



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy, Jobs and Fair Work Committee

Tuesday 28 November 2017

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 28 November 2017

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ECONOMY, JOBS AND FAIR WORK COMMITTEE
31st Meeting 2017, Session 5

CONVENER

*Gordon Lindhurst (Lothian) (Con)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Tom Arthur (Renfrewshire South) (SNP)
*Jackie Baillie (Dumbarton) (Lab)
Colin Beattie (Midlothian North and Musselburgh) (SNP)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Daniel Johnson (Edinburgh Southern) (Lab)
*Dean Lockhart (Mid Scotland and Fife) (Con)
Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Gillian Martin (Aberdeenshire East) (SNP)
*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Alex Neil (Airdrie and Shotts) (SNP) (Committee Substitute)
Linda Scott (West Lothian Chamber of Commerce)

CLERK TO THE COMMITTEE

Alison Walker

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament
Economy, Jobs and Fair Work
Committee

Tuesday 28 November 2017

[The Convener opened the meeting at 10:03]

Interests

The Convener (Gordon Lindhurst): Good morning and welcome to the 31st meeting in 2017 of the Economy, Jobs and Fair Work Committee. I remind all those in the public gallery to turn their devices to silent if they have not already done so. We have received apologies from committee members Gordon MacDonald and Colin Beattie. I welcome Daniel Johnson, a new member of the committee, and invite him to declare any relevant interests that he might have.

Daniel Johnson (Edinburgh Southern) (Lab): Thank you for your welcome. I refer members to my entry in the register of members' interests. In particular, I am a director of a company that has retail interests in the city centre of Edinburgh.

Decision on Taking Business in
Private

10:04

The Convener: Agenda item 2 is a decision by the committee to take items 5, 6 and 7 in private. The committee is also asked to decide whether consideration of our draft reports on economic data and on the Scottish Government's draft budget 2018-19 should be taken in private at future meetings. Is the committee agreed to take those items in private?

Members *indicated agreement.*

Draft Budget Scrutiny 2018-19 and Scotland's Economic Performance

10:04

The Convener: We now move to our evidence session, in which we will scrutinise the draft budget 2018-19 and Scotland's economic performance. Two witnesses were to appear before the committee but, in the event, we have one: I welcome Linda Scott, chief executive officer at West Lothian Chamber of Commerce—thank you for coming.

In light of the change in witnesses, we will have a single session, covering a number of issues that are relevant to Linda Scott's area of operation and remit. The sound operator will control the microphone for everyone. If any committee member wishes to come in, please indicate by simply raising your hand.

Alex Neil (Airdrie and Shotts) (SNP): Good morning. There are two broad areas that I want to explore: the specific issue of the effectiveness of the account management of companies by Scottish Enterprise; and where tomorrow's jobs and industry will come from at a local level, and how that feeds into a national strategy at Scottish and United Kingdom levels.

I should declare an interest. Many years ago, long before I was an MSP, I was an economic consultant and involved in the design of account management systems for Highlands and Islands Enterprise and Scottish Enterprise—but that was a long time ago; we are now well into the 21st century.

Are account management programmes by Scottish Enterprise effective and adding value? Can we now clearly identify new jobs and industries in a way that would not have been possible without the account management system?

Linda Scott (West Lothian Chamber of Commerce): Thank you for having me. In order to gather a little bit of information before I came before the committee, I sent out a survey and questionnaire to several companies—small and large—in our area. The information that came back was varied.

In general, the larger companies said that account management was really good for business and proactive, and they felt that there had been a big improvement in the service in the past five years. One very large multinational company said that the service is now more sector specific and the account managers work in a specific area a lot better. The larger companies,

which are already quite secure, find the service very useful, productive and good for investing in the future.

On the other hand, small and medium-sized enterprises—the middle-bracket market—find it much harder to work with account management. First, it is difficult to qualify. They find the process quite cumbersome and, I would say, a little bit outdated and old fashioned. Newer companies that are coming in need to work much faster and have a much slicker process. One chief executive officer who runs quite a large company said that newer, millennial-type companies are looking at a 100-day turnaround—that is the way companies work these days. At the moment, the account management process is quite long and slow.

Alex Neil: What would small and medium-sized enterprises like instead of the current account management system? How can they best be helped?

Linda Scott: The general thinking is that the service is required but a bit of an add-on beforehand, or a more business-to-business approach, would be an asset—something that is not quite so tied in with the red tape of the agencies. A lot of companies need to be got ready to be account managed—that would help. Something needs to happen before companies can be account managed.

Alex Neil: I am dealing with a fairly large company—although it is still technically an SME—in my constituency, which last year applied for regional selective assistance. It was an account managed company and it has taken eight months to get a response to its application. The people in the company just think that, in this day and age, the application should be dealt with far more quickly. Even if the answer to the application is no, it would be better to be told that up front. The RSA system has been running for many years, so why does it take eight months to get a response?

Linda Scott: We are getting feedback from companies of all sizes about the time taken to get a decision. We had an engineering company that was looking for support to buy new machinery; eventually, it had to walk away, because, as you have said, it took too long just to get an initial yes or no. In the end, the answer was yes, but it had taken so long to get a response that, by that point, it had just gone ahead and bought the machinery anyway.

Alex Neil: The company that I referred to had a similar experience.

Linda Scott: The answer, really, is having much speedier decisions and slicker, more up-to-date, 21st-century processes.

Alex Neil: RSA really needs to be investigated. Indeed, I think that we are losing jobs and investment in Scotland because the RSA process is so bureaucratic, time consuming and, at times, nebulous. That is obviously your experience, too.

Linda Scott: Yes.

Alex Neil: Perhaps that is something for the committee to pursue further.

Linda Scott: As I have said, larger companies do not have the same issue, but that is probably because they have the resources in house to be able to take the time, but what you describe is the general feeling that we have been getting from the companies that we have been speaking to.

Alex Neil: With regard to larger companies, one of the original advantages of the account management system was that it addressed those situations in which the Scottish—or sometimes the UK—management of multinational companies found themselves fighting against their colleagues in other countries to secure new investment, new plant and so on. The account management system ensures that Scottish Enterprise and, if required, the Scottish Government can become much more heavily involved and entice the company to favour Scotland in its locational decisions. Is that the kind of advantage that the larger companies see? If not, what are the advantages that they see in the account management system?

Linda Scott: From speaking to one of the larger companies, I can tell you that that is exactly what they see as an asset. That company is a large multinational, with a degree of in-house competition for specific bids, and any such support helps to win contracts.

Alex Neil: From the point of view of the Government and Scottish Enterprise, the account manager should also be acting as an early-warning system of potential threats to existing investment in jobs, to allow us to pre-empt such threats as much as possible, although of course sometimes you cannot do that. Is that sort of thing working in relation to big companies?

Linda Scott: I would say so, but things have been missed. For certain companies in our area that have had to go into liquidation, I feel that the signs should have been spotted sooner.

Alex Neil: It all comes down to the quality of the account manager.

Linda Scott: That is very important.

Alex Neil: Basically, the main issues to be addressed are the lack of sufficient support for SMEs and the bureaucracy around not just RSA but other research and development grants and so on that are problematic.

Linda Scott: As you have touched on and as members in our area have highlighted, the quality of the agent is very important. There are sectors in which there are experts, but there are others in which the expertise is not quite as good, and that is where the system falls down.

Alex Neil: Is it a service that large companies would pay for, or do they expect it to be free?

Linda Scott: They might well expect it to be free—you would need to ask them that question. I head up the developing the young workforce programme in West Lothian and we do a lot of work with the big companies in the area. Their interest in being more involved and in investing in what they do has changed drastically in the past year and a half or two. There has been a change in their thinking about the need to get involved, which I think could filter into many other aspects of their work.

Alex Neil: Evidence from past programmes has shown that if a company has to make a contribution to the cost of advice, consultancy support and the like, it is much more likely to value it. It will make more demands, but the results will be greater.

Linda Scott: That is exactly right.

Alex Neil: If that sort of thing is free, it is neither here nor there to the company.

Linda Scott: It varies, depending on the project and what the company is being asked to do. If the investment is in improving productivity, it would make the investment.

10:15

Alex Neil: I want to move on to a broader question. Given the forecasts from the likes of the Bank of England and the US Federal Reserve about the very high percentage of jobs that are going to disappear over the next 20 years or so because of artificial intelligence and robotics, the fundamental question is: where are tomorrow's jobs going to come from? Today we are talking about West Lothian, and the issue needs to be addressed at local as well as national level. Is any work being done by the chamber of commerce, local businesses, the local authority or other bodies in West Lothian either to answer that question at a local level or to input to the national conversation at Scottish or UK level? The industrial strategy, which the UK Government published yesterday, runs broadly along the same lines as the Scottish Government strategy—as far as I can see, they are in no way contradictory. How much is that thinking permeating down to local level?

Linda Scott: That is a good question. I am not aware of anything in particular that is being done

or of any processes that are in place to look into the matter in the future, but I have noticed that, even over the past six months, people have been talking about the issue more than it has ever been talked about before.

Alex Neil: Given the forecasts from the Bank of England and others, would it be worth while looking at the issue at a local level? Relatively speaking, West Lothian is a fairly advanced local economy—obviously, the interaction with Edinburgh is important, too—but is it worth while trying to identify at a local level the number of jobs that are likely to be lost and the number that will need to be replaced over the next 10 to 15 years? In light of the forecasts—in as much as any forecast can be accurate, of course—it would be good to get a sense of the magnitude of what we might be talking about here.

Linda Scott: I am sorry, I have just remembered that our developing the young workforce board has actually talked about the issue, particularly on the back of the city deal. We have been looking at what the jobs of the future are going to be in our area over the next 10 years, and we have focused on working with schools and colleges to develop the young people who are coming through the system. The issue has been touched on in the developing the young workforce programme, and it could be looked at in more detail at that level.

Alex Neil: Thank you.

The Convener: Daniel Johnson has a short follow-up question.

Daniel Johnson: I am interested in your comments about the difference between the experience of large companies and of SMEs. One of the key challenges for the economy is how we grow those companies—in other words, how we turn the “S” into an “M” and beyond. Do you accept that premise? What things would you like Scottish Enterprise to do differently in order to focus more on that challenge?

Linda Scott: What would I like Scottish Enterprise to do? The feedback that I have been getting from businesses suggests that the smaller SME market is feeling neglected and feels that only big companies qualify for assets. Looking at those smaller companies at all would be a good first step, but I have to say that the current processes would be too time consuming and cumbersome for them to get involved in.

Just a few months ago, I had a conversation with someone from the Government in which I pointed out the gap between business gateway and Scottish Enterprise. It is all very well to tell someone, “You need to write a business plan,” but perhaps eight out of 10 people do not know how to do that—or do not even require a business plan.

Indeed, the issue arose at a conference that I was at last week in London; one very large company with a turnover of £40 million—I will not mention its name—does not have a business plan. It is a millennial-type business that is going at a very fast rate, and the old-fashioned way of setting up a business does not apply to it.

In that respect, there is a gap, but I am not able to tell you today what it is or what it looks like exactly. I would like to look into the issue, but there is definitely something missing for today's smaller and fast-moving markets.

Andy Wightman (Lothian) (Green): What regular feedback do you get from your members about the services that they receive from Scottish Enterprise or business gateway? Do you routinely seek that sort of thing?

Linda Scott: We do not do it routinely, but when I emailed our members for feedback for today's meeting, I was impressed and surprised by what I got back. As I have said, it was varied: 50:50, I would say—good and bad.

As a board, we have said that we will start getting feedback on a regular basis. I head up the international bid in our area and getting the bid money and working in partnership with Scottish Development International has made a big difference to awareness of SDI's presence in our area, so we would like to follow through with the same type of work.

Andy Wightman: Are you aware of Scottish Enterprise doing any surveys of the kind of businesses that your members run?

Linda Scott: It does not do anything through us.

Andy Wightman: Not directly through you.

Linda Scott: No.

Andy Wightman: What confidence do you have in Scottish Enterprise's intelligence about what is going on at the coalface among ordinary businesses operating in the country?

Linda Scott: In our area, its focus is on the large, multinational companies and not so much on the SME market. I would like Scottish Enterprise staff to be more engaged with the chamber and to come along to see what we are doing and to meet our members. The majority of our members have probably not had any contact with them.

Andy Wightman: That leads me on to the Heseltine review, which suggested a few years ago that, in comparison with business in other countries, businesses in this country are not well integrated into mainstream policy making and on-going issues. No one is suggesting that they should have any executive authority, but what Heseltine picked up is that the model is such that

they are consulted—or not—irregularly and feel somewhat at a distance from the machinery of government, whether central or local. Is that something that you recognise?

Linda Scott: Yes, I definitely recognise that, and I think that there would be a huge appetite among businesses in our area to be more involved. Whenever we have had the opportunity to host something like that, such as when this committee came to our area, it has not been difficult to find businesses to engage with policy makers. I know that we could fill the room if local businesses were to have regular access to people in Government and agencies to speak to.

Andy Wightman: In general terms, what has the business environment been like in West Lothian over the past 10 years?

Linda Scott: It has been varied. We have had some good stories and some really bad stories. In general, we hear only about the bad news and the big closures, but as one big company closes there are several new ones opening. West Lothian is definitely one of the fastest-growing areas in Scotland at the moment. We had a lot of empty buildings for many years and I know that several of them are full now. It is not easy to find premises in Livingston now, especially not on the warehouse side of things. I know that at one point we had trouble with a couple of companies that were looking for more space for expansion, so there is growth and activity in the area. We have a very varied area. If you name a type of business, you will find it somewhere in West Lothian.

Andy Wightman: What is your members' experience of the broader economic climate, employment, interest rates and productivity?

Linda Scott: Unemployment is very low, so recruiting is difficult. A lot of companies are growing at a fast pace and they struggle to recruit, so that is the biggest issue in our area, because the workforce is just not there to fill the jobs.

Andy Wightman: Why is that?

Linda Scott: It is because of the volume—there are a lot of manufacturing companies that have a large volume of staff and we can lose talent to the likes of Edinburgh and Glasgow, so the issue is keeping staff in house. A lot of large companies have their headquarters in West Lothian, so we need some of the best talent to stay there, but people are still leaving and going to Glasgow or Edinburgh. Overall, the issue is just the sheer volume of the workforce required in the area.

Tom Arthur (Renfrewshire South) (SNP): I am interested to hear what you say about losing talent to Glasgow and Edinburgh. My constituency covers Renfrewshire and East Renfrewshire and although having Glasgow right on our doorstep is

a huge magnet, it also presents opportunities. I know that, in the United States, the areas surrounding big cities have capitalised on the cities. What opportunities and challenges are presented to West Lothian because of its proximity to both Edinburgh and Glasgow? Is there enough tailored support that takes cognisance of the challenges?

Linda Scott: Could you ask that question again and break it down into bits?

Tom Arthur: You have a unique set of challenges. Often, when we think about a unique set of challenges, we think about rural areas in the Highlands and Islands, but your area is in proximity to Edinburgh and Glasgow and is struggling to recruit people because it loses talent to those big cities. Is enough tailored support available from agencies such as Scottish Enterprise to enable you to retain talent and support businesses in that environment?

Linda Scott: I would say that support to retain and focus on talent has been improving, particularly over the past couple of years. I keep harping on about the developing the young workforce programme, but I see it as a huge success, and with it the targets have gone through the roof. It is about raising awareness of the companies in our area. One of the largest companies in our area has jobs from cleaners to accountants to jobs in sales, but people on the outside have a certain perception of what that company is and what it does. General awareness raising of the jobs in the company has made a huge difference.

That work needs to be done in school to bring through our future workforce. People just do not know what is involved in companies, so their thought process is that if they want to work for a good law firm, they need to go to Edinburgh, because they do not think that there is one in West Lothian. It is about raising awareness. The developing the young workforce programme has done that, but it could be expanded.

I have spoken about this to the Department for Work and Pensions, but because the programme is working so well, there are now gaps in the middle market and in the ageing workforce, and we need to focus on them and raise awareness among those groups.

Gillian Martin (Aberdeenshire East) (SNP): Welcome to the committee, Linda. I very much enjoyed the committee's visit with you a couple of months ago.

We know that internationalisation is a challenge for Scottish businesses. I believe that West Lothian Chamber of Commerce is involved with the local export partnerships. I know that that initiative is in its very early stages, but can you

give an overview of what it involves and how it is working so far?

Linda Scott: It is in the very early stages, but we have been working on something similar for most of this year. I see it as being about awareness raising. At the beginning of this year, we did some research on exporting, but we struggled to get companies to respond and to tell us if they were exporting and where they were exporting to. The outcome from that research was that the appetite is just not there at the moment, which is perhaps to do with all the uncertainty. The idea of the local export partnership is to work more collaboratively together to support and encourage companies into the world of exporting.

Gillian Martin: Is the idea to have partnership working with companies that already export, in order to share information and knowledge about how to tap into overseas markets?

Linda Scott: Our initial thought process was that it would be to try to encourage businesses that have not thought about exporting. However, since we started holding events and raising awareness—we have launched our international club in West Lothian—we have found that companies that have never exported before and those that are exporting and looking to move into new markets are interested. Some companies that are coming to us for support and advice are already exporting to five or six countries—they are not first timers, if you like—but they know that the chamber process is more about business-to-business connections, through all the other chambers across the network and across the world. That has been quite well publicised, so we have had a lot of interest from companies asking whether we can help with getting into certain countries.

Gillian Martin: My next question maybe comes from left-field, so forgive me if you cannot answer it. Last night, I was at Robert Gordon University, which is up in my area in Aberdeen, and people there told me that the university has links around the world, so I asked how they work with businesses to maximise business input to those links. There is an opportunity to work with education institutions, which have links all over the world. Is West Lothian Chamber of Commerce doing any of that kind of work with education providers?

Linda Scott: Yes, but it is just starting; we have not done it in the past, to be honest. We have a strong partnership with West Lothian College, which is probably not too directly involved in export, but one of our local universities has approached us on that side. Last month, I was over in Ireland and we signed a memorandum of understanding with South Dublin Chamber of Commerce to work on encouraging companies to

export to Ireland. I was approached by one of the large colleges there about partnership working. Now that education institutions are aware of what we are doing, they are starting to approach us and I would say that, by next summer, a few formal relationships will be set up.

Gillian Martin: That is encouraging to hear. On internationalisation in general, is there scope for the Government or SDI to do more to help chambers on that and local businesses as a result?

10:30

Linda Scott: Yes. Our moving into the world of internationalisation is new to us. Even I am pleasantly surprised by the interest that we have has since we have said that we are involved in that market. I whole-heartedly believe that there is a place for SDI and SE—they are the experts—but we have a place in bringing companies to the table and then signposting them to the right partners and support. Even when they are working with SDI and SE, they sometimes need external support to help them through the process. That is where the chambers can come in.

The companies that are approaching me specifically about Ireland are not new exporters. They are very keen to be supported not by another agency, but by the chamber, because they know that it has b2b links on the ground. The b2b links are essential for them, and that is where the chamber network comes in.

Gillian Martin: I want to follow up Alex Neil's question about SMEs. There seems to be a little bit of a gap with SMEs. Business start-ups are catered for and, at the other end, very high-end, large businesses are catered for, but we maybe need to tap into the SMEs, which make up the bulk of the Scottish economy, a lot more in terms of internationalisation.

Linda Scott: They need to be tapped into a lot more. Business likes to do business with business—they understand the phrases, the chat and what goes on behind closed doors. The companies that we are talking about need such support. The support that they get from SDI and SE can be off-putting at the start. As I have said, their support is essential, but companies might need that business-to-business support to get them into the process in the first place, and that is where the gap is.

Gillian Martin: Some of my colleagues will want to follow up on that issue.

Daniel Johnson: My question about business gateway relates to the answer that you gave to my previous supplementary question. A key thing that happened in 2007 was the separation of business

gateway from Scottish Enterprise. How well does business gateway work in and of itself for your members? How do its links with Scottish Enterprise work? Are they effective?

Linda Scott: Business gateway has its good points and its not-so-good points. Again, it comes down to the agent and the person whom you go to see. We need a lot more experts in business gateway. People want to sit in front of and talk to someone who has had a business. A lot of the time, the agents we speak to are not experienced in the world of business, which can put people off. A little too much bureaucracy goes on. The agents are quite quick to pass people to Scottish Enterprise, which is good, and once they are there, the service is better quality.

Daniel Johnson: In my experience, business gateway was very much geared up for people who were starting a business. For people who were already in business, it did not have very much to say. Is that a fair comment?

Linda Scott: My personal opinion is yes; I agree with that.

Daniel Johnson: What could—and should—be done to improve the seamless experience between business gateway and Scottish Enterprise? Can you identify anything in particular?

Linda Scott: I do not think so. My experience of dealing with business gateway is that people would want to get on the pipeline to Scottish Enterprise as fast as possible, because there is more support of real value if they are setting up a business. Most companies, whether they are large or small, are initially looking for funding, which might be for something as simple as help with writing a business plan. Even taking time to set up a business is costly. Everyone says that they go initially to business gateway looking for support, but they just do not get it when they get there, so the faster that they can get on the pipeline to Scottish Enterprise, the better. There needs to be closer working.

The Scottish Investment Bank is an amazing asset, but companies are not using it—indeed, they may not even be aware of it. They are not even getting that far down the line, because they are going to business gateway first, when something like the Scottish Investment Bank set-up would be the best first point of call.

Daniel Johnson: To what extent does more work need to be done to explain to businesses what is available? My experience was that it all seemed like a bit of a black box—the business gateway stuff was not relevant and, frankly, trying to penetrate and understand what was available from Scottish Enterprise was very difficult. Is that an issue?

Linda Scott: There is a definite issue there. I have been at meetings with people from business gateway and I have told them what is available to them.

Daniel Johnson: The committee has heard evidence previously that there is a lot of focus on the high end and on the big-picture, macro policy but not so much detailed work at the lower end. How do you understand the productivity challenge? What practical steps would businesses in your area welcome and use to improve their productivity?

Linda Scott: That is a big question. How do you change the world? I keep harping back to the biggest success story we have had in recent years, which is developing the young workforce. If chambers sat down to come up with something innovative that would fill in that gap, that would be the best process. We have a club-type feel in a local enterprise context, so if someone is a member of that club, we walk them through the step-by-step process to export and then, when they get to the stage at which we feel that they are ready to export, we pass them on to the relevant agency, be it SDI or Scottish Enterprise. There seems to be that need.

We had good turnouts at our initial few workshops. They were basic workshops at which people sat round the table with 10 other members and worked together on business strategy. They provided real hand holding. That is where the mentoring programme, which is also run by Scottish Chambers of Commerce, comes in. Businesses want to hear from other businesses about what it means to run a business. A couple of weeks ago we had an event on what it means to export to a certain country. SDI made a fantastic presentation; I was looking at it and thinking that it had amazing stuff that businesses are not using. A business representative then stood up to talk about what it means to export. That was a completely different story, but a really good story. They spoke about one of the biggest contracts they had won in China—it was not about the selling to China or going to China, but about getting rid of the rubbish for something that they had to do. We heard little things that would not normally be talked about in an agency-type scenario. We need to hear from real business.

Daniel Johnson: On several occasions, you have linked questions about productivity and investment to your work in developing the young workforce. It is interesting that our agencies are not linked in that area. We have Skills Development Scotland on the one hand and Scottish Enterprise on the other. Do you think that our skills strategy needs to be more closely aligned with our investment strategy, or are there

measures that could be taken to ensure that SDS works more in lockstep with Scottish Enterprise?

Linda Scott: I do, but the reason that I keep linking back to developing the young workforce is that the model works. It will work in the long term and it is private sector and locally led. Every area in Scotland is different. I know a lot of businesses in our chamber like I know my family; they come to me with issues that they probably would not go to other people about. There is a local feel about that, so it is not necessarily about linking the skills directly but the model of that project works.

Daniel Johnson: Are you saying that you would like more private sector involvement and leadership in both business support and the skills strategy?

Linda Scott: Yes.

Dean Lockhart (Mid Scotland and Fife) (Con): The productivity question seems to be flavour not just of the month but of the year. It is one of the key focuses of the UK industrial strategy that was announced yesterday. The adoption of new technology is another key area that the strategy is focused on. You mentioned millennial companies, which are, by definition, new companies coming to the market and companies being established, which will look at new technology and e-commerce. What level of skills and advice is available within Scottish Enterprise, HIE and business gateway for new and existing companies when it comes to advising them to adopt new technology and move to e-commerce?

Linda Scott: I must be totally honest and say that I am not very knowledgeable on that area. However, from the meetings that I go to and the meeting that I was at in London, I feel that nobody is moving fast enough in that area. There is quite a big gap. We are not taking seriously enough how fast it is actually moving. My general opinion is that support on that side of things is pretty far behind and is moving too slowly.

Dean Lockhart: I return to the more general question of support that is available from the enterprise agencies. In 2016, Audit Scotland produced a report on the enterprise agencies, which contained some positive feedback although its overall conclusion was that it was a cluttered landscape; I think that you have alluded to that and some committee members have highlighted it. Are there particular areas of the enterprise landscape that are working well? Which areas might need urgent attention if we were to look at improving the support that is available to businesses?

Linda Scott: I am sorry—could you pin that down a little bit more on the enterprise side of things?

Dean Lockhart: Sure. My question is about identifying the available support. Other countries have digital portals that are available to large and small businesses when they are looking for advice on, for example, exporting or investment. They have a single door of entry, whereas in Scotland there is a very cluttered landscape. Sometimes, businesses do not know where to begin such a conversation or to begin their analysis. As a business person, what do you think might work to make access to advice easier for businesses to handle?

Linda Scott: You might all laugh at me now. In our area, we have worked on a portal for developing the young workforce, which is being looked at for use nationally because it is so easy to use. We stuck to a portal model that looked very much like a private sector business-type scenario. It is very easy to use and is a one-stop shop. The information that is needed is given in a very simple way. We have broken it down into areas for education, business, young people and parents, and each area has its own information that people in it would require. Something like that would be a huge asset in any area, be it technical, export or education. The portal has been a huge hit. It gives a very clear picture and tidies up the cluttered landscape that was there. It brings every partner to the table and there is huge interest in it nationally at the moment.

Dean Lockhart: Okay. May I ask what the portal is called and how it can be accessed? Is it available to the public or do users have to be members?

Linda Scott: It is available to the public now. We launched it only in September. It is West Lothian's developing the young workforce portal. It is being looked at at a national level, because we have taken time to do it. We were pushed and pulled and told about this and that, but we stood our ground and said that we specifically wanted it to look and work a certain way. Now that it has been launched, everybody has been quite surprised and intrigued by it all. The website address is www.dyw-wl.com.

Dean Lockhart: Without getting into technology—on which you would lose me very quickly—is that linked to other enterprise websites? Is there one door of entry that is linked to other sites?

Linda Scott: It links through to every agency that young people might require to use: SDS, My World of Work, Marketplace, the universities, the local college and the jobcentre. We can advertise jobs on it, so companies are posting job vacancies and advertising modern apprenticeships and foundation apprenticeships. You name it: it covers anything to do with recruiting. It is about the young workforce, but I think that it would work for any

workforce. Over time, I would like to see it evolve to apply to any age of workforce. People do not have to be under 24 for it to work for them.

Dean Lockhart: I have a final question, which is the one that I was meant to ask. Going back to West Lothian, have there been good recent examples, or others that you can point to, of regional selective assistance being used in your area for job creation or new business creation?

Linda Scott: Not particularly. The main focus in our area recently has been on developing the young workforce, and that seems to be the highlight at the moment.

Dean Lockhart: Thank you very much.

Tom Arthur: You have spoken a great deal about the plan for developing the young workforce. I notice, from your website, that you have an Erasmus plus project on employable young people. Can you tell the committee a bit more about that?

Linda Scott: I applied for Erasmus plus funding and have worked in partnership with people in Spain, Turkey, Italy, Romania and Greece. It has been a huge success, and I am going to look for funding to deliver it next year. A fortnight ago, we had a week-long programme here, in which young people from those countries were brought to Scotland. It was an outstanding success. I could not believe how well those young people from different countries—who are all from disadvantaged backgrounds—bonded and got on with simple confidence-building work. They received education in a non-educational way. They are all still friends and they have started a WhatsApp group. The project has been a massive success.

The only disappointment is that, when such projects run, there is nothing to support them. I got five young Scottish people involved in the project who were very far from the pipeline to a positive destination. I would say that the project changed them in a week, but what do I do with them now? There is no funding to continue their development. I found those five young people myself, because no agency in Scotland would send me five people. I struggled to get them, because the agencies will not do anything that is not funded or which does not fit in with their programmes. I am disappointed that there is no obvious funding that will allow the programme to continue, even though it was a huge asset.

10:45

Tom Arthur: The fact that the programme is an Erasmus project leads us to the concerns about Brexit. What are your members' views and opinions on the UK withdrawing from the

European Union? Is that issue brought up regularly, or do you not hear much about it?

Linda Scott: I would say that it is not talked about enough. There are concerns—the biggest concern in our area is about the workforce. The majority of our workforce are EU nationals. There is a lot of manufacturing in our area and that is the sector's biggest concern.

We have worked with Ireland recently and, as a chamber, our biggest concern is that businesses have been burying their heads in the sand. Brexit will be upon us very soon, so we are looking at running some workshops in the new year on how to prepare for it. Whether it is a hard or a soft Brexit, we can put in place basic housekeeping rules that will help a business to get ready for the worst-case scenario.

We need to talk a lot more about what the possibilities are. I know from meeting agencies in sectors such as food and drink, as well as organisations such as the Road Haulage Association, that they all have very different points of view on the issues that will arise. When I speak to them, I think, "I never even thought about that."

Tom Arthur: That is very common in conversations about Brexit. There are always areas that one has not considered and, when one considers them, the complexity of the implications is eye watering.

Do you think that the UK leaving the EU will have any positive effects?

Linda Scott: Yes, I do. I think that there could be more UK trade in particular products. We do not always buy local—for example, we buy most of our butter from Ireland. It might be the case that we will purchase more British butter. There are positives, but the biggest worry is about the international workforce.

Tom Arthur: On balance, is Brexit a positive or a negative?

Linda Scott: On balance, in my personal opinion, it is both.

Tom Arthur: That is a politician's answer.

Linda Scott: I can see both sides. In the longer term, it could be a good thing.

Tom Arthur: There is still an element of uncertainty regarding the future status of non-UK EU nationals. Do you think that that is impacting on EU nationals in West Lothian? Are they minded to relocate to other parts of the EU? There has been a drop-off in the health and social care sector—for example, there has been a highly significant reduction in the number of non-UK EU nurses who are registering in the UK. Is that being experienced in other sectors?

Linda Scott: Some companies are telling us that EU workers are leaving and moving to Ireland, while others are saying that they have seen no difference at all. I hope that most EU workers are hanging on in the hope that Brexit will not be an issue in the long term.

Tom Arthur: Do you think that there is an element of businesses having their heads in the sand?

Linda Scott: Yes—at the moment. There is a lot more awareness of the issue in Ireland, where businesses are a lot more concerned about Brexit and are doing a lot more to prepare for it.

The Convener: Are you aware of any businesses in West Lothian that have applied for money from the Scottish Investment Bank?

Linda Scott: I am not, but I have been promoting the SIB regularly. I went to meet an agent to see what the process was, and I think that it is very good. That set-up is of more use than the initial business gateway set-up. I found that the agent was much more hands-on in helping businesses to prepare their business plans and to consider what they need to do. I have promoted the bank many times to our members, but take-up is still pretty slow because businesses are still wary.

The Convener: Do you have any idea why the take-up is so slow when the process is better or more helpful?

Linda Scott: I think that that is to do with the history of working with the enterprise agencies. In the past, it was time consuming and cumbersome, as has been said. There is a fear of working with the agencies because it can be a long, slow, costly and complicated process.

Andy Wightman: The Scottish Investment Bank has introduced a peer-to-peer lending platform called LendingCrowd. You described the “cumbersome” process of having to prepare business plans and all the rest of it, which is rather out of date. Obviously, peer-to-peer lending is right up to date, and the risks are identified by peers rather than by a third party. Do you see potential in that and have you had any engagement with it?

Linda Scott: I have not had a lot of engagement in that, but I see it as a big asset and a big improvement. I had a meeting of only an hour with the gentleman whom I mentioned, but I was quite impressed. The various avenues of lending appeared to be very vague, but he said that once he has looked at what a company is doing and what it is looking for, he points it in the right direction, which I liked. There needs to be more awareness among businesses, but that will take time. Businesses probably need to be shown

what is available. More old-fashioned business branding and marketing would be good.

The Convener: So, a bit of the new and a bit of the old are needed.

Linda Scott: Yes.

John Mason (Glasgow Shettleston) (SNP): As you have probably gathered, we are looking at wider economic performance and at this year's budget. I will start with economic performance—specifically, fair work, including things such as the living wage, workforce balance and workforce engagement. Are those important issues for companies and for your chamber of commerce, or are businesses less interested in that and more focused on the bottom line and making a profit? How does that all work?

Linda Scott: I would say that businesses are very much for fair work. However, some feedback that I have had has been that although fair work is important to them, there needs to be support for job and wealth creation so that companies can offer the fair work environment; it should not always be about taking from them. The pressure is always on them through increasing taxes and the increasing number of hoops to jump through, which just adds to what is already a difficult landscape for them.

John Mason: Is there something specific that we can do to help businesses with the fair work agenda? For example, there is the Scottish business pledge, but is it seen as another hoop?

Linda Scott: The Scottish business pledge is probably seen as another hoop. I have to say that not many companies have mentioned it to me since it was launched.

John Mason: That is very frank, which is good.

Linda Scott: It is a long game. Companies want to do right by their employees, but if it is made difficult for them and there is continuous added legislation for them to deal with, fair work slips down in the ranking of importance in running their business. That is the feedback that I have been getting.

John Mason: Are you seeing more people running businesses from groups that have traditionally been disadvantaged or not seen so much—women, ethnic minority people and disabled people?

Linda Scott: Yes, there is definitely a feeling that that is the case. I have spoken to several companies that are setting up programmes for getting women back to work, and more companies are letting people work from home. In this age of information technology, with Skype and all the other technologies that are available, there is no reason why many people cannot work in their

homes. More companies are looking at that sort of set-up and at flexible working. There is definitely a change in the environment, which means that companies can work more closely with people such as you mentioned.

John Mason: We have heard in evidence that bigger companies have specific policies and more ability to move things around, whereas smaller businesses can find it quite hard to take on, for example, a disabled employee. Do you think that there is such a difference between bigger and smaller companies?

Linda Scott: There is and there isn't. It is easier for a larger company to take on a disabled employee, but I would not say that there is a big divide. Smaller companies are trying just as hard and are more likely to offer the opportunity to work from home and to find different ways of running the company. Smaller companies have to adapt and change to fit into the business environment; skills are hard to find these days, so they need to tap into every market. There is certainly a lot more awareness raising than I have seen before about the different groups that are coming to the table; companies are a lot more aware of the workforce that is available to them out there.

John Mason: Let us move specifically back to the budget and Scottish Enterprise. I do not know whether or not you pick this up, but do you feel that such issues are important for Scottish Enterprise? Is it encouraging companies to have a more balanced workforce, to pay the living wage and so on?

Linda Scott: I do not know. That is not something that I am aware of.

John Mason: Okay. Thank you very much.

The Convener: Andy Wightman has questions on a slightly different subject.

Andy Wightman: Do I? [*Laughter.*] I think that we have covered what I wanted to come back to.

The Convener: I thought that you did, but it seems that everything has been covered by other members. Does Daniel Johnson have any further questions to ask?

Daniel Johnson: I was just sharing a small witticism with Andy Wightman, convener.

The Convener: Do any committee members want to ask anything else at this stage? I think that Jamie Halcro Johnston has not had an opportunity yet.

Jamie Halcro Johnston (Highlands and Islands) (Con): No, I have not. I apologise for arriving late. I think that I hit every road works that I could have hit on the way down from Aberdeen. I apologise for not being here for the start of the meeting.

Linda Scott: That is no problem.

Jamie Halcro Johnston: I apologise if my question has been covered. When we were on our away day in Livingston, you talked about the importance of engagement between businesses and schools, colleges and so on. Is there enough of that going on and how can we encourage it? It was suggested that teachers need to go into businesses to get a better idea of what careers advice and guidance they should be giving. How important is that to bringing the right skills into businesses and to businesses finding the right skills outwith the companies?

Linda Scott: As I have mentioned several times today, the developing the young workforce programme has been pushing that forward and has been a huge success. We have started taking teachers and college lecturers, not just young people, out into businesses for work experience. We have run a couple of such programmes already: that is going to be the norm and they will be run regularly. The last day out had 40 teachers on it—there must have been nobody in school—so there was big take-up. The pilot has been a big success.

Jamie Halcro Johnston: Have no reservations been expressed by either the teachers or the companies?

Linda Scott: At the start, teachers were concerned about the time that it would take, because they have a lot on their plate as it is, but they now see that the advantages outweigh the time that is lost. We have never struggled to engage businesses, and I would say that engagement is growing and improving daily.

Jamie Halcro Johnston: I know that this is not your area, but do you know of other chambers of commerce that have such programmes—up in the Highlands and Islands, say?

Linda Scott: Several other chambers of commerce run the developing the young workforce programme, and they all have a similar stream going on within it.

Dean Lockhart: We have talked a lot about enterprise advice, and we have touched on the capital funding that is available. You mentioned the Scottish Investment Bank, and I have heard a lot of good feedback about the co-investment programme, which is bringing together public sector funding and—which is important—private sector funding and expertise. Do you have good examples of that co-investment funding among your members?

Linda Scott: As I have said, we do not. However, I think that the SIB is a huge asset and it is something that we need to push more so that our companies are aware of its existence. I would

like to see it being offered at business gateway level, and there should be more promotion, because I think that most businesses do not know that the SIB exists.

Dean Lockhart: Last year, the Scottish growth scheme was announced, with a potential contribution of £500 million to the Scottish economy. Have any of your members or any other businesses that you have dealt with been able to access the growth scheme?

Linda Scott: No. I am not aware of any that have.

The Convener: There are no further questions from committee members. I thank Linda Scott for coming today. I hope that you have found that evidence session as useful as we have.

11:00

Meeting continued in private until 11:35.

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