehow get it out of HMRC at a reasonable cost?

Helen Martin: My understanding is that there are three or four ways to collect wage data and each of them gives you a partial picture. I am not entirely sure that HMRC is the data source for wages, although it could be; that is an internal question for Government. The best thing to do is think about how well we can produce that data.

I just want to see what the data says and then use it. I do not pretend to be an expert on the best way to generate data, although I think that there needs to be a good and robust method that allows

it to be trustworthy and a good indicator of what the economy is doing. The best source is the one that comes from the ONS—the average weekly earnings source—and I would like that to be boosted to provide Scotland-specific data.

Matt Lancashire: I will keep this brief. There is an opportunity for the Government to collect the data and then for that to be commented on by others; that is one way that it can be used. There is an option for business itself to collate some of the data that cannot always be calculated and collated and then fix in on finite economic trends and issues in the long term on things such as sustainability, wages and exports. There is an onus to have that kitemarked in some way to show that it has been approved by Government or another type of body. That would be saying that you cannot gather and disseminate all the information, but you can trust information that has been produced somewhere else in the economy and that has been ratified and has some sort of kitemark. It is about how best to gather the data to allow comment after that. The more data we have that is ratified and consistent, the better commentary we will get on the actual economic data.

John Mason: Thank you.

10:00

Dean Lockhart (Mid Scotland and Fife) (Con):

Good morning. A lot of attention is understandably placed on macroeconomic data on issues such as GDP and unemployment levels, but I want to ask about business-level information. What level of information would be helpful for your organisations and your members' businesses to improve their business performance, to expand their business and perhaps to move into new markets? We have spoken about the high-level data, but it would be good to get your individual feedback on what is really useful for your businesses and organisations.

David Watt: There are quite a number of such areas, so that is a very good point. I keep saying that, because every day I am going to see less of the future, I get more fixated by it. Right now, business is at a time of unprecedented change in a variety of ways. We are seeing political changes and changes in things such as artificial intelligence are gathering a speed that has never been seen before. As I keep saying, we are going the fastest that we have ever gone and the slowest that we are ever going to go, so that sort of change makes it hard.

Businesses always talk about certainty. I know that politicians get fed up with that, and I do not expect you to forecast, but the more information on the economy of the sort that Matt Lancashire

just talked about that we have, the easier it is for businesses to plan. Businesses first need a strong picture of the economic trends in Scotland and the UK and, indeed, in markets beyond that, and the Government needs that as well to plan economic policy. Businesses need to know how countries are performing. They will not invest in a country if they think that it is not doing well. For example, I am personally concerned about the demographics in Scotland at the moment. That is a general trend that will be important.

That general background and macroeconomic picture is important to businesses. Beyond that, they will obviously be interested in economic data related to the sector in which they are likely to operate, whether that is energy, tourism or whatever. For example, the more data that a tourism business can get from VisitScotland, the better informed it will be about the potential market as it brings a new product to that market. That is pretty important as well.

The other thing that will be of interest to existing companies in this country and to those that are considering investing here will be the level of skills available right now and tomorrow. It is about what the education machine, if you like, will produce for them in one, two and five years. Those figures are really important. They are still generally available public figures first and foremost. Most of the specific figures will be on markets such as engineering. People in oil and gas will be reasonably well acquainted with those, but it is about how they fit in and the local and global trends.

To set the issue in context, for any business starting today, the global picture will be important, because there is potential to export from day 1 through technology. Competition will come globally as well, so it is a different situation. It is really important to have the global, UK and Scottish pictures in trying to identify the trends. To go back to my original point, I have suggested to Government that we should consider a future think tank for Scotland even within Government.

Things happen so fast now that it is really difficult to plan for the future. My favourite quotation came from somebody who said at a dinner recently, "Bear in mind that a child who goes to school today will never drive." That is a bald statistic that makes you sit back. We always say that things change very fast, but this is change that we have never seen before. This is lorries going five at a time down a motorway with one driver. It will happen in five years' time; it is not something that is a long way away. Change is coming fast. I am not saying that businesses will struggle with it, but they will have to adapt to it. More information at local and national level will be vital for them.

Matt Lancashire: I have mentioned a few things that David Watt touched on around exports and the lack of data that is shining on that. One thing that is more crucial than that is how we measure sustainability as part of our economic data. Our current economic data does not pay the attention that needs to be paid to the depletion of available resources and assets, whether in Scotland or the rest of the UK. It is key for businesses to understand how they can grow or not grow, depending on the assets and resources that are available to them. Getting more information and statistics on that would support businesses and give a longer-term view on the economy.

Helen Martin: We would echo a lot of what has been said. We use the macroeconomic data to give us a picture of the economy. We already have a picture of what workplaces look like through our members. We tend to then put that with the macro picture and use it to try to create a full understanding of the economy.

However, it would be helpful to replicate some of that understanding of what it is like in workplaces at national level through a survey of the quality of work and how people find their jobs in real terms, to pull together information on underemployment and other such issues. In some ways, that is what is missing from the conversation. We have quite a lot of information on bald trends about where work is, whether it is full or part-time and the types of contract that people are on, but we do not have the understanding of what that means for people. A lot of the political debate that I am involved in is about me saying, "It means this for workers," and other people saying, "No, it doesn't." It would be useful to have a statistical basis for that conversation.

Carolyn Currie: It would be wonderful to have the luxury of gender-disaggregated data at the macro level, as that would help us to focus on the micro trends. Our first ask would certainly be that gender-disaggregated data is made available at a macro level simply to help us understand and direct resources towards where the micro trends might be.

Data was released earlier this week on self-employment and the self-employed statistics. There is general concern that the trend of more women starting up in self-employment masks a greater problem with employment in the economy. That research shows that the gender gap in enterprise and self-employment is around 33 per cent, which is almost double the employment gender gap in the UK of 18 per cent. A greater focus on gender-disaggregated self-employment data would be welcome, as would a focus on some of the potential areas that may be leading to that trend becoming evidenced. It is utterly

appalling to have a gender gap of that extent. That type of data helps us to focus, and more of it would be extremely welcome.

On the economic agenda, internationalisation and innovation are critical areas. Our research repeatedly shows that women struggle to get access to support with internationalisation. Again, greater insight and availability of data on that would be extremely helpful to us, as it would show the support that is and is not being accessed and how we could collaborate to make a difference on that critical agenda. Likewise, with innovation, global research continues to show that women are a key component in achieving radical innovation yet, again, our research certainly shows that women's access to innovation is very slim at best. Again, a greater focus on access to innovation and its resources would be extremely helpful for us in trying to increase the contribution from the economic potential of women-led businesses. That would be most welcome.

Dean Lockhart: Thank you for your interesting replies. I want to follow up on a couple of those points.

It sounds as if there is benefit to be had in getting more real-time information from business in Scotland to understand some of the issues you have raised. However, there is a compromise to be made between getting that information and adding to the regulatory and information burden on business. How can we strike that balance? Is there an obvious compromise in getting more real-time information but not necessarily adding too much burden on businesses?

David Watt: That is certainly a good question and a fair point. I face that challenge daily in trying to get information out of my 1,850 members, who do not like to spend their time filling in questionnaires that I or, indeed, anybody else sends them. It is a real problem.

One of the problems that we have with information is the returns. Mr Mason asked a minute ago how we get information on things such as wages. Bluntly, there is a lot of legwork to be done, and Helen Martin made the point about the expense of that. That is true—there is no short answer to research. Accurate information is expensive, whether it is gained by phoning, emailing, which is pretty ineffective, or surveying employers, which is even more ineffective, unless you make it regulatory, and we certainly would not be in favour of that, as it is not where we want to go. There will be a cost to getting more accurate information, but it is part of our investment for the future. We cannot plan for the future if we do not know what it will look like and how things are developing.

Business has to play its part. As I mentioned, I would not want regulation—to put it bluntly, I always come back from that—but business has to shape up. We cannot ask other people to forecast the future if we are not, for example, speaking to the education sector and saying what sort of employees we will be looking for in three to five years. Without a doubt, we have a part to play in that.

Matt Lancashire: I support what David Watt says. There are other ways of receiving information and data from businesses rather than just through surveys. It needs to be more focused on specific issues and problems and on forming groups that can tackle those.

An idea that we have had at the SCDI recently is to form our own economic data lab, built from various institutions, including the University of Strathclyde and the Fraser of Allander institute. There are some bright young minds, and we bring them together to be supported by senior economists in some of our members' businesses to focus on economic trends and issues and build robust evidence and research. That does not cost too much and does not waste too much time—our members are also keen not to do that—and it enables us to use bright young minds to look at key issues, have the information ratified by senior economists and businesses across Scotland and then present it to be supported by or to challenge Government. That is more about finite issues such as skills in oil and gas or exports. There are approaches that are not just the customary ways of looking at things.

Carolyn Currie: Most women-led businesses would welcome the opportunity to be engaged in research because, currently, data just completely misses them out. That is really the problem here.

Helen Martin: There is a balance to be struck. We need to have a base of information on which to build, and, if there are gaps in that, we need to look at what we can do to fill them. Business needs to play its part and, if it does not, we need to consider all the tools that we have to make sure that it does. Notwithstanding that, it is very important that we focus on what we need and do not create a lot of unnecessary data pressures on people.

If that were clearly set out and defined, in some ways the conversations might be easier, because we would be asking for data only when we really required it, rather than having lots and lots of people at different levels coming with different things, which could be part of the problem.

Dean Lockhart: Thank you.

Ash Denham (Edinburgh Eastern) (SNP): My question is also about surveys and it has been partially covered. We have heard from previous

witnesses that things like the global connections survey have quite a high no-return rate. Can you shed any light on what the barriers are to businesses completing such surveys? Obviously, the Scottish Government does not have the power to compel, and you said, Mr Watt, that you do not think that the Government should have that. Is there anything else that could be done to get businesses to fill these things out so that the Government has the information that it needs?

David Watt: The enterprise agencies say that they have a significant number of account managed firms, which would be a good potential test bed for the measure that you are talking about in terms of global exporting and connectivity. While it would be only a litmus test—or a focus group, to some extent—it would still be worth taking the information from them. It may be that, as part of the support that businesses get from enterprise agencies, there could be an expectation that businesses would reply to surveys and things like that.

10:15

I genuinely believe that businesses should play their part and, to be fair, bigger businesses probably do. Our economy has many small and medium-sized enterprises, however, and the trouble is just the sheer number of requests for such information and the time that it would take. At a personal level, all of you probably get requests, almost every night, from British Airways, Google or whoever to fill in a form. When you are a business you can multiply those requests by 10; it gets overwhelming. Even deciding which form to prioritise to fill in is a challenge. We must work in partnership with the enterprise agencies, however. We need to say to business, including ourselves, “You have to play your part in this. If you want good information from government and others, you have to feed into the process”.

I will not embarrass myself by telling you the response rate that we get to some of the questions that we ask our members. It is not high, because it is just not what directors do. They do not fill in forms; they run businesses. It is not quite the same thing. It is a real challenge.

I get a lot of my information and thinking from being involved in face-to-face discussions. In the same way, the enterprise agencies could look at how they work with people to get that information. They help people to export, as, indeed, do the Scottish Chambers of Commerce, with significant Government funding. Part of that should be an obligation to feed back good information on the outcome of that work. We are doing work on the leadership programme with Highlands and Islands Enterprise, and it has put a fair amount of emphasis on us feeding back from the candidates,

the workshops and other stuff that we do. That sort of feedback is important as well.

Jamie Halcro Johnston (Highlands and Islands) (Con): Some of the questions that I was going to ask have already been raised, but I will not dwell on that. As a Highlands and Islands MSP, I am interested in the use of regional and local data and how it affects decision-making by enterprise agencies and businesses. Can you expand on how important you think that regional or local authority data can be and say where the gaps are?

David Watt: I happen to have information on Dumfries and Galloway from Nomis. I was digging it out recently—more accurately, it was handed to me. Dumfries and Galloway has just put together information on its border lands deal that it is submitting to the Scottish and UK Governments. I read that information with great interest. It shows real gaps in age groups and education access and levels for that area, so I think that such information would be extremely important for the Highlands and Islands.

Scotland, while a small country by population, is quite a geographically diverse country. The number of applications of industry across your area of the Highlands and Islands is, as you know, extremely diverse. The impact of fish farming, for example, is massively important. How we get information about that and about where people are, the level of their education and the impact of the University of the Highlands and Islands initiative, which is still developing in its relatively early years, is massively important. That is what I have found from the information that I have just seen. That allows business organisations to be more effective and understand what the local economy looks like, what the bigger and smaller industries are and what potential skill gaps and, indeed, demographic gaps you get from that information. That is extremely useful and local authorities should be focused on it. In the Highlands and Islands, to be fair, HIE does a pretty good job, and it is really important. It also leads you to look at how, for example, broadband roll-out works and where the difficulties are. That is related to infrastructure development.

Carolyn Currie: At regional level, the availability of gender-disaggregated data is poor, but it is critical that we are able to get that line of sight, particularly in rural communities. In rural enterprise and agriculture, for example, it is often women who lead diversification on farms, but, unless we get that line of sight, we are unable to look at a model or at best practice that is working and roll it out across Scotland. That is utterly critical. There is, for example, an excellent rural enterprise model in eastern Perthshire called GrowBiz. It has done a fantastic job, but, again,

data does not seem to be coming through at local level on where the successes are, where the evidence base is forming and where we can leverage those models much more broadly across Scotland. I should add that GrowBiz has an excellent women's enterprise network as part of that focus.

Jamie Halcro Johnston: We have talked about how we can collect more data, perhaps on a national level, but are there things that we can do at regional or local level to get information that is perhaps more suited and more tailored to the organisations that may use it?

David Watt: Your region is a good example because, in my experience, the Highland Council works very closely with Highlands and Islands Enterprise. The localised information there is quite strong and that is really useful. As I mentioned, it has to drill down into general information, industrial sector information and the needs, for example, of tourism, which is massively important in your area and in other parts of Scotland. Information about employment at the moment and about the skills that will be required in future for that industry and for a number of others is really important.

It is crucial that local businesses are engaged. I am not blaming other people, but I think that businesses may not be as engaged as they should be. I made the point earlier that HIE—as it does when we work with it—must demand that information comes in alongside the support that it gives. In the mentoring programme that we run for it, we have to give some fairly robust feedback on what happens and on the benefits, outputs and outcomes. That is important, and HIE needs to require that of businesses so that it can build a case over time.

It is also about working closely with local authorities, all of which have economic development departments, and tying that together is important. Then there is the other part about tying it together with significant companies that operate in an area, such as ScotRail. It needs to have good information about population in terms of planning for passengers and trains. It all ties together. It is really important that agencies and businesses work together to get the right information. Local authorities and enterprise agencies are the number one starting point for that.

Carolyn Currie: There are two levels to that. There is undoubtedly the need for all the agencies and the public sector support to collaborate in gathering data in local areas, but it is utterly critical that businesses are engaged in that process. Specifically, local models of support can be excellent but sometimes seem to be disconnected at local level in terms of reporting and feeding

back what is happening at grass-roots level. There should be a dual focus on collecting data at agency level or knowledge-support level and from those individual community models that are doing an excellent job. Somehow that information does not always make its way through. It is critical to understand best practice and have evaluations fed back as part of the micro-level data collection.

Matt Lancashire: Each local authority area is different and will look different, depending on the information data involved. The question is, what data is missing and what data is needed to support economic growth in that area? We need to focus our attention on that and on how business can support it in each local authority—differently, I suppose.

Helen Martin: The issue here is that there is quite a lot of data around at local level, but it comes from a lot of different sources. Local authorities produce a lot of data and look at a lot of data, but it does not necessarily leave the local authority. It can sometimes be difficult for a data user to understand everything that is known.

The Highlands and Islands provide a very specific example, because you have Highlands and Islands Enterprise, which does a really good job of putting things together for that area. If you were to look at other authorities that do not necessarily have that support, it might not be as easy to find out that information for those areas. There is something about how complex it can be to put together all the different data sources to get a picture of an area in the absence of an agency such as HIE. One of the key questions that we struggle with is the amount of work and time needed to put together that sort of picture. It is not easy to do that with the data that is available.

Jamie Halcro Johnston: What you say is interesting. Are there barriers to using that data, even if it is available, such as the methodology, how data is collected and whether it can be deemed credible by organisations higher up the chain?

Helen Martin: I am concerned about using data that is collected from different places using different methodologies and different sources. That always raises a bit of a question mark in my head. If data is not collected in the same way and if it is not about the same thing, someone trying to put together a data set can say things that are not fair and not true, if they are not using the data properly.

We try really hard to say things that we think are true and genuine about the economy, so there is caution in my head when I am trying to create local-level pictures and local-level commentary. I have to rely on what the local authority has done, what Nomis has done, what ONS data can be

extrapolated downwards and what the Scottish Government is saying. There are lots and lots of little bits and pieces of information that can be put together, and that is very useful but also very challenging.

As people have mentioned, we do not have the same number of think tanks working in Scotland. We have some very good ones, but, at times, it can be difficult to put together the pictures in all the ways that you might want to. Perhaps that is to do with my skill levels—I do not know. I think, however, that there is something about how we present the data and how we ensure that people can use it. Not every organisation in Scotland will have lots of time and resources to put into building that picture. I am sure that, if it is a barrier for us, it must be a barrier for other people too.

The Convener: Thank you. We will take a follow-up from Jackie Baillie before we come on to questions from Gillian Martin.

Jackie Baillie (Dumbarton) (Lab): I will go back to something that Matt Lancashire said and explore it a bit further. You made a specific connection between business needs and data collection around the challenges that the economy faces and the data lab. I could not make out from what you were saying whether the data lab was a proposal that did not quite happen. Is it happening? Has the reluctance of people to fill out survey forms, which David Watt identified, been overcome because you made it quite specific?

Matt Lancashire: This is in traction at the moment. It is part of our operational plan to get it up and running at SCDI this year. We are in conversation with Graeme Roy, who is sitting across the table, about how we look at doing this. There is a thrust from our members and our policy committee at SCDI to set up the data lab, which, as I said, will be made up of bright young minds from University of Strathclyde students and perhaps those from other universities, to look at specific economic trends and issues that can support the economic data that we have out there or provide some of the economic data that is missing out there. It will be focused on what our policy committee wants, which is our members coming together and saying, “These are the specific areas and trends that we need to look at”. It will then be ratified by the chief economist group that we are trying to set up at SCDI as well.

That is one way of doing it and overcoming what I suppose is not a lack of desire from businesses to fill in forms, but a time issue—that is the barrier that they face, particularly small and medium-sized enterprises, as was noted. The data lab is in traction and we hope to have it built in the next six to 12 months. That is where we are. We think that the data lab can provide some really robust

information, whether that is at national or local level.

10:30

Jackie Baillie: That is helpful clarification. I was not quite sure whether it was happening or not. I take it from that that it is about to.

Matt Lancashire: It is still in conversation.

Jackie Baillie: You also mentioned kitemarks. I am very conscious that we are data rich in many respects—there is lots of data there—but perhaps it is not in a usable form, as Helen Martin described. SE and HIE collect a lot of data. Some might say that some of the data is presented in quite a partial way to tell a story about targets and achievements. How do we get to a kitemark? Who runs it? How would that function? I think that you, Matt, raised it first, so I direct that one to you.

Matt Lancashire: I should not have raised it. [*Laughter.*] It is a good question. The answer is that we do not know, and I do not have a suggestion on how to put that forward. We can come back to you on that, Jackie. What we are trying to say is that kitemarking would give credibility to the information that the public and businesses are reading about what is going on with the economy. It is not lost in political wills, discussions and power; it actually says, “This is the state of the economy. This is where it’s at. This is how much we’re exporting. This is where wages are. This is how many people are unemployed. This is how many people are underemployed,” or whatever it might be. A kitemark would bring some kind of credibility to the figures and statistics that people can believe in. That would be a positive. As for how that is done, we can put ideas forward, but we are not sure yet.

Carolyn Currie: The great thing about a quality mark is that it is a standard analysis of data. From our perspective, we see that as a very efficient way forward. One of the issues that everybody has raised today is the time that it takes to wade through lots of data. Therefore, a standardisation or a quality mark that offers greater efficiency in being able to look at that data, understand it and have an encompassing view, for example, that reaches across all the public sector agencies would be terrific, instead of people having to wade through individual reports to try and pull out comparisons. Having that readily available and a quality standard would be terrific.

David Watt: Far be it from me to disagree, but the last thing that I would want is a kitemark given by the Government to say that its statistics are accurate. I do not quite know where this kitemark would come from. I suspect the University of Strathclyde might think that the data that it

publishes is fairly robust, so who will kitemark will be an interesting thing.

We probably all accept, for example, OBR statistics, generally speaking, because they do not always go in line with Government policy. We probably mostly accept OECD figures already, but it would be difficult to see the Scottish Government or, indeed, the UK Government issuing figures that we would all believe or being the responsible body for issuing the kitemark. I think that there would be a bit of cynicism about that at best. We have a number of robust organisations that do it. The point about co-ordination I absolutely get; that will be a difficult one. It takes a bit of legwork to go through statistics to get an assessment and probably a middle point between some of the figures that are mentioned.

Helen Martin: I feel that we already have this as a concept. Office for National Statistics figures are widely recognised as good statistics. If it is an Office for National Statistics product, in my mind, that is a figure that you can trust and it means that it has a robust methodology. Primarily, it is about methodology. If that has been drawn into question by political debates, that is something that we may all need to reflect on, but those products are recognised as statistics that can be relied on. There is something different about how that data is then presented and used, but I think we already have a system where we know whether something is an Office for National Statistics product.

Jackie Baillie: My point was that, if you were extending the collection of statistics to other public bodies and, indeed, the business sector, how would you know that those statistics were reliable? That, inevitably, is a question.

Matt Lancashire: I should add that people such as Fraser of Allander, Mackay Consultants and the EY Scottish ITEM club all produce independent statistics. There is certainly no challenge to the credibility of those. I also think that there is an opportunity with the Scottish Fiscal Commission to look into some of this work.

Gillian Martin (Aberdeenshire East) (SNP): I will begin with a quote. One of the key findings in this year's women in enterprise report was that opportunities to raise economic growth and reduce inequality are being missed by nations, including Scotland, as existing models that guide policy makers remain unadjusted for gender equality.

I want to pick up on a policy that is designed, in part, to address that issue: the roll-out of increased childcare provision. Does the panel feel that the data, in its current form, is adequate to allow the economic effect of such a policy to be analysed?

The Convener: Who would like to start with that one?

Carolyn Currie: It is my specialist subject. That point certainly formed part of our report. We looked at global comparators in data collection, and that finding came from the World Economic Forum's report, "The Inclusive Growth and Development Report 2017". Its key point was that annual median per capita income declined across all advanced countries by an average of 2.4 per cent over the past five years, and growth capita averaged less than 1 per cent, which it said was in part due to wealth inequality.

We would say that the models that are currently used to evaluate a nation's productivity or growth do not include some of the unpaid work that is critical to any nation's workforce being able to get out to work on a daily basis, and childcare is a key component of that. It is not included in traditional measures such as GDP, so, in economic terms, it represents work that is being undertaken but is not being seen or counted when we look at the overall economic contribution that is made by a nation. In short, it is failing us as a nation.

Gillian Martin: We have a situation—to take that one policy—in which childcare provision is going to double, which will have an economic impact on more than just an individual in a household. Do you think that the data that we have at the moment and the way in which that data is laid out are sufficient to allow us to analyse the effectiveness of that policy or of any other inequality-decreasing measures that are put in place?

Carolyn Currie: To be tracked and seen, it needs to come into the greater body of the kirk and be looked at in the context of economic data and seen as a critical measure of the economic success of a nation. That is where the disconnect is at the moment. We can have policies that change that, but unless we are able to access the data and look at it in the context of economic output, the two simply will not come together, and we will fall short when it comes to the general impact that such a great policy could have.

Gillian Martin: Matt Lancashire wants to come in, too.

Matt Lancashire: I think that the issue goes even wider than childcare; it applies to welfare in general. At SCDI, we see that the measure of GDP growth increasingly underestimates increases in welfare provision or support. It also underestimates the blurring between leisure time and work time and how that impacts on the economy. It is crucial that we start to understand how GDP growth is enhanced by welfare and social welfare.

Gillian Martin: Helen Martin wants to come in.

Helen Martin: Your question is a very interesting one. In effect, you are asking whether

we can use economic data to look at whether a policy supports our economy in a real and tangible way, whereby we put X in and we get Y out.

We do not do a huge amount of that in relation to any policy. We do not spend a lot of time saying, "This is what the Government has changed; what has the impact been on the economy?" We might need to do a bit more of that. There are other policies that could benefit from genuine economic scrutiny. The example that we always use is the small business bonus scheme, but childcare, too, is worthy of such attention. One of the questions to be asked about the childcare policy that the Government has been pursuing is about the extent to which it supports work. Ultimately, if we are to see a big economic benefit from the childcare policy, we need to see women going back into work.

I am not convinced about the effect of the childcare policy to date, although we have not yet quite doubled provision. The half-day provision is not necessarily letting people go back into work in significant enough numbers to see that coming through in the economic data. I do not know whether that will change when it becomes more like full-day provision, because we are still talking only about the school day. We know that there are a lot of challenges to do with working around the school day, and most women have to take childcare on top of the school day in order to work. In that respect, there is still a question mark over the extent to which the childcare policy will impact on the economic data. It might not quite do the things that we think that it will do in real terms, because it can be very difficult to get a job that supports the 9 to 3 model. At the same time, that does not mean that it is not a worthy policy. In many ways, it is a worthy policy, and educational support for children is a big element of it. In that respect, the policy was always schizophrenic: in some ways, it was economic, but it was also about children's wellbeing and other things.

That leads me to the point that we think about things in silos. On one hand, we have an economic debate about stuff such as GDP and productivity while, on the other hand, we have a debate about wellbeing and education. We need to have a better understanding of our economy, which would involve thinking more about wellbeing measures in our economy. That would enable us to properly interrogate the effect of a childcare policy.

Gillian Martin: The point that I am driving at is that it is a case of looking at social inclusion as an economic benefit. Could all the various streams of data that we already have be adjusted—Carolyn Currie is obviously talking about gender disaggregation—to allow us to pull out some of

that critical information? I throw that out for you all to answer or contemplate on.

David Watt: That is a great question, which illustrates the fact that we should be trying to measure the longer-term outcomes of policies that the Government comes up with.

Most people would applaud the childcare policy, but we should measure the extent to which the provision becomes available, what it ends up costing in real terms and what impact it has. Would another option be to have school clubs that ran from 3 pm to 5 pm? We also have to measure whether there are other policies that might have achieved the same impact.

There is another issue that is probably contentious with some members, but if we want to look at childcare and its impact, we have to set it beside employment opportunities. That involves being a wee bit cautious about going mad about zero-hours contracts. It also relates to the city of London throwing Uber out. If you speak to Uber drivers about driving an Uber taxi, you will find that it is a fantastic experience. One driver I spoke to recently is an Uber driver specifically so that he can look after his young children in order to allow his wife to go out to work. He can go back out to work at night. That suits his life at this point. We need to look not only at childcare in the traditional sense but at different lifestyles. That has an impact as well.

10:45

Gillian Martin: You touch on some of the issues that we came across in our work on the gender pay gap. We found it difficult to get from our witnesses an economic analysis of how reducing the gender pay gap—we could talk about any kind of pay gap—had a positive economic impact on our nation as a whole. The availability of flexible working and childcare has an economic impact, but we are all finding it difficult to quantify that. I see that a few of you are nodding. I would be interested to hear your thoughts on that.

David Watt: I agree, but my point is that the issue is to do with job availability and job structure, which are changing radically, as the two examples that I mentioned show. That, too, comes into the mix of how and when childcare is arranged when people work in the gig economy. I know that people do not like the phrase "gig economy"—I do not like it, either—but we are in or are moving into a different economy, so there will need to be a different model of childcare, which I hope will allow people to do what they want to do. As well as acting as a major lever by increasing the economic impact of a better gender-balanced workforce, it could have a lot of massively important side effects for the young people who are looked after.

Carolyn Currie: The point is that current models are falling short. We have identified a number of ways in which they are falling short. We require different data to come together to boost our insight into how we look at success as a national economic measure. There are great examples of models that do that already. Whatever form they take, businesses rely on people, whether that is people doing jobs or people coding and developing the next round of automation that is coming in. One model is the human development index, which takes into account a vast array of measures beyond the traditional monetary measures. They include life expectancy, literacy, education and standards of living, all of which have a key impact at national level but are not always hitched up to our views of economic success. Taking a much broader view of economic success and looking at some of those measures, as well as gender equality and the elimination of poverty, gives us a much more rounded view of success as a nation. That is the direction that we need to be heading in and looking to.

Matt Lancashire: I completely agree with everything that Carolyn Currie has said, but we must not forget that economic growth is essential for all of that. It is a key contributor to happiness and wellbeing.

Helen Martin: It is absolutely essential that we think about measures of wellbeing because, as David Watt highlighted, we can find ourselves in a situation in which we talk about people moving into highly insecure work as being very positive, because they are in work, work is good and that contributes to economic growth—ergo, all is well in our economy. However, people's experiences of that work can be very negative, and the evidence that we have suggests that it does not support women to look after their children, even though it is a form of flexible working, because the income cannot be relied on. People cannot pay their childcare bill if they do not know that they will get a certain number of hours every month. Women report that they do not use the sort of contracts that David Watt mentioned to support their childcare, because they are not a good way of doing that.

We need to focus on issues such as the quality of work and how our economy functions for people. It is not good enough to have bald economic statistics that look positive if the reality—what your constituents say to you and my members say to me—is extremely negative. That is not the sort of economy that I want to live in. At the end of the day, that is why we collect such data: to understand people's lives.

Gillian Martin: That is why it is not enough just to look at the data around increased self-

employment, as has been mentioned—we need to look at the reason for that.

Andy Wightman: The Scottish Government has four economic priorities: investment, internationalisation, innovation and inclusive growth. In a general sense, does the economic data that we have enable us to assess whether we are delivering on those priorities?

I have a specific question for Matt Lancashire. In SCDI's evidence, you single out stats on trade and manufacturing, which your members say are poor. How important is the fact that they are poor? Is it feasible to improve them? I am thinking principally of cost and effort.

In his opening remarks, David Watt said that he would give us a couple of specific examples. I am not sure whether you have incorporated those in your evidence, but this is an opportunity for you to put them on the record.

Matt Lancashire: I will take the first question if that is okay, as it was directed towards me.

We mentioned in our evidence that the trade and manufacturing statistics are poor. I mentioned at the start that the information on where we are exporting to, who is exporting and so on is poor. Having that information allows companies and businesses to judge where to trade, who to trade with, what type of manufacturing industry it is, where the growth industries are, what sectors to invest in, where next to locate, where their skills and employees will come from and whether it is a growing sector or industry. Having more information on trade and manufacturing and being able to see the sectors that are growing, those that are declining, those that are maturing and where the new industry is are positive in being able to plan for the future and sustain the economy. It is crucial that we get better data on that.

David Watt: To be fair, Andy, that would have been my first point. Every bit of documentation that you read about Scottish exports will say that the data is not robust; indeed, that is the opening remark in the SPICe report. It talked about how the data is not robust on how many businesses export, for example. Again, I suspect that that is about returns. We have talked about how food and drink exports have risen significantly over recent years; they have, but the vast majority of that is still whisky. I am not knocking that—the strength of whisky exports is very important and very good, but it has a massive impact for Scotland. We have to look for other exports. That information needs to be deeply interrogated, as Matt Lancashire said. That is one area.

There are another couple of interesting challenges. Had we time, I would go round the table and ask whether you could tell me how many businesses there are in Scotland. That is a good

example, because the answer varies between 270,000 and 330,000, which is quite a big variation, to be honest with you.

My other favourite question at the moment, which will be relevant given the discussion that is going on in the Parliament, is about how many higher-rate taxpayers there are in Scotland. In that debate, it depends on who you believe. The Scottish Government has a figure, PWC has a figure and HMRC has a figure. There is 7,000 between those figures, which is a significant difference. PWC starts at 12,000, the Scottish Government will tell you that the figure is 19,000 and HMRC will probably tell you that it is 17,000. That figure is important when the Parliament is trying to make taxation policy. I would probably have a significant disagreement with a number of you on that front, but the principle is, how do you make policy when you do not know what that number is and what they might pay in order to produce what figure? How do you budget on that basis? That is a classic example of where we are at the moment.

Matt Lancashire: Another example is that we also export particular financial services to the rest of the UK that are then exported further on. That is another measurement that we are not putting into place to support our economic trends and planning.

Andy Wightman: I apologise to Matt Lancashire; the second part of my question was actually about whether it is feasible to overcome the deficiencies in trade and manufacturing import and export without disproportionate cost and effort. Can you give a subjective judgment as to whether we will be able to do anything practical about that?

Matt Lancashire: There are things around at the moment—for example, the Scottish export statistics—that measure exports of trade and manufacturing. There are opportunities to overcome the problem and look at how we should gather the information better and more clearly in the future. I mentioned the enterprise and skills review. There are opportunities for our businesses to share information through various means that David Watt and I alluded to earlier—there are existing options. Another way of gathering more information would be to do so through the Scottish Fiscal Commission.

David Watt: I am tempted to say that, if we have a hard Brexit, such things will be much easier to measure because processes will take so much longer and we will all have bits of paper flying all over the place. However, I will park that political comment for the moment.

The good news for all of us is that we are moving to a world of data—especially in

Edinburgh, where data labs already operate. Gradually, over time, it will be much easier to put the various sources of information into a computer that will give us a median point, if you like, on some of the information that we are talking about. Little pieces of data will be much easier to collect, and that is already starting to happen. Data science is probably going to be the science of the next 10 years. It will inevitably get better gradually, because all the little bits will be more easily gathered. Matt Lancashire has already suggested that the SCDI will be at the forefront of doing that, which is welcome. Some of the academic institutions in Edinburgh will in the future look very specifically at that, which will be helpful. Information gathering will definitely get easier.

Carolyn Currie: I would like to mention the three Is: investment, internationalisation and innovation. Does the evidence exist? It absolutely does not exist in relation to gender, so how on earth can we measure the gendered impact and the impact for women-led businesses? In fact, again, the research that we do suggests that women struggle to access investment, internationalisation and innovation. Therefore, there is a huge need to sort things out at the macro level: never mind the micro-level data—the macro-level data is missing. Is it feasible to collect it? Yes—we are collecting it already. It is necessary, as a matter of urgency, for the economic agenda to gender-disaggregate the existing data. There are certainly opportunities, as has been said, in the enterprise and skills review.

For the “I” that stands for inclusive growth, however, the inability to measure gender-disaggregated data in economic terms is really an act of self-harm for that agenda. How can we expect to measure the impact of the economic policy if we cannot access gender-disaggregated data on key economic measures?

The Convener: John Mason will conclude with a couple of questions.

John Mason: My question is mainly technical. We had some evidence before that the organisations that produce data are, as everyone else is, under budget pressure and maybe have fewer people to produce the data, answer queries and so on. A basic question would be whether the data is on a spreadsheet so that it can be used easily or in Word documents, which is less easy. Does that concern you? Have you had problems getting data, using it and then going back with queries? One witness said that they get quite good responses when they go to the ONS with queries, but do not get such good responses when they go to HMRC.

David Watt: I must admit that I am not surprised by that. To be fair to the Scottish Government, I say that it is, through the office of the chief

economic adviser, starting to produce more information and data. The Scottish Parliament information centre is also doing that. We are therefore getting more information. It is not particularly difficult to interpret it, but it is sometimes, as John Mason mentioned, difficult to get.

Another issue that has been mentioned by a couple of panel members is timescales. Some of the data that we are working on is quite aged, and some of it is quite confusing, even data about employment—employment figures are sometimes quite difficult to interpret. Underlying patterns, for example—

John Mason: Would you like more analysis? If the data comes from, say, HMRC, would you like HMRC to do more analysis on it, rather than just give you raw data?

David Watt: Yes—that would help us all. Carolyn Currie has made quite a lot of points about gender, and there are points being made about wage levels and so on. I am quite interested in developing a Scottish tax code in order to find out what the balance of Scottish taxpayers is and how wage levels in Scotland really compare with those in the rest of the UK. That is quite an important factor for the economy going forward, so I would absolutely want more analysis.

11:00

Carolyn Currie: There is the suggestion that a standard dashboard for data be developed. One problem that we have is that there are many different sources, but no standard methodology, and there is a lack of understanding of the methodologies that underpin the data.

There is also the time that it takes to set effective benchmarks and make assessments of data. There is something in what Matt Lancashire said about having some sort of standardisation and about how data can be presented in a manner that makes it much less time-consuming to look at.

John Mason: Is progress being made on that gradually? Is the situation getting worse, or is it much the same as it has been?

Carolyn Currie: No progress is being made.

John Mason: There is no progress. Thank you.

Helen Martin: On the point about commentary, it is really useful to have good commentary on economic data, but it needs to be neutral and genuine. The ONS, for example, gives really great commentaries on its data, but it would not be useful if commentaries became presentations that said, “This is why our policies are correct,” which they might well become if they were brought into Government departments.

Matt Lancashire: I agree. Getting data from agencies and so on—whatever they might be—can be difficult. To go back to what I said about standardisation and supporting that, the commentary that comes after the figures are released or announced is key. They should be humanised so that people—SMEs and other businesses—can understand what is going on. That would also provide an opportunity to business and wider civic society to comment on figures that are credible and have a kitemark, so to speak, attached to them.

John Mason: Thank you very much.

The Convener: I thank our witnesses for coming. I remind them that if any issue has been raised on which they would like to make a further written submission, they should feel free to do so.

11:02

Meeting continued in private until 11:41.

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