EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 24 May 2005

Session 2

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE 10th Meeting 2005, Session 2

CONVENER

*Mr John Swinney (North Tayside) (SNP)

DEPUTY CONVENER

*Irene Oldfather (Cunninghame South) (Lab)

COMMITTEE MEMBERS

*Dennis Canavan (Falkirk West) (Ind) *Mrs Margaret Ewing (Moray) (SNP) *Phil Gallie (South of Scotland) (Con) Mr John Home Robertson (East Lothian) (Lab) Gordon Jackson (Glasgow Govan) (Lab) *Mr Alasdair Morrison (Western Isles) (Lab) *lain Smith (North East Fife) (LD)

COMMITTEE SUBSTITUTES

Ms Wendy Alexander (Paisley North) (Lab) Murdo Fraser (Mid Scotland and Fife) (Con) Richard Lochhead (North East Scotland) (SNP) Nora Radcliffe (Gordon) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Sylvia Halkerston (Scottish Food and Drink Federation) Mike Johnstone (Sourcing Partnerships Ltd) Eric Stew art (FirstBus)

CLERK TO THE COMMITTEE

Alasdair Rankin

ASSISTANT CLERKS

Nick Haw thorne David Simpson

Loc ATION Committee Room 2

Scottish Parliament

European and External Relations Committee

Tuesday 24 May 2005

[THE CONVENER opened the meeting at 14:02]

Fresh Talent Initiative Inquiry

The Convener (Mr John Swinney): Good afternoon. I welcome members to the 10th meeting this year of the European and External Relations Committee. I have received apologies from John Home Robertson, who is visiting Torness nuclear power station in connection with his work on the Scottish Parliament cross-party group on the civil nuclear industry—that will please some members and appal others. I have also received apologies from Gordon Jackson.

Item 1 is the continuation of evidence taking in our inquiry into the Scottish Executive's fresh talent initiative. We will hear from representatives of the private sector. First, I welcome Mike Johnstone, who is the managing director of Sourcing Partnerships Ltd. Mr Johnstone provided written evidence to the committee in advance of the meeting. I invite him to make a few opening remarks before we move to questions.

Mike Johnstone (Sourcing Partnerships Ltd): I have tracked the fresh talent initiative since its inception. For some time, I have thought that aspects of operations in the private sector in Scotland have skills and expertise that are-to put it simply-on the doorstep of the Scottish Executive. Over the years, our company has developed a number of innovative resourcing solutions for commercial clients, based on the creation of a supply of talent in the context of skills shortages, cost differentials or the sheer volume of requirement. We operate in the information technology sector, which is quite specialist in its understanding of what the Scottish business community needs. Other companies in the Scottish recruitment sector specialise in the whitecollar and blue-collar trades and in the supply of specialist professional staff such as nurses and doctors.

In our case, that wealth of experience is encapsulated by several exercises that we have undertaken on a fairly small scale—the numbers are in the 20s and 30s for people whom we have recruited from low-cost-base operations or when other drivers have created a need for people to seek employment here. For example, back in 2000 and 2001, a fairly strong political driver in South Africa encouraged people to look for ways to exit South Africa. For some people, the United Kingdom was a natural destination, because many people have rights of residence here as a result of parentage. We always look for the line of least resistance to attract people to the Scottish marketplace. In that respect, the experience of the Scottish private sector from a broad recruiting and resourcing perspective can affect the main areas of fresh talent.

We have never had trouble in attracting people to Scotland. When I first thought of that sentence, I was going to refer to Edinburgh, but I realised that that might not be totally acceptable to most committee members, and I really mean Scotland. We have attracted people against one main competitive area—London. Australians who come here want to go to one of only two places—one is London, although not just the area around Earl's Court, as it was in my day; and the other is Scotland. Ease of access from Scotland as a base point to the rest of the UK and Europe is an attractive proposition.

Even though we have done it only for the past 12 months, selling the Scottish perspective to new accession states has proven successful because of the northern European cultural fit, the complete freedom of movement and the cost differentials for example, I think that my submission says that a doctor of 10 to 20 years' experience would receive a salary of £175 a month in Lithuania, where the minimum wage is 85p. On a straightforward way of operating, the economic drivers to attract people exist now in Scotland, as they do throughout the UK. However, Scotland has the additional feature of clear historical links with many central European countries.

The main task is to persuade central European Governments to provide assistance in establishing operations. Those Governments suffer exactly the same problems from net emigration of the workforce and they wish to attract their own diasporas back. Our pitch is straightforward: we do not just take people away; we take them and give them training, education, leadership skills and management skills. We recognise some attrition in that. Some people will not return to their countries of origin and will be attracted to remain in this country for straightforward reasons—because they like living here, they like the economics of doing so and they appreciate the cultural fit.

We all know that if we go round the bars of Edinburgh or Glasgow, we meet a staggering number of Polish, Lithuanian, Estonian and Latvian people. The workers registration scheme statistics do not really reflect the true share of the immigrant population in Scotland, which Scottish Enterprise calls the in-migrant population. The figure is higher than the percentage that the WRS reports. The Lithuanian Development Agency informally supports that view. Its informal estimate is that, since 1 May 2004, between 50,000 and 100,000 Lithuanians have come to the UK. That figure is about nine times higher than the official WRS figure. If that holds true for the other central European countries, it probably explains why all our cappuccinos are served with a very nice central European accent.

The Convener: One point that struck me from your written evidence was that the work in which your company is involved is focused on effectively identifying a skill shortage in this country and a potential source to meet it in another country. That process involves a clear bilateral relationship.

It strikes me that the fresh talent initiative, as it is currently constituted, is much more general in its approach. It sends out a message to people in other countries that says, for example, "Come here—Scotland is a great place to work and live in." However, it does not deliver the focus that your work seems to involve. Is that a weakness of the fresh talent initiative or is there a necessity for it to have that general appeal but for it to be enhanced with some of the very focused bilateral work in which organisations such as yours are involved, where a skills shortage is identified in Scotland and a solution is identified in another country?

Mike Johnstone: There are a couple of aspects to the question. Clearly, the fresh talent initiative is a strategic initiative and, as such, it has to be generalist in its overall scope. If it is married to focused, operational, tactical initiatives, it may gain strength and quick wins, if you like. It needs to get some substance behind it so that it is clearly seen to be the umbrella under which initiatives that are focused on individual operations can help to deliver the strategy. That is not to say that the private sector would necessarily look for funding or anything related to that; it is more that we look to being associated with the initiative. The resourcing industry is a resource on the doorstep, and specialists in that industry could add value to the initiative.

The Convener: So your view is that the fresh talent initiative would be enhanced if it had a more focused element that tried to establish commercial relationships of the sort in which you operate. How would that best be organised? How would you advise the Government to do that?

Mike Johnstone: I will answer as best I can, on the basis that I do not quite understand the mechanisms of the Government in delivering such an approach. However, for example, a group could be created in which people who are involved in the industry could act in an ad hoc, voluntary way to advise the fresh talent initiative on the initiatives that have taken place, on what was successful and on the range of skills that are an issue in Scotland.

The other aspect is that if we want to identify where the main issues are with respect to the Scottish workforce, we need to talk to the people whose day job is to supply that workforce. That is probably a good way in which to get information.

There are people like me in the resourcing community who would be willing to participate in such an advisory forum, which could help to identify the initiatives that could be embraced by the fresh talent strategy. That work could be measured and the results brought forward to demonstrate that the fresh talent initiative is achieving some of its broader strategic goals.

Dennis Canavan (Falkirk West) (Ind): In your written submission, you refer to three examples of projects in which you attempted to recruit people from other countries—one of the projects had links with Australia and the other two had links with South Africa. Will you give us some idea of the composition of the people involved, such as age, ethnic mix, qualifications and so forth? What were the big attractions or positive features of Scotland that attracted people from those countries, and did any negative features or difficulties emerge?

14:15

Mike Johnstone: I will take South Africa first. We have spent quite a lot of time working with South African operations and companies over the years. Sadly, the driver for a lot of the South African people who came to work in Scotland was the fact that they wanted to leave South Africa. Freedom of capital movement is slightly more liberalised now, but at that time it was almost impossible to get whatever money you had out of South Africa, and security was an attractive aspect. The ethnic mix of the people involved was very mixed. We attracted more than 700 candidates in one particular campaign. We would not employ somebody here if they started off the interview by saying, "Get me out of this company"-we employ people for positive reasons. Many people who applied did so because we were there asking them to apply, and they took the opportunity to come along.

When people came over here from that particular exercise, the issues that we had were mostly around Afrikaner people, who found it more difficult to settle in Scotland because they were much more used to talking Afrikaans than English. Having said that, I am still in contact with about half a dozen of those individuals who are now resident in Scotland and contributing in job roles in Edinburgh.

On qualifications, by the nature of our work everyone is educated to degree status, and many

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have masters degrees and beyond. This is going to sound old hat, but generally they are attracted to Scotland by the scenery and the good quality of life, and they are genuinely attracted to the country because it is welcoming. We found few oddities in the whole set-up, although they do not like the weather—that is straightforward. Some Australians have gone back to Australia because of the weather. In fact, one is leaving us on Friday for that reason. However, he has managed to sell his house for an awful lot more money than he bought it for.

Irene Oldfather (Cunninghame South) (Lab): I think that I have done my bit for the fresh talent initiative. My husband is from Arizona and he has been here for 25 years, despite the weather.

Generally speaking, at the European Union level, about 80 per cent of the workforce was trained more than 10 years ago yet—your business is evidence of this—most new technology has been developed within the past 10 years. There is a clear mismatch between labour and jobs. To what degree do you recruit, retrain and upskill within Scotland, as opposed to going outwith Scotland?

Mike Johnstone: That is an interesting point. If I may add a European dimension, the accession state that has been independent for longest is Poland. States such as Lithuania, Estonia and Latvia have been independent for 14 or 15 years. Prior to that, they had no indigenous software industries; since then, however, there has been outsourcing from Finland and Germany. They are all working on new technology projects. Contrast that with Scotland where, from an IT perspective, there is a huge mainframe legacy in insurance companies and banks, which is why any major migration, transition or acquisition costs an awful lot more money, in terms of IT rebuild, than one would think.

In Scotland, we have a clearly defined population of experts who can work on those older systems. They can retrain on those systems and gain new skills. In central Europe, the new skills exist in raw form. People do not have the baggage of the older systems because such systems do not exist to be worked on, so they are working on more leading-edge developments than might be found in Scotland. Attracting those skilled people, who mostly have a couple of degrees and whose linguistic skills are good, means that we have a positive inflow in our sector.

Irene Oldfather: That is interesting. Enlargement has therefore had an impact on the skills and jobs mismatch that existed in Europe.

There are many Scottish graduates out there. Our briefing paper quotes "A Smart, Successful Scotland: Strategic direction to the Enterprise Networks and an enterprise strategy for Scotland", which states:

"Over 600,000 people of working age are currently inactive in Scotland, over 100,000 of them in Glasgow alone."

A substantial proportion of those people must be graduates. To what degree is cost a factor? You said that the economic drivers exist, but to what extent are the economic drivers undermining the retraining and upskilling of Scottish graduates? It is important to tease that issue out a little.

Mike Johnstone: It is in that exact area that I have my main criticism of the fresh talent initiative. The private sector can deliver large numbers of fresh talent in specific sectors, some of whom would remain in Scotland and would not be inmigrant, to use Scottish Enterprise's description. I simply ask why we would want to take that approach when, from a Scottish perspective, we are underutilising our skills pool. By definition, if we must go outside Scotland to conduct our business-which is based on ensuring that we get skills to the right place at the right time-that is evidence that underutilising our skills pool is exactly what we are doing. I will not call the type of work that we deal with sophisticated, but it is very complicated, and a graduate with two to three years' experience cannot be placed in a position in which they are meant to deliver, as they will simply fail

Irene Oldfather: Is more modern and up-to-date training that is immediately importable from Lithuania, Poland and so on needed in the new industries?

Mike John stone: Everv large company struggles with that issue, but it must also struggle with legislative deadlines and fulfilling Financial Services Authority requirements, for example. I hope that you will pardon my saying that the buck has to stop and people must get on, move on and deliver. Training and retraining in our industry are long-term commitments. Every major corporation trains and recognises that it must do so for its future, but there is always a gap, and the bigger the demand curve for resources, the bigger the gap at any point. As in every other industry, work in the IT industry is seasonal, if I may put it that way-there are peaks and troughs in companies' programmes. The IT sector is a large employer in Scotland.

The Convener: Your answer touches on a fascinating point. I readily accept your argument that there is an emerging advance in technology in countries such as Lithuania and Latvia because there is no baggage. That suggests that industry in this country is almost locked into being uncompetitive because of what is happening in other countries. That is, we are not necessarily locked into uncompetitiveness, but a solution to

gaining competitive advantage will be much more difficult to find if those countries are moving ahead technologically and we have population and skills shortages.

Mike Johnstone: There is an issue. If we marry your point to the extremely marked salary differentials, you will understand that graduates with two degrees who are IT literate come over here to work as waiters because they can and because they will make five times as much money in Scotland, although they will not spend five times as much here. That is an easy way for them to gain access to the community. At some point in the job-search cycle, they might find themselves doing what they trained to do, but they will not necessarily find themselves doing so. The attrition rate for graduates not carrying on to jobs that are appropriate to their qualifications is quite high, and the rate is much higher in central Europe than it is in Scotland.

The Convener: I take it that Latvian IT specialists aiming to come here to be waiters and then somehow being recruited into the Scottish IT sector is not a particularly reliable recruitment route. Do things work in such a way?

Mike Johnstone: It will work in that way for some. Once they become established they will start looking for jobs in their sector. It is an easy way for them to come in—85p plays £5.25.

Irene Oldfather: You cited the examples of Australia and South Africa. It must be quite expensive to go through the recruitment process that you described. Is there not a pool of Scottish graduates that we could be using? Could we not say to the Executive and ministers, "This is the new technology that we need and this is where the training needs to be going", so that we do not have to go to Australia and South Africa?

Mike Johnstone: Some of the central European universities that I visited have training programmes aligned to Government objectives. internal The development agencies have committees and groupings that work with the universities. That sounds laudable-and it is-but at the moment it is just about words on paper. The committees and universities meet, but there is a high degree of kidology about the effectiveness of that macro planning strategy. The fresh talent initiative could consider how such an approach could be encapsulated and how we could find a way to match developments to the training curricula. At the moment there seems to be a much more hands-off approach. The universities have taken the view that they know best in terms of the syllabi that they produce for their students. The information must be available to the Executive for it to work out where the skills shortages really are and to plan for that.

Phil Gallie (South of Scotland) (Con): When fresh talent was first thought up it was suggested that special efforts were needed to allow new immigrants to come and settle in Scotland. On what you said about Australia and South Africa, what difficulties did you have in bringing individuals into Scotland?

Mike Johnstone: As Ms Oldfather said, recruiting in Australia and South Africa is expensive. Having said that, it is largely a one-off expense if one has gone through the proper procedures. Care and attention are required for individuals who are relocating across half the globe to a much smaller country. We certainly regarded the workforce as being particularly high maintenance in the first 12 months.

Phil Gallie: Were there problems with immigration and getting them clearance to work here?

Mike Johnstone: That is my point. We had to get involved with the Department of Trade and Industry early on. Having complied with the regulations as they were then and having gone through the process once, we found that the DTI was extremely helpful in letting us get on with it the second, third and fourth times, because it acknowledged that we were doing it in the right way.

The Convener: So the channels were made easier after you started the process.

Mike John stone: The restricted list—the DTI list of people who are more or less fast-tracked changed quite a lot. You will not find IT staff on the list, because the lack of such staff is no longer an issue. The attraction of recruiting in the accession states is that all those issues disappear. Accessibility to those states is much better, because it takes less time to get there and the time differences are minimal for six months of the year—one is not working 11 or 12 hours ahead of or behind oneself. That all makes it easier to attract people and get the process right first time.

Phil Gallie: You quoted the figure for Lithuanians coming into the UK since enlargement as somewhere between 50,000 and 100,000. There is a suggestion somewhere that Scotland has managed to attract 2 per cent of the foreign nationals who come into the UK. Given that the fresh talent initiative was set up to attract about 9,000 people a year and that we have gained about 10,000 Lithuanians in the past couple of years, is the initiative still necessary, or should we refocus?

14:30

Mike Johnstone: When one talks to people who are involved in the European theatre, they laugh at

the official statistics-the WRS ones-because they know from their own statistics that the official ones understate the situation. In reality, we do not know how many people are coming in, but the anecdotal evidence is that the number is probably higher than we expect it to be. The macro or longterm demographic aim of the fresh talent initiative is to get talent to stay here. Therefore, fresh talent has not lost its initiative. The objective has not been fulfilled by the fact that we might have a transient workforce that is much larger than the official statistics say it is. Unless we do something to structure the pool of talent, it will remain transient. People will come for a summer and serve in cafes and bars, and they might stay until winter and spend two days on the ski slopes; then they will go home.

Mrs Margaret Ewing (Moray) (SNP): Does Scotland have more problems than other European nations have with regard to the general concept of fresh talent initiatives? I am thinking particularly of what we might call the older generation of the European Union. I understand the difficulties for the accession states, but do we face greater difficulties than other countries of that older generation face?

Mike Johnstone: We should never underestimate the fact that we are on the periphery of the European landmass, which has been an issue for our nation for centuries. The ability of people in Vilnius, Lithuania to travel by car to five countries within two hours makes a difference for them. If we want to do the same thing, we have to jump on a plane. However, that is only one small point; if one talked to the development agencies or even the UK embassies in Estonia or Lithuania, they would say that the problems that those countries face are not different from ours, with one big exception, which is that they have no real commercial or entrepreneurial infrastructure. They have no real management structure because they have not had commercial activity to build it up. That is why there are an awful lot of Scottish, Irish and Londonbased consultants advising the Governments in those countries and trying to bring expertise on the issue.

We are not comparing like with like in terms of the maturity of the countries, but the problems of net emigration and the retention, education and development of the labour force are much the same in those countries. As I suggested earlier, because those countries started from a much lower base, they are attacking the issue of skilling up the workforce much more aggressively. The most obvious example of that is the approach to linguistic skills. Every one of the new EU countries has at least three languages as standard, which either reflects the ethnicity of the core population or whether they were under strict Russian control. Scotland has never quite got to grips with that issue, which is where the point about being on the periphery of Europe comes in. It is more difficult for us to go places so, traditionally, we have let people talk English to us. That will remain a barrier, although it might be a good thing because it keeps people working here. However, that is a major element that is missing from our armoury of broad skills.

The Convener: On that note, I thank you for your contribution, which has been very interesting. Thank you also for your written evidence. We will reflect on that in the course of our inquiry.

Our second witness is Sylvia Halkerston from the Scottish Food and Drink Federation. Welcome to the committee, Sylvia. We very much appreciate the written evidence that has been submitted by the federation. I ask you to introduce yourself and make some opening remarks before we move on to our questions.

Sylvia Halkerston (Scottish Food and Drink Federation): I am here to represent the Scottish Food and Drink Federation, but it is important that you should know that I am also a director of Macphie of Glenbervie, which is the largest independent food and drink manufacturer left in the United Kingdom. I am also the only Scottish director of the sector skills council for food and drink—Improve—and I am the chairperson of the local advisory board of Careers Scotland. I tell you that so that you will know that I bring different perspectives on some of the commercial aspects and some of the generic aspects.

You will see, from our written submission, that there is a dangerous shortage of recruits to the food and drink industry in the whole UK, and in Scotland in particular. Scotland's food and drink industry is very important to the economy of this country, but it is desperately short of skilled and knowledgeable people coming in. Although we experience some people migrating out of it, once people come to the Scottish food and drink industry, we usually capture them. The retention level is much better than the recruitment level.

The food and drink industry faces commercial problems because of the present situation. In the past five to 10 years, the industry has moved at a pace that would, hitherto, have been unrecognisable. The industry has changed out of all recognition because the global players have come in and bought up the smaller companies. In Scotland, we have a huge number of very small businesses and small and medium-sized enterprises. The majority of businesses in the food industry in Scotland are SMEs. That brings an attraction issue, as people tend to want to work for big names. Graduates in particular are attracted by big names, not by the smaller companies.

Competitiveness in the food and drink industry is down to innovation. One has only to see the shelves of the major multiples, on which the products never have a shelf-life of more than six months, to know that there is continuous change. To develop a product at that pace requires the appropriate technology, which is where the scientists come in. Scotland is desperately short of scientists and process engineers. Scotland was always famous for its engineers, yet we just cannot get them, so we have to find other ways to upskill people into engineering.

We have spoken about immigrant labour. In the food and drink industry, initiatives have been started by the sector skills councils to attract immigrant labour. An issue that arises is the extreme difficulty we have in accrediting people's learning in their home countries—the learning is not readily transferable. We need to have some form of accreditation that is recognised throughout the European Union. In addition, unskilled labour is coming over but only for the very short term. It concerns me that we are hanging all our hopes on immigrant labour, as we are taking a short-term view in a number of ways.

Some of the immigrants who work for us are extremely talented people, which suggests that the fresh talent initiative has managed to attract them. However, the fresh talent initiative is not acting in a joined-up way. The evidence that you heard previously was about the need for IT skills. I could take you to a very experienced IT manager who is working on a meat-packing line in the north-east. We are missing a trick because when the immigrant labour comes in-albeit for the short term-we do not manage to channel the skills, knowledge and attributes into the areas of need. Perhaps that IT manager will stay here long enough to find an IT job. However, of the very small percentage of people who are being attracted as immigrant labour, an even smaller percentage is being attracted to Scotland-and, for Scotland, we have to read beyond the central belt. The majority of the north-east of Scotland does not benefit from the desperation of people to come and see Scotland-we have to try very hard to tempt them to come to the north-east, as it is seen as a weekend venue but not an attractive place to live. We even have a problem in attracting scientists from England: they will come, but their wives will not.

The short-term issue that concerns me is that, especially post-enlargement, the major multiples are exerting extreme pressure on the food manufacturing industries in terms of costs. You were correct to say that there is an inherent competitive disadvantage—we are living with that competitive disadvantage, as the major multiples are already operating in the Czech Republic and in Poland. The United Kingdom, and Scotland in particular, have extremely high standards in the food and drink industry, which are exceptional in the whole European Union. We abide by the rules that are set down for standards, hygiene and so on. Before too long, those skills will be available in the eastern European companies and the major multiples will not care where they buy from. We must therefore look beyond the short-term view to make Scotland competitive.

Our company has, for many years, faced the skills shortage, especially in science and technology. The word "technology" is often bandied about as an equivalent to IT but, for the food industry, technology is not IT. IT is the pen and paper for the food industry; IT skills are a given. Most of our children could knock spots off us in terms of IT. Technology is about science and engineering. We realised that there was a shortage of people with skills in science and technology, and I had to look around the rest of Europe for them. We have had tremendous success in recruiting from the Republic of Ireland, where the food industry is very attractive.

The food industry and science and technology are attractive in Ireland because of the greater collaboration between the universities and industry. Research establishments work closely together in Ireland and there is no protective wall built around their work. In fact, the lecturers go out into primary and secondary schools and tell young people what their industry is about. I know of no such initiative in this country; that is left to us.

The industry has a lot to reprimand itself for. I believe that we cannot say that we cannot afford to train our people. I am not looking for Government grant support; I keep telling employers that they cannot do that. Just as they have to develop their products and buy packaging, so they must invest in training their employees.

We have recruited people of an exceptional standard from Montpellier University, in France, and they want to stay. Our success rate with French people who want to stay is high and we have some New Zealanders who love Scotland. Much of that is down to historical links, which I do not think that we exploit enough. We hear repeatedly—mostly from marketing people—that we should play down the tartan and the heather; it is all right to do that, but we must not play down the quality of this country. If we could generate a pride in the industries that are indigenous to Scotland and in the professionalism of the people who work in them, we could recruit more graduates.

Our graduates have higher expectations than do many of the graduates from other European countries. When I recruit in Ireland—my success rate is highest at University College Cork—and get graduates to do presentations on their subjects, I find that they just want to come and learn more. Too often, we meet graduates from this country who pick and choose and do not want to learn more. The fact that they do not have the same outlook that Irish graduates have creates an economic difficulty in that their expectations of the remuneration packages that they should receive as trainees are unrealistic. That said, there is a lot that is good for our work in this country and we need to exploit that more.

If I may, I would like to comment on where I think the fresh talent initiative is at the moment.

The Convener: A few brief remarks will suffice, before we move to questions.

Sylvia Halkerston: The fresh talent initiative is full of worthy words, but I do not see much action in industry. You need to get buy-in from industry. We need to see action, which we will support 100 per cent. We cannot rely on pamphlets, posters and websites. Face-to-face activity and initiatives that bring people in are what are necessary. The experience that people in Scotland have, their basic productivity, the services that they provide and the welcome that they give need to be improved. That goes back to some of the core skills in education.

14:45

The Convener: Thank you very much for those remarks and for your written submission, which I mentioned earlier.

You spoke about buy-in from industry to the fresh talent initiative. I got the impression from what Mr Johnstone said that we can succeed in recruiting people from abroad by matching identified skill shortages here with identified pools of skilled people elsewhere. The logic of that is clear. You seem to be saying that the fresh talent initiative has touched your organisation at a general level but not at a detailed level. Is that correct?

Sylvia Halkerston: Yes.

The Convener: What do you need to hear from Government on that? How best could a company such as yours be engaged in the process?

Sylvia Halkerston: I take your point about bringing in people with specific skills to address specific shortages, but in my view the food industry can afford to have a much wider outlook. A scientist can be upskilled to become a food technologist. There is not a great deal of difference between those disciplines; it is not necessary to have studied food technology to become a food technologist. Companies could bring in basic engineering and science skills. I would be much happier if we could use as fresh talent some of the 600,000 inactive people in Scotland whom we have heard about. Although it might not appear that their talent is fresh, we could make it fresh; we could make it an attractive proposition to learn new skills and enter industries that were not attractive hitherto.

The Convener: I turn to specific skills. I am struck by the fact that food-processing companies in my constituency would not be able to survive without using immigrant labour to supplement their workforce. Do individual companies identify immigrant workers or does the Executive need to take a more comprehensive approach towards trying to attract individuals to come and work within the food-processing sector? Some of the issues that affect companies in my constituency will also affect the other committee members' constituencies.

Sylvia Halkerston: A comprehensive approach is required. The SMEs and micro-businesses to which I referred have neither the time nor the resources to chase immigrant labour. They are also frightened off by bureaucracy, even if it is only a perception of bureaucracy. The majority of companies that work in Scotland are legitimate and honourable, but they are frightened off by the media reports about gang masters. They are frightened to cross the line and if they do not have the resources, where would they go? Therefore, it would be an excellent idea to have a comprehensive approach and a source that tells them that the labour is legitimate and that they can use it.

Irene Oldfather: Last week, we heard from Professor Robert Wright, who said that he felt that employment rates would go up if wages went up. To what degree is that a factor in recruiting for the industries that we are discussing?

Sylvia Halkerston: It is always easy to throw a pound sign at something. The reality is that young people in schools say to me that they do not want to work in the food industry because it will not pay enough, but they are amazed when I tell them the earning potential of a development technologist, a professional buyer or someone who works in quality assurance. Companies have to factor in wage rates, but I recruit people and see the wage rates, which are not below par.

Irene Oldfather: You mentioned that Scottish graduates were a little bit picky compared with some of the graduates whom you have recruited elsewhere. Why is that? Is it the way that we set up courses in Scotland, or is it something in our national identity?

Sylvia Halkerston: Sadly, because we have become more materialistic, I think that the attitude is for "status" read "pounds" and for "pounds" read "status". There is an impression in graduates' minds that their diploma equals X pounds, but it

depends, of course, on the industry sector, the training programme that is on offer and whatever else is available to them. Because there is still a gulf between academia and industry, there is no understanding of earning potential and our students are confused about the "potential" part of that phrase.

Irene Oldfather: I will ask about languages, about which you have spoken a little bit. If I go into a restaurant in Italy, Spain, France or anywhere else in Europe, the waiter can normally speak to me in English, French, Spanish or Italian, but we do not seem to have similar skills within the hospitality industry in Scotland. Is enough emphasis placed on language skills, or should we be doing more?

Sylvia Halkerston: When I go into schools, I find that more and more students say to me that they cannot wait to drop their language course. It is not living for them whereas, elsewhere in Europe, it is a given that students will speak English. Mike Johnstone's point that our location influences our attitude to language skills was right. We need a thirst for learning in subjects such as languages. The company for which I work has had to undertake language training to compensate for the lack of language skills with which people come to it.

lain Smith (North East Fife) (LD): On a visit that I made recently to Croatia, the point was made to me that people in Croatia tend to speak English because they spend a lot of time watching satellite television, which is in English. The Croatians do not learn English from the schools, but learn from the television, so perhaps we need to change all our television programmes to French, Italian and Spanish.

The Convener: I am sure that that would be a popular step, Mr Smith.

lain Smith: I wish to explore a couple of issues. I was interested in your comment about scientists who could become food technologists. Is one of our problems in attracting recruits from overseas our tendency to be too prescriptive in how we define the skills that we require, and our to accept that unwillingness there are interchangeable skills? In the building industry, for example, people have to have done a full threeyear apprenticeship before they can take on a job. Similar conditions might apply in your own industry. Current training and practices might be making it more difficult to recruit because we are expecting too high a level of skill or we are not accepting enough interchange between skills.

Sylvia Halkerston: I am not so sure that this is about looking for too high a level of skills. However, I agree completely that we are too prescriptive. As far as getting young people interested in sciences is concerned, when I go to a careers event to talk about careers in the food industry, I am channelled into the home economics category. There is the perception that for "food" read "cooking". I do not want cooks; I want scientists and business studies people. Before I go to such events, I always ask to get put in the same area as the scientists and business studies people.

We support the local science centre in Aberdeen, Satrosphere. The science centres in Scotland are desperately looking for ways of interesting young people in science. We put together a roadshow teaching primary-age children the science behind making pizzas. The children were enthused about it. They did not read "science" to mean "food", yet we are prescriptive when young people reach the age of 18, when science will mean physics or chemical engineering, for example. Let us make the prescription much wider at a younger age. If we do that, we can enthuse people in a career. The same goes for immigrants: let us not put them into silos

lain Smith: I have a constituency interest in the food-processing industry. I know how much technology is involved. At packing plants, there are not many people doing any packing.

Many food-processing businesses are located in relatively small communities. An influx of seasonal or non-seasonal labour can cause problems, one of which is to do with accommodation. In many cases, the quality of accommodation that seasonal workers have to put up with is not very good. Is there anything that can be done to assist your industry through improving the availability and quality of accommodation for seasonal workers, which might encourage more of them to stay on and pick up longer-term careers?

Sylvia Halkerston: Seasonality is less of a problem in the food industry in Scotland than one would think. Having an accommodation season for seasonal workers is therefore less of a problem. Accommodation is a huge problem, however, when it comes to attracting fresh talent. We want graduates to move around, but they cannot afford accommodation in some areas. As far as immigrant labour is concerned, it can be extremely difficult for workers to get accommodation.

We do not have an infrastructure that welcomes new talent. This week was the first week when Macphie of Glenbervie experienced some immigrant labour first-hand, although I have experienced it with other companies. I had to pair up the non-English-speaking workers with Englishspeaking colleagues. From the moment when they arrive here, there is nothing in place to get them integrated into our culture, to get them to use our language or to get them into accommodation. There can even be issues with something as basic as shopping for food. There might be something that the Government can do, by way of a comprehensive package—almost an induction to the country—or by way of helping companies with the induction that they provide. That can settle the immigrant, thus increasing the chance of retaining them. At the moment, it is incumbent on each person to settle themselves in.

15:00

Phil Gallie: Perhaps you will excuse me if a make a personal point. I will write to you after this evidence-taking session to tell you all about the Hannah Research Institute in Ayr. We have some excellent scientists, but they do not have the right kind of work to do. I am sure that your work is important in that regard.

Sylvia Halkerston: We have very close links with the Scottish Agricultural College—with Auchencruive—and also with Heriot-Watt University. Although I said that I went to UCC—we were courted closely as a company by the technology centre in Dublin—I come from a company whose first allegiance is to finding people in Scotland. I would like to find our skills and labour in Scotland first, because I would like to keep them in Scotland.

Phil Gallie: Quite seriously, I will make contact on the issue.

Sylvia Halkerston: Yes, indeed.

Phil Gallie: I will pick up on a comment that was made in your written submission, to which you also referred in your opening remarks. Your submission states:

"It is quite ridiculous that at the same time as there is an increasing demand in industry for technologists, engineers and scientists, the number of people studying these disciplines has declined to crisis point."

What is your remedy for that? How does the point fit with the fresh talent initiative? Is a change of emphasis needed?

Sylvia Halkerston: Yes. We also need to look at the funding structures for higher and further education, which do not tempt higher and further education to maintain and support courses that can be costly. Science and engineering courses are much more costly to run than media studies courses.

Repeatedly, I am finding that young people are going into further education and higher education to do media studies, marketing and information technology courses. However, at the end of the courses, people need jobs. Gone are the days when one could say to a child, "What do you want to be when you grow up?" When parents ask me to talk to their youngsters about their future, I say to the youngsters, "Don't make your choices until you know what you are good at and what you enjoy doing." Sadly, they cannot make choices like that any more. They go into media studies and IT—I mean no disrespect to those subjects, but they are tools. Youngsters are not studying the subjects that we need them to study. Courses are closing; every year, fewer and fewer are available to us in the UK.

Phil Gallie: I suspect that the food industry has not always been seen as a hi-tech industry, but from what you have said today, it seems that its image has changed. There is a constant demand for research and for different processes. How do you get that message across to the younger people in Scotland?

Sylvia Halkerston: As a company, we have participated in the create interest initiative, which the member might have come across. We have extended that by taking on the schools industry challenge. In my company, 120 14-year-olds were involved on any one day. We introduced them to how to take a food product from concept to launch and showed them absolutely every element. Nothing can replace having a first-hand look at each stage of production.

I have extended the programme to primary schools. As we speak, primary school children from a link primary to the secondary schools with which we work are sitting in my company premises. We are introducing them to the technology of food. If I could bottle the enthusiasm that youngsters have and feed it to graduates, we would not be sitting at committee today, discussing the problem. At the end of it all, that enthusiasm is lost.

When I am recruiting a production operative, I need someone with particular levels of literacy and numeracy. We have just installed a £2 million packaging plant. I do not need engineers who can tinker about with screwdrivers; I need people with IT skills who can see where the plant is going wrong. We are talking about perception, but much of it is down to industry: we must take ownership. I believe that industries will be forced to take ownership of their image through the sector skills councils. It is also important that things are done at school level.

As I said, I sit on the local advisory board of Careers Scotland. We are a million miles away from giving the careers advice that we should give our young people. We just do not get through to young people the options that are available to them. If we could tell them the options that their skills and knowledge could lead to, we could have more success.

Mrs Ewing: You have spoken about enthusiasm and about the links that you have with primary and

secondary schools. However, we are talking about higher qualifications and the tertiary sector.

Moray is highly dependent on the food and drink industry. In such areas, is the enthusiasm greater at further and higher education level than it is, for example, in the middle of a city where the dependency on the food processing industry is not the same?

Sylvia Halkerston: No. In its immediate locality, a company can generate enthusiasm by being a good employer and by letting people know that the wage rates are attractive and that training and development are available, but there is not usually the same enthusiasm in the higher and further education establishments. There, enthusiasm can be patchy. I have been told by a principal of a college that he would love to run a food-related course but cannot afford to because of his funding. He can fill the college with media courses and hairdressing courses.

Mrs Ewing: Is the pattern different in other European countries?

Sylvia Halkerston: In part. In Denmark, for example, the food industry is well served by colleges of technology and by higher education. In Denmark there is no stigma about going to a college of technology. People understand the route; they understand how their science and technology qualifications can get them into industry.

Elsewhere, there have been good results in the Republic of Ireland and at Montpellier University. I do not yet know about the eastern European countries, because all I have is anecdotal evidence. However, I hope to find out more later this year.

The Convener: You have spoken about the difficulty of having consistency in accreditation when people come to this country from elsewhere in the European Union. There is tremendous enthusiasm because of the mobility of labour in the now much larger European Union. However, if accreditation for learning is not consistent, there could be a question mark over a well-trained specialist from Lithuania, for example, coming to apply skills in Scotland. Is the Scottish Food and Drink Federation taking part in any pan-European dialogue on accreditation? I would think that the Scottish Executive would have a pretty high level of competence in such matters. Is the Executive involved?

Sylvia Halkerston: The sector skills council has already launched what is, in effect, a skills passport for people arriving in the United Kingdom or moving within the United Kingdom, which will apply whether they are UK nationals or immigrants. We had to start somewhere with accreditation and we started with things such as basic food hygiene and health and safety.

We are talking to people in Europe about this. I have suggested that Scotland steal a march here because down south they do not have the skills and the qualifications matrix that we have. That is exactly what we want to apply to accredit people who come in from the European Union. At first glance, it looks like a huge task but, if basic levels could be applied across the EU, a skills passport would make mobility and employability so much easier.

The Convener: So it is not about creating a massive, all-encompassing European bureaucracy that tries to amalgamate all the qualifications in 25 countries. Instead, it is about having a basic platform that everyone can recognise and take advantage of.

Sylvia Halkerston: That is right.

The Convener: We are grateful for your interesting evidence, which the committee will reflect on.

Our final witness this afternoon for our inquiry into the fresh talent initiative is Eric Stewart, the managing director of FirstBus. Mr Stewart has provided the committee with written evidence that sets out the company's experience of recruiting and retaining a number of bus drivers who were employed in Glasgow. It looks like an absolutely fascinating tale.

I welcome Mr Stewart to the meeting and invite him to make some introductory remarks, after which we will move to questions.

Eric Stewart (FirstBus): Thank you very much.

I look after FirstBus's Glasgow operation. First, I should perhaps set some parameters. We employ almost 3,000 staff, 2,200 of whom are bus drivers. Every week, we have to cover about 95,000 hours of work, which is quite demanding.

The industry in general is suffering from a staff shortage. When Poland joined the EU earlier last year, FirstGroup—as opposed to its Glasgow operation—learned that the country had many unemployed, qualified bus drivers and started to explore ways of tapping into that market. Coverage of the media launch then found its way on to local television in Kraków.

Although we had the contracts in place and had made arrangements in Kraków for the drivers to be tested and to be fully trained in English, seven Polish drivers—whom we nicely referred to as door-stoppers—arrived at our depot last November, unable to speak English, unadjusted to driving on our side of the road and without the training that we had expected them to have. Nevertheless, because our policy is that if we employ a driver with a full PCV—passengercarrying vehicle—licence, we give them the full rate of pay, the seven drivers were put on pay that day. We then had to find English-language training for them.

It would have been difficult for us to say, "We won't take you because you don't have all the pretraining that we'd expected." We welcomed them with open arms and personally I felt that they had made a great commitment in giving up their family and home and coming over to this country.

The same thing happened in other FirstGroup companies in the UK. The drivers in question came to Glasgow because the money is quite reasonable. For example, last year, some drivers in the city earned about £30,000. Money is not a barrier in our sector; people have to put the hours in, but the opportunity to earn certainly exists.

As I said, we trained those seven lads, and I have to say that they, and many others who came after them, are still in our employ. They are good employees and we have had no problems with them. However, taking them on meant that we had to make a big commitment ourselves. We are talking about the fresh talent initiative, but I learned everything after the fact. Everything that we have done for these people was done spontaneously. When I became aware of the fresh talent initiative and started making inquiries about support, I learned that no direct support was available for a company such as ours with more than 250 employees. Bizarrely, because we offer the people contracts in Poland to ensure that they feel comfortable with us, they do not qualify under the terms of the initiative because they are neither unemployed nor asylum seekers. In trying to be open and honest and to make a commitment to these workers, we preclude ourselves from that support.

15:15

Some of the drivers have now brought their families over—we know of three of them who have brought their wives and kids over and are waiting for housing at the moment through the housing association in Glasgow. They have made a commitment to this country and we have welcomed them.

By the middle of this year, about 5 per cent of our drivers will be eastern European—from Poland, Lithuania, Slovakia and the Czech Republic. We are expecting another 30 people from those countries to join us soon.

Someone commented earlier that 100,000 people in Glasgow are available to work—or unavailable to work, however one looks at it. We are still recruiting local people. If they chapped on the door tomorrow, I would welcome them and

they would be given employment. I am sure that there are many reasons why that does not happen as spontaneously as we would like.

It is difficult to come into this country as a Pole. In our case, we could not even get our workers bank accounts until we got them registered at a permanent home address, but that was difficult. We had to give bonds to landlords so that the drivers could demonstrate that they had long-term homes before they would be given a national insurance number and access to a bank account. We learned as we went along because the guys arrived unannounced rather than going through the standard process.

We have had a lot of support from our trade unions, which have welcomed the guys, which has helped a great deal. The bus industry has a good community spirit, so the drivers tend to look after each other. That has been a particular strength for us.

The Convener: Thank you for a fascinating example that shows the theme of the fresh talent initiative working.

I have a couple of questions about your submission. At the end, you state:

"The un-recovered direct cost to the Company has been around $\pounds 300,000."$

Does that include the salaries of those members of staff?

Eric Stewart: Yes.

The Convener: Discounting the salary costs-it is quite understandable that you pay the drivers a salary-what has been the company's financial exposure through bonds for accommodation, English-language courses, the hassle of setting up bank accounts and so on? What cost has the company carried so far compared with what it would have cost if lads from Glasgow had come to work for the company, you had paid them a salary they had looked after their and own accommodation costs?

Eric Stewart: The cost works out at about £4,500 per head.

The Convener: I take it from your evidence that you have had no financial support from the public sector for that.

Eric Stewart: We raised the matter with Scottish Enterprise through the business gateway and we were told that we did not qualify for support because of the size of the company and because some of the drivers had come into the country through advance contracts with us in Poland and some of the others were being paid a full wage. That was a problem because our existing workforce could see that the chaps were on full pay for 10 weeks without earning revenue. Although they were supportive, one can continue on that basis for only so long.

The Convener: I see. So the employees come in from eastern Europe for 10 weeks to do an intensive language training course. Do they do language training and driver training?

Eric Stewart: That happened because they could not speak English and had to adjust to driving on our side of the road. However, FirstGroup—rather than just FirstBus in Glasgow—has now moved vehicles to Poland and we are trying to deliver the training there so that the drivers are far better prepared before they come over here. We thought that we would just have to adjust them to Glasgow-speak—which can be difficult to understand at times—and that they would be ready for the road, but it did not quite work out like that.

The Convener: Is your organisation carrying the cost of undertaking the training in Poland? Does that involve both driver and language training?

Eric Stewart: Yes.

The Convener: Has that been a more convenient or productive route than guys just turning up on your doorstep, however welcome that might be?

Eric Stewart: We have brought in Grafton Recruitment, which is facilitating the training in Poland. The English language skills are improving and there is more emphasis on speaking English than on being a fully-rated bus driver. The local company in Kraków has been training the bus drivers. We are comfortable about taking a car driver from Glasgow and giving them intensive training to make them a bus driver. The last batch are more aligned to our own folk, in the sense that they have better English skills; the first group of 43 had no English at all, and we had to employ translators. Reference was made earlier to one of our translators. Her curriculum vitae showed that she had two degrees and spoke three languages, but she was working as a waitress in Cumbernauld. We have employed her as the main translator. The points you made are relevant though.

The Convener: What happened to that individual, who was not using her skills to the full in the restaurant?

Eric Stewart: She is working for First and will move on from Glasgow to deliver translation nationally.

The Convener: How are those guys getting on in different parts of Glasgow?

Eric Stewart: Some of our own drivers are difficult to understand. The eastern European drivers have got on very well. It was always going

to be a sensitive issue. You can imagine the press coverage if there had been an accident or anything. The drivers have a fabulous work ethic and are hungry for overtime because they are sending money home. Many of them have inquired about moving here, and we are trying to facilitate that. We have a lot of arrangements with landlords, and we are working with the Glasgow Housing Association and in Cumbernauld. The drivers have been quite remarkable-I would have to commend them. I did not set off with any of this in mind. We were looking for drivers and this opportunity arose. We continue to recruit people locally, and will always do that because our business has quite a churn. Money is not sufficient attraction-there are shifts and other things that put some people off. The eastern European drivers settle in well. There are no separate shifts-they are fully integrated into the working pattern and do not get any preferential treatment. They just take the shift that their level of seniority allows them to pick.

Irene Oldfather: You kind of answered my question, which was whether the wage rates were the same. You mentioned spending £4,500 per head on training, which is a reasonable amount over 10 weeks. To what degree did you try to recruit in Glasgow and in Scotland? What were the barriers to that? Do you offer the training that you were offering the eastern European workers? Obviously I do not mean the language training; I mean the skills development and the upskilling from car driving to bus driving. What level is it offered at? What is putting people off applying?

Eric Stewart: There is no difference in wage rates. In fact, the Glasgow company put a new pay deal in place last year that did away with differential rates for starters. The only thing is that 50 pence an hour is retained and put into the credit union, and is released after one year. It is a sort of loyalty bond, to ensure that drivers stay with us. That applies to all employees, whether they are Polish, Lithuanian or whatever, but they get the same wage rates and do the same type of work. Given our labour-intensive business and the strength of the trade unions, it is dangerous for us to start making unique conditions. In bus-driving terms, the training of the first lot was less intense because they were fully trained, proficient bus drivers. One of the reasons for that is that drivers pay for their own damage in Poland-a policy I would love to adopt here. They were good as technical drivers; the language skills were the problem.

A couple said that they could not cope with the adjustment due to the language, and they have taken on jobs as cleaners and bus workers people who shunt vehicles around the garage. We have made a commitment to them that, once they improve their English language skills, they can come back to bus driving. Opportunities exist for people who are enrolled in Glasgow. We give the same level of training on ticket machines and vehicle familiarisation. There is no difference. The difficulty for us was that we could not converse with them easily, and had to do everything through a translator. The main cost burden was keeping them on the books when they were at North Glasgow College, which did a good job.

One of the barriers to people coming into our industry is the sense that pay is poor, which we are trying to address, because wage rates have moved forward significantly. The backs of buses tend to show wage rates, which are far more attractive than those in many service industries. If anything puts people off it is the fact that we operate buses 24 hours a day. A company the size of FirstBus operates most of its services 24 hours a day-if not, they operate from 6 am to midnight. That is a barrier to some people, because they want to be in the house at 7 o'clock on a Friday night. It is not a particular barrier for Poles, Glaswegians or any particular group; it is just a barrier for people who do not want to work shifts. That is one of our weaknesses.

As far as promotion and marketing are concerned, we are part of the new deal, and we are continually in the press trying to encourage people to come in, because we have a big churn rate, although it has reduced in Glasgow to less than 20 per cent because of the wage rates, whereas generally in the industry the figure is in excess of 30 per cent. We have had some successes, and the Poles and other east Europeans have been part of that. We are pretty strict about treating them no differently.

Phil Gallie: It is all very interesting, and I enjoyed your submission, but we are examining fresh talent. How will fresh talent affect your company, if it will affect you at all?

Eric Stewart: That is an excellent question. I did not come here under the pretence that I understood fresh talent very well.

Phil Gallie: We are trying to find out what it is about.

Eric Stewart: The fact that employers such as us are not as aware of it as we should be might be the nub of the matter. We had to do all the running, and nothing came from the agencies that should have given advice. We developed our own system for dealing with the recruits on the back of a fag packet, which is not ideal. I got as much information for the company about fresh talent from the press as I did through other means.

Given what we have done, there are no barriers to entry. We funded the scheme. As I understand it, as an employer we ticked all the fresh talent boxes. There are no hindrances to anybody who Phil Gallie: You have, thank you.

Iain Smith: Some will say, why should not a company the size of FirstGroup have to pay £300,000 to recruit staff to carry out its day-to-day business? Having put that marker down, might I ask what barriers you face? What can the Government do to assist you in recruiting in other markets? What issues are most important to you? Is it accommodation or language training, or do you require support for finance?

15:30

Eric Stewart: Putting the money to one side, we found it difficult to get bank accounts and national insurance numbers. It would help if there were special mechanisms, because of the way in which the people come into the country. The fact that my company had to give bonds to landlords was not so much a cost as a barrier to the process moving ahead quickly.

My personal vision would be for, one day, school kids not to think of bus driving as being something to fall back on when you fail. I would like there to be modern apprenticeships in the industry, although I understand that the fact that the modern apprenticeship programmes require level 3 Scottish vocational qualifications would be a barrier in that regard. The industry has changed quite dramatically—the product itself and our approach to it—and we have made the wages as attractive as we can.

The two previous witnesses talked about IT and other high-technology industries that are perceived as being sexy. People do not have that perception of bus driving but it provides a job for life, which sounds like a cliché but is something that not many people have these days. We seem to fail to get that strength across in schools.

I do not know what more we can do. Certainly, we were not able to turn to a textbook to find out what we should do; we had to make it up as we went along.

Iain Smith: I assume that the issue of the bank accounts will not be unique to your industry. Does it have to do with the identification requirements?

Eric Stewart: Yes, the requirements are strict. We tried to take action through our banker, using the power of the group, but they would not allow us to do anything until the people provided permanent addresses, presumably because of legal issues. **Iain Smith:** You obviously found a way round the problem, but it is conceivable that workers could get caught in a vicious circle whereby they cannot get a bank account because they do not have a permanent address and they cannot get a permanent address because they do not have a bank account.

Eric Stewart: Absolutely.

The Convener: One of the points in that vicious circle will be people's national insurance number.

Eric Stewart: The situation is exactly the same in relation to that. Unless someone can demonstrate residency and permanency—

The Convener: In other words, who they are and where they are living. That is an important practical point and the reason for the need to verify such information is understandable, given the world in which we live. For instance, it takes a long time to get parliamentary passes for our staff because certain things need to be checked.

The issue of permanent addresses can be a problem. It has affected your company but it will affect any company in any sector in which people need to attain that status if they are to manage their affairs properly.

Eric Stewart: We have learned from our experience and, when we sign people up in Poland, we try to accelerate the process. However, anyone who found themselves in the situation that we were in would face the same difficulties as we did, as we had no prior knowledge at the time.

The Convener: The impression that you are giving is that the people who are involved in the fresh talent initiative should contact you so that you can tell them what the situation is like in the real world. In a way, you could almost write a guidebook for anyone who wants to do what you have done.

Eric Stewart: Our experience in Glasgow has been circulated to the other FirstGroup companies in the United Kingdom. They have taken quite a number of people from eastern Europe and, using our experience, we have compiled a checklist of things that must be borne in mind, including bank accounts, national insurance and the precedents that must be in place for those things to be achievable.

The Convener: Your evidence has been fascinating, Mr Stewart. I had heard about the exercise that you have been involved in and it was interesting to hear about it at first hand.

15:34

Meeting suspended.

15:40

On resuming—

Annual Report

The Convener: Item 2 is to consider the committee's draft report on its activities over the past parliamentary year. The report is designed to be a straightforward and factual account. The one point that I want to make is that paragraph 9 refers to the committee's consideration of a European Union Bill. We might need to amend that text to take into account the fact that the new European Union Bill will, we expect, be introduced today—I have not heard that it has been so far, but I am sure that it will be.

Irene Oldfather: I have three points, one of which you have just covered, convener. I think the European Union Bill was to be introduced earlier this week.

The Convener: I heard that the bill was to be introduced today.

Irene Oldfather: My second point is that I did not notice anything about our trip to Brussels, although I may have missed it. It might be worth including a sentence about the committee's annual visit and engagement with European institutions.

The Convener: That is mentioned in paragraph 2. You must have been sleeping on the Irvine train this morning.

Irene Oldfather: I must have read the report too quickly. My third point is about a typographical error; the figure "48" appears after the first paragraph of the section on the committee's remit.

The Convener: Yes—that is just a typo. Are there any other points? We have to approve the draft report as it is our submission to the Parliament's annual report, which will be published in due course to, I am sure, a captivated audience.

Irene Oldfather: I have another point. I note that paragraph 15 states that all our committee meetings have been held in Edinburgh. I want to extend an invitation to the committee to come and visit Ayrshire. I am sure that my colleague Mr Gallie will agree; it is the only European thing that we agree on.

Dennis Canavan: We could go on 25 January.

The Convener: We could perhaps celebrate the first of the new St Andrew's day holidays by going to Ayrshire for the day. That would require the Parliamentary Bureau and other parties to agree. I note Irene Oldfather's suggestion. Meeting outside Edinburgh involves a tortuous process of bureau consideration. We have a friend on the Conveners Group who might be able to help us out. lain Smith: I wondered whether Ayr was in Europe.

Irene Oldfather: Irvine is definitely in Europe.

The Convener: Ayr remains in Europe, much to the chagrin of Mr Gallie.

Promoting Scotland Worldwide Inquiry

15:43

The Convener: Item 3 is consideration of the Executive's response to the promotion of Scotland inquiry report, which we published in February. Some members did not receive the response with the papers for the previous meeting; there was a problem with its postal dispatch. We have had the debate in Parliament about the report, which I thought was good, although it was slightly irritating that it was so short; we could usefully have discussed a number of other issues.

What issues do members want to raise about the Executive's response, in addition to what was said in the debate? We can decide how we want to proceed with some of those issues.

Irene Oldfather: I do not know. I think most members raised in the debate some of the areas of agreement that were welcome, and one or two of the areas of disagreement. The agreement about co-ordination was welcome. The Scottish international forum will have a monitoring brief. As I said in my summing-up speech during the debate, the disagreement centred on structures and whether we should have one minister for Europe. That was the main area of disagreement, as far as I can recall.

Iain Smith: I apologise for not attending the debate last Wednesday—unfortunately, I had to be in London. I am a little unqualified to comment on the report, because I was not a member of the committee during the inquiry. However, I feel that it would be appropriate to build into our timetable an opportunity to review progress in a year or so. We could get an update from the Executive on its progress on the recommendations in the report, with which it agreed, by and large. We need to check progress in the future rather than take action at present.

Phil Gallie: On disagreement, members will recall that I agreed with the minister on the European budget. That apart, I agree with lain Smith that we should monitor the situation. In the debate, I mentioned that the Government's external relations strategy should be kept under review. The minister said that the Executive would do that, but the committee should keep an eye on the review and run through it at some time in the future.

Mrs Ewing: I have an idea that I have discussed with the powers that be in the Parliament. I agree that we should review progress in about a year but, given the amount of work that is being done, we should pursue the concept of a specific question time for European and external affairs, rather than lose those matters in general questions. That would be one way of pinning down the Executive. Dennis Canavan, other members and I have a huge interest in international development, but European issues also merit a specific question time.

Iain Smith: One of the recommendations in the Procedures Committee's most recent review of question time—I assure members that that committee is not going to conduct any further reviews—was that the Parliamentary Bureau should consider during the summer whether the initial rota for questions and the subject areas are still appropriate. Margaret Ewing's suggestion could be fed into the bureau's review.

The Convener: The most appropriate action for us is to consider progress against the strategy. We have said our bit and the Government has said its bit; on some issues there is common ground, but on others there is dispute. However, I am not keen to leave the matter for a year, because there would be a danger of drift. We should invite the minister for a meeting in six months and ask for a paper to be provided in advance that charts progress on the implementation of the international and European strategies, and progress on the response to the recommendations in our report. We could have a hearing in six months and another in 12 months. That would give ministers a clear signal that we want pace in its progress. Let the Executive prove us wrong on some of the issues on which there is disagreement and let us see the progress that the Executive can make. If the committee agrees, I will write to the minister to say that we would like an update on the European and international strategies and the response to our report in six months and again in 12 months.

Irene Oldfather: I am happy with that. In my summing-up speech in the debate, I made the point that it is important to have concrete measurements, on which the minister agreed. The committee should follow through on the issue.

Phil Gallie: I will go along with the convener's suggestion, but some of the timescales in our report were over the top with respect to the minister meeting the deadlines. I would not like to set criteria that would overstretch the Executive. I agree that we should have a six-month review, but after that we could consider whether we need another review in 12 months or whatever.

The Convener: The minister made it quite clear that the Government wanted, in the second term of devolution, to intensify what it was doing in respect of European and international strategies. It is undeniable that the Government has increased the pace of what it was doing, but we have to judge whether it is fast enough for us. If we have a hearing in six months, we will not be saying to the Government, "Do this, do that, do the next thing within six months." We want to ask what the Government has done in six months and then judge whether we think that what it has done is reasonable.

Phil Gallie: I am quite happy with that for the first six months.

Pre and Post-council Scrutiny

15:50

The Convener: We now move on to item 4, which is the paper on pre and post-council issues. At annex A, there is a list of the different reports that have been submitted by the Executive precouncil and post-council. Are there any points that members wish to raise on the contents of the paper?

Phil Gallie: I would like to mention item 3 on page 5. Once again, we are hearing all the right words from Europe, but if we analyse what is actually happening, we have to question those words. The paper refers to

"making Europe a more attractive place to invest in jobs, promoting knowledge and innovation for growth and creating more and better jobs."

That was all part of the Lisbon agreement, and what do we get in the European Parliament? I am not making a political point on this occasion, but I feel strongly that, if Parliament is acting to have the working time directive opt-outs cancelled, that cuts right across everything that the Lisbon agreement wanted to achieve. I acknowledge that the Commission itself recognised that. The Commission was prepared to keep the opt-outs, but Parliament has gone against that.

We will have to wait and see what happens. I recognise that the present Government stands totally against ending the opt-outs and I would like a message to go from this committee that we support the present Government on that. I am not sure whether there could be consensus, but I know that the nationalist MEPs voted for the opt-out to continue.

lain Smith: As did the Liberal Democrats.

Phil Gallie: No-they did not, unfortunately.

lain Smith: Yes, they did.

Phil Gallie: They did not. The Liberal Democrats and the Labour Party voted against the opt-outs.

The Convener: I hear what you are saying and I quite understand your concern. For us to come to a committee position on that, I would have to employ other mechanisms to put the issue on the agenda and give members the proper opportunity to consider the proposition. I am not saying that it cannot be done, although it cannot be done today. I am quite happy to consider a specific proposal from Phil Gallie; if you wish the committee to examine the issue in a fortnight, I am quite prepared to allow that. I have to give members proper notice that the matter will be on the agenda, so that they can marshal their thoughts if I can put it as delicately as that.

Irene Oldfather: I could marshal my thoughts now, but I do not think that Phil Gallie would want to hear them.

Phil Gallie: That is fair comment.

The Convener: It is an important issue.

Are there any other comments on the precouncil and post-council reports? Members will notice that the general affairs and external relations council held a discussion on the budget, which was a major issue when we visited Brussels some weeks ago.

Phil Gallie: I would like to pick up on the point about unemployment and social policy.

The Convener: Could you give me a page number?

Phil Gallie: It is on page 9. Once again, I have a comment about the working time directive. It was suggested that there would not be too great an effect on Scottish issues, but I have noted down power generation, fishing and agriculture. Maybe I am reading the paper wrong, but it would certainly be in the interests of Scottish ministers to consider the matter from the point of view of fishing and agriculture if nothing else—they are devolved responsibilities.

The Convener: We can certainly draw the matter to ministers' attention. Most of the discussion has been about the impact of the working time directive on the road haulage industry, for which the majority of regulation will be reserved, but we can certainly write to ministers to make that point. That would not be a problem.

Sift

15:55

The Convener: The next agenda item is the sift paper. I draw members' attention to the documents of special importance. The first two linked documents set out ways in which universities' potential contribution to the Lisbon objectives can be maximised through more and better investment. The documents are of most interest to the Enterprise and Culture Committee and the Education Committee, to which we can refer them.

The next paper is an update on the state aid scoreboard on reduction and better targeting of state aid. As members will know, the Enterprise and Culture Committee has done work on that. The paper will be most relevant to that committee and to this committee.

Thirdly, six papers make up a communication from the Commission to the Council and the European Parliament on establishing a framework programme on security and safeguarding liberties for the period 2007-13. A range of programmes is proposed under the general programme for fundamental rights and justice, and more programmes are proposed under the general that covers solidarity programme and management of migration flows. The documents would appear to be of interest to the Equal Opportunities Committee, the justice committees and the European and External Relations Committee, particularly in relation to our on-going fresh talent inquiry.

Irene Oldfather: I notice that a UK Government explanatory memorandum on the state aid scoreboard is available. The Enterprise and Culture Committee is doing important work that will overlap with our work on structural funds; it would be helpful for committee members to have that explanatory memorandum.

The Convener: We will ensure that it is available.

European Union Legislation (Transposition and Implementation)

15:57

The Convener: Agenda item 6 is consideration of a Scottish Executive update on the transposition and implementation of EU legislation.

Irene Oldfather: I see that the zoonoses directive is late again.

The Convener: Some old friends are back to haunt us.

I did not think that there was anything of great moment in the paper.

Phil Gallie: It is good to see that transposition is about 50 per cent complete. It would be interesting to find out what other European countries have achieved. Perhaps we could send a copy of the paper to President Chirac, which would do his soul good and perhaps show him the way ahead. Even a place such as Scotland can achieve a transposition figure of more than 50 per cent with not too many pieces of legislation being transposed late.

The Convener: I am sure that the views of such a law-abiding citizen will be warmly received by President Chirac.

Convener's Report

15:58

The Convener: The final agenda item is the convener's report. There are two issues to deal with. First, we have received a letter on the "Second Implementation Report on the 2003-2005 Broad Economic Policy Guidelines" from Tom McCabe, Minister for Finance and Public Service Reform—and for Europe and external relations, to give his full responsibilities. Mr McCabe has written to follow up points that were raised at a previous meeting.

Secondly, the minister has sent a letter of explanation to Alex Neil, who is the convener of the Enterprise and Culture Committee. The letter resulted from the media advert for the first secretary/counsellor position in the People's Republic of China, which seems to be exercising the Enterprise and Culture Committee. Do members have any points to make on those papers? **Phil Gallie:** I am sorry for continually chipping in, but it would be interesting to monitor the outcome of Mr McCabe's encouraging words that are contained in annex A.

The Convener: I think that there will be a lot of discussion of and follow-up on that issue. I do not think that matters will be straightforward.

Before I close the meeting, I draw members' attention to the fact that we have been joined by lan Duncan, who is the new parliamentary representative in Brussels. He started work in the Parliament yesterday and has observed most of the meeting. I welcome him to his new post. We look forward to working with him.

The committee will reconvene on 7 June.

Meeting closed at 16:00.

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