

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 long-term 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 London-based 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 Glenberrie, 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 reach 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.

Iain 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.

Iain 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 unwillingness to accept that there are interchangeable skills? In the building industry, for example, people have to have done a full three-year 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.

Iain 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 English-speaking 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 I 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—passenger-carrying 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 pre-training 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 £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 and they had looked after their 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

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