

# **EUROPEAN COMMITTEE**

Tuesday 17 December 2002  
(*Afternoon*)

Session 1

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2003.

Applications for reproduction should be made in writing to the Copyright Unit,  
Her Majesty's Stationery Office, St Clements House, 2-16 Colegate, Norwich NR3 1BQ  
Fax 01603 723000, which is administering the copyright on behalf of the Scottish Parliamentary Corporate  
Body.

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by The  
Stationery Office Ltd.

Her Majesty's Stationery Office is independent of and separate from the company now  
trading as The Stationery Office Ltd, which is responsible for printing and publishing  
Scottish Parliamentary Corporate Body publications.

---

# CONTENTS

Tuesday 17 December 2002

	<b>Col.</b>
<b>EMPLOYMENT AND CORPORATE SOCIAL RESPONSIBILITY INQUIRY</b> .....	1765
<b>SCOTTISH EXECUTIVE (SCRUTINY)</b> .....	1803
<b>CONVENER'S REPORT</b> .....	1806
<b>SIFT</b> .....	1808
<b>EC/EU LEGISLATION (IMPLEMENTATION)</b> .....	1811

---

## **EUROPEAN COMMITTEE** **16<sup>th</sup> Meeting 2002, Session 1**

### **CONVENER**

\*Irene Oldfather (Cunninghame South) (Lab)

### **DEPUTY CONVENER**

\*Mr John Home Robertson (East Lothian) (Lab)

### **COMMITTEE MEMBERS**

\*Sarah Boyack (Edinburgh Central) (Lab)  
\*Colin Campbell (West of Scotland) (SNP)  
\*Dennis Canavan (Falkirk West)  
\*Helen Eadie (Dunfermline East) (Lab)  
Mr Lloyd Quinan (West of Scotland) (SNP)  
\*Nora Radcliffe (Gordon) (LD)  
\*Ben Wallace (North-East Scotland) (Con)

### **COMMITTEE SUBSTITUTES**

Dr Winnie Ewing (Highlands and Islands) (SNP)  
Tavish Scott (Shetland) (LD)

\*attended

### **WITNESSES**

Sue Baldwin (Scottish Enterprise)  
Stuart Hay (Help the Aged)  
Martin Sime (Scottish Council for Voluntary Organisations)  
Alan Sinclair (Scottish Enterprise)  
Deborah Smith (Scottish Executive Finance and Central Services Department)  
Brian Wright (Scottish ESF Objective 3 Partnership)

### **CLERK TO THE COMMITTEE**

Stephen Imrie

### **ASSISTANT CLERK**

David Simpson

### **LOCATION**

Committee Room 2



## Scottish Parliament

### European Committee

*Tuesday 17 December 2002*

*(Afternoon)*

[THE CONVENER *opened the meeting at 14:04*]

### Employment and Corporate Social Responsibility Inquiry

**The Convener (Irene Oldfather):** Welcome to the last meeting of the European Committee before Christmas. From committee members' behaviour during the pre-meeting, I gather that they are all extremely excited about the prospect of the Christmas break. We have received apologies from Lloyd Quinan.

Item 1 on our agenda concerns our inquiry into the European employment strategy and corporate social responsibility. We have with us Stuart Hay from Help the Aged and Martin Sime from the Scottish Council for Voluntary Organisations. We will hear introductory statements from both witnesses before beginning the question-and-answer session.

**Stuart Hay (Help the Aged):** Help the Aged welcomes the committee's inquiry. It might come as a surprise to some committee members that the charity should be interested in the issues with which the inquiry is concerned but, apparently, age discrimination now starts at the age of 42, so it is important that we nip it in the bud. It is also important that we examine the longer-term impact on people's security during retirement in terms of their pension if their employment is interrupted as they approach their 50s.

A lot of the work that we do is carried out in partnership with an organisation called the Third Age Employment Network, which develops and disseminates best practice with a number of partners.

The issues that the inquiry deals with are problems throughout Europe, and European policy picks up on issues of active aging. It is good that the inquiry will also examine the responsibilities of employers, as that will allow both sides of the equation to be dealt with.

It will be obvious to anyone who has read the most recent report of the Registrar General for Scotland that Scotland's population is shrinking and getting older. Therefore, it is important that we make full use of the work force that we have. Employability is a key theme. On the supply side,

education and training have traditionally been oriented towards the young and those who are entering the labour market. On the demand side, the focus is on graduates and, in growing sectors of the economy such as finance and information technology, in which there is a form of premium on youth, in-house training tends to be directed towards younger employees.

That situation has resulted in the development of serious failures with regard to the 50-plus labour market. That age group has the lowest employment rate, at around 64 per cent compared with a 74 per cent average for the rest of the age bands. It also has a low level of economic activity, with something like 240,000 economically inactive people, which means that only 68 per cent of the age group is economically active compared with an average of 79.6 per cent for the other age groups. There are also higher rates of long-term unemployment, with 29 per cent of the group being classified as claiming benefits compared with 14 per cent for all age bands. However, overall, unemployment is low and that has an impact on the figures.

Poor labour mobility means that, when someone who is 50-plus leaves the labour market, they have trouble getting back in. There has been some public policy response to the problem. The European social fund programmes have an age component, but the new deal 50-plus is probably the most significant programme. Emerging ideas about lifelong learning, which the Scottish Parliament is developing, are also encouraging.

One of the first things that has been developed is the new all-age career guidance, which will benefit older workers. However, it is fair to say that more innovative programmes, and more programmes in general, focus on gender equality rather than on age discrimination. The issue is a growing part of public policy, but it is not mainstreamed yet, and we must guard against inertia, as we have been so oriented towards youth.

On the other side of the equation, there is no point in delivering all the programmes that are in place unless employers provide a receptive market. It is important that employers take on their social and corporate responsibilities to root out discrimination, concentrating on their human resources policies.

First, there must be equal access to training and people must have a right to training throughout their careers.

Secondly, there must be flexible working patterns, which are important in helping people to manage the transition into retirement and in allowing them to juggle caring responsibilities, whether for grandchildren or for an older relative. It

goes without saying that decent pension provision is something else that we would look for from a socially responsible employer.

The rewards that an employer gets from adopting such policies include a work force proven to show greater commitment and to relate better to customers because of their experience. Older employees also relate to a growing proportion of the customer base, because of the shift in the population.

It is important to emphasise that older people are generally better at establishing businesses. A lot of people are forced to move into self-employment, first because opportunities do not exist for them in general employment and secondly because they have a lot of business experience, so they can be very successful.

There are wider benefits for Scotland. In December 2000, Future Skills Scotland produced a paper that estimated that anything between £500 million and £2.6 billion in gross domestic product could be being lost because we are not fully utilising all our labour force. It should be a central plank of all our employment strategies to concentrate on older workers and to bring them into the main stream.

Scotland is no different from other European countries, but our need to concentrate on our changing and aging population is more pronounced. We need to accelerate policy change and that must be supported in partnership with employers. We must recognise that need. Given the demographic changes in Scotland, the stakes are very high, so we must get the policies right.

**The Convener:** Thank you. That was very interesting indeed. We have a number of questions that we would like to ask you, but I shall return to those in just a moment. First, I invite Martin Sime to take the floor.

**Martin Sime (Scottish Council for Voluntary Organisations):** I apologise to the committee that the Scottish Council for Voluntary Organisations has not made a written submission, but I have a paper that I can leave, which summarises our involvement in the employment agenda.

By way of introduction, I would like to make a couple of points about the European employment strategy and the United Kingdom action plan. The SCVO has been involved in commenting on that agenda in the past. I inquired around my staff in the organisation, but I did not discover that we have been invited to contribute to the discussion of the UK action plan this time round. In the past, we have found it quite a helpful exercise, although any of the comments that we made probably had only a marginal impact on the overall document. For practitioners to be engaged in the creation of the UK plan would be an excellent initiative. That

has certainly happened in the past, but it seems to have got lost this time.

It is important for practitioners in the field to understand where the work that they do fits within the broader context. It is also helpful for practitioners to see where the debate between the Commission and the UK Government is at, at a macro level. In the future, there should be a process for engaging voluntary organisations, which deliver an enormous amount of the services in these areas, in the debate about the UK action plan and in the consultation. I am not quite sure why that did not happen this time round.

I want to make two points about the role of Europe in these matters. First, in the past 10 or 15 years, the European strategy for employment and training has been very important. Europe has led the way in some significant areas—for example, in developing policies to address the problem of social exclusion and in developing and supporting the actions of the voluntary sector, in particular. Leadership from the European Union and the Commission has enabled us to develop our role in Scotland and to continue to address the needs of the constituents with whom we work. Sometimes that has happened in spite of a hostile domestic political environment.

14:15

The European Commission has played a significant role in developing a thematic approach to the delivery of employment and training and, through its transnational programmes, in connecting practitioners in this country with practitioners elsewhere in the European Union. Scottish organisations have been among the most enthusiastic in taking up the opportunities that transnational work offers to learn from colleagues elsewhere and to see how issues are addressed in other European countries. That has been a useful experience, as these days we are addressing very similar problems across Europe. Learning how that is done elsewhere can bring real benefits to Scotland.

Secondly, as many members will know, the voluntary sector is heavily involved in delivering employment and training services. That has always been a significant part of the voluntary sector's portfolio. I was recruited to work in the voluntary sector to run an employment programme. Although we have tended to specialise in working with people who are marginalised from the mainstream labour market, some organisations in the voluntary sector work more widely. The voluntary sector is an enormous reservoir of expertise in working with people who are disabled, have drug or alcohol problems or have been unemployed for a long time.

The sector works across all the main programmes of government—sometimes quite creatively—to put together packages of support that enable individuals to receive services. Those programmes include the European social fund, the European regional development fund, the new deal, the new futures fund—which is run by Scottish Enterprise—and a raft of other training programmes. Although the area of work is specialised, the voluntary sector has enormous expertise in, and knowledge and understanding of, the different programmes that exist, which change rapidly over time. Its aim is to get the best service for the client—something that is often lost in the many layers of funding and procedure through which organisations must work to access resources. We are always trying to make connections between programmes at practitioner level. Sometimes we have the vain aspiration that agencies and Government may get their heads together to create synergy at programme level.

I would like to offer some introductory thoughts on corporate social responsibility, in which the voluntary sector takes great interest. It is now accepted that the practice of corporate social responsibility must be business led and must make sense for individual businesses. We appreciate the view that the European Union has taken in its most recent resolution on this matter—that corporate social responsibility should be guided by a good-practice agenda rather than by statute. That is a common sense position, although there are arguments for placing a greater onus on companies to deliver and for making things more difficult for those companies that fail to do so.

One strand of corporate social responsibility is community contribution. The latest figures that we have seen for Scotland suggest that we lag some way behind the benchmark contribution to the community of 1 per cent of profits. A recent survey carried out by *Business a.m.* revealed that very few of the top 50 companies are meeting the target of 1 per cent that they had set themselves.

Some of that is to do with the structure of the business community in Scotland and the fact that we have few corporate headquarters. A few large companies are based here that follow some of the best practice that can be found anywhere in the UK—British Telecommunications and Scottish Power come to mind, along with some of the banking organisations. Nevertheless, a little bit down in size from that, among the small and medium-sized enterprises, corporate social responsibility is virtually invisible. That is the area in which we need to do more, to encourage even the larger medium-sized enterprises to understand the agenda and why corporate social responsibility policies can be good for business. However, it is

difficult to see how that task is going to be taken on in Scotland.

Finally, as I am over the age of 42, I endorse everything that Stuart Hay said.

**The Convener:** Thank you. It is interesting that you feel that the European employment strategy is leading in significant areas. I am on the Committee of the Regions and that is my view. I see initiatives coming from Europe, and the important thing is for us to learn about them. There is a great willingness to participate in projects that we know about. It is interesting to hear you confirm that from a different perspective.

You mentioned that you had been consulted in the past on the national action plan. Did I pick you up correctly?

**Martin Sime:** Yes, that is right.

**The Convener:** For some reason, you were not consulted this time. Are you any the wiser about why that might be?

**Martin Sime:** I am sorry, but I cannot enlighten you. I simply do not know why. It got missed. It is not the kind of thing that you would remember about easily unless you had seen that it was in circulation and you had not received it, but I did not know that it had been in circulation until I was preparing for today's meeting. I cannot enlighten you about why I was not consulted. The issue is not just about consulting the SCVO; it is about getting round the voluntary sector to pick up people's experience and see whether it is reflected in the priorities of the plan.

**The Convener:** Perhaps we can investigate that in the course of our inquiry.

**Sarah Boyack (Edinburgh Central) (Lab):** I have a question for Stuart Hay. The briefing paper that you submitted is very helpful. The statistical tables that you have presented deal with age breakdown in employment. Do you have any feel for the breakdown by gender? Obviously, women live longer, but they might be less well supplied with occupational pensions.

**Stuart Hay:** I gave a universal figure, but the figures are available with a gender breakdown. There is some interesting information. For example, older women find it easier to get back into the jobs market partly because of discrimination and the differential in pay that they will accept—they will accept a slightly lower salary than will men. We are seeing some improvement in the employment prospects of older women in the 50-plus age group.

**Sarah Boyack:** We would be quite interested to see that information, if it is readily available.

**Nora Radcliffe (Gordon) (LD):** The pay differential is an important part of that information.

**Sarah Boyack:** Stuart Hay talked a bit about statistics. Can you talk a bit about employers' attitudes towards older workers and whether there is a barrier to access to training programmes?

**Stuart Hay:** There is definitely a problem. Access to on-the-job training is much more limited. The older that somebody gets, the less chance that they will have of getting on training programmes. Employers see it as delivering less of a return, although that assumption is false. An employer looks at training somebody in terms of the return that they will get. When the person is approaching retirement, the employer asks whether it is worth the investment. That is a problem when it comes to any sort of cutback or trimming of the work force, as the people who have fewer skills are the first out of the door.

**The Convener:** One of the questions that we asked last week, in relation to the best-practice studies by the Convention of Scottish Local Authorities, concerned the fact that there is a gap between skills and the labour market because many of the skills were developed years ago whereas new technology has been developed in the past five or 10 years. Is that a particular barrier for elderly people, or do you think that organisations are working to overcome that? A Help the Aged group in my constituency is hoping to be linked up to the internet to try to learn and develop some of those skills.

**Stuart Hay:** The situation is changing rapidly. Older people are much more interested in developing IT skills, but they are not especially keen on being in a classroom with a group of 18-year-olds who are whizzes with the old microcomputer. It is important to have distinctive programmes that meet different groups' needs.

**Nora Radcliffe:** Before I ask my question, I want to pick up on the training aspect. The perception is that the payback time for training an older person militates against doing it. Has anyone done any work on how long people stay with an employer who has provided them with training, whatever their age? Younger people might move on faster than older people, so the perception may be completely the wrong way round.

**Stuart Hay:** That is correct. Statistics are available that show that older workers will generally have been with the same employer longer. That is a problem when they leave that employer—it counts against them when they want to get back into the labour force.

**Nora Radcliffe:** Yes, because older people are seen as being less adaptable.

I thank Stuart Hay for his very helpful written submission. The examples of best practice and the case studies are all from south of the border. Do you have any examples of best practice in Scotland?

**Stuart Hay:** I relied on the Third Age Employment Network, because it works more on the ground. There are examples of best practice in Scotland. Partners within the enterprise network are developing programmes, so there should be examples from that.

**Nora Radcliffe:** The "experience works" case study was interesting. What problems would there be in introducing the programme in Scotland? How much would it cost to introduce?

**Stuart Hay:** Unfortunately, I cannot give an answer to that question. I did not consider the programme in that much depth. It would be a case of adapting existing programmes, so it might not cost that much. It would not be a completely new programme; it would orient existing programmes around the needs of older workers.

**Nora Radcliffe:** It requires a change in awareness rather than anything that would cost more.

I have a question for both Stuart Hay and Martin Sime. If more older people get back into mainstream employment, how will that affect the work force in the voluntary sector?

**Martin Sime:** Do you mean the unpaid work force in the voluntary sector?

**Nora Radcliffe:** Yes.

**Martin Sime:** I do not see that as a major downside. Certainly, there are pressures on all of us who campaign to continue working longer, and that is a significant factor, but the voluntary sector relies on volunteer efforts and, often, employees who are already being paid deliver the volunteer effort; it is not always retired people. People who have taken early retirement, for example, are a significant factor in the voluntary sector. I expect that to continue, because not everyone will want to keep working until the age of 70.

There are opportunities all round. A balance of paid employment and community activity is often one of the best ways of stepping down from a full-time job. It reminds me of a similar issue in relation to people with disabilities. We need to do more to change the employment market as well as to upskill individuals. It is not just about trying to fit them into the current labour market. Employers need to be more flexible and think more about how people can best contribute, which may not always be in a full-time capacity.

**The Convener:** Colin Campbell has a question about active aging policies.

**Colin Campbell (West of Scotland) (SNP):** I would love to think that I was entering into this discussion objectively, but I have a personal interest with the advancing of the years.

My questions are for Stuart Hay. The joint employment report of 2002, published by the European Commission, stresses the need for active aging policies. Are those being developed in Scotland and the UK? What should be the essential components of active aging policies?

**Stuart Hay:** Programmes are being developed, but it would be difficult to say that they are mainstream. We should probably see an upscaling of the projects in terms of demographics. Much of the issue is about changing employers' perceptions, but it is also about changing employees' perception of employment and training and persuading them that seeking training will be worth while and that they will not be discriminated against. Employers who employ older workers, and who have proper HR policies that take that into account, benefit. It is not rocket science; it is best practice.

**Colin Campbell:** Is that best practice disseminated much or are there obstacles to doing that?

14:30

**Stuart Hay:** Steps can be taken. For example, the Third Age Employment Network, which works with Help the Aged, has several partnership organisations throughout the UK that ensure best practice. Examples include the Employers Forum on Age, which adopts best practice on the employers' side. The big issue is the way in which employment policies have been oriented towards youth and the need to change that. The position is similar to an oil tanker, in that a degree of inertia exists. As a consequence, a culture shift is necessary.

**Colin Campbell:** When I was young, I was keen that youth should not be an obstruction to promotion. Now that I am older, I do not think that age should be an obstruction either. The bottom line is that one is as good as one is trained to be, regardless of age.

**The Convener:** Dennis Canavan has a question about early retirement schemes, in which the committee takes a real interest.

**Dennis Canavan (Falkirk West):** Before I ask my question about early retirement schemes, I want to ask Stuart Hay about his opening comments. Although I agree with a lot of what he said about the need to improve employment opportunities for older people and the need to get rid of agist attitudes among employers, how would he respond to people who say that employing more older people means fewer vacancies for younger people? The net effect of that strategy would be to increase unemployment among younger people.

**Stuart Hay:** Labour market demographics in Scotland will address that problem to a certain extent: the number of younger people will diminish and the number of older people will increase. Organisations that have employed older people and removed their prescribed retirement age have not found it to be a problem. The labour market is in a transitional phase. Flexible retirement policies mean that people can choose how they move to retirement. They might chose to work part-time hours and so companies might have more scope to employ another person. It is not an either/or situation.

**Dennis Canavan:** What are your views of early retirement schemes and the Government's debate about a flexible retirement age?

**Stuart Hay:** The debate is quite strange because very few people work until the state retirement age anyway. The state pension age is 65. That is not a prescribed retirement age, but a lot of employers have adopted it. Until everybody works until they are 65 and discrimination in employment markets is eradicated, the flexible retirement age debate will not be as big an issue as people make it out to be.

**Dennis Canavan:** Do you suspect that, rather than being motivated by a pledge to create more job opportunities for older people, the Government might be motivated by a desire to minimise public expenditure on pensions by getting people to pay for their own pensions?

**Stuart Hay:** Economics shows that if people work for longer, they pay into the system for longer and so a bigger pot of cash is available. Public finances benefited from switching the female retirement age from 60 to 65. Obviously, that reduced the burden on the state, which is an advantage. It has been suggested that there is an argument for raising the retirement age to 70. Granted, not many people have subscribed to the idea, but it would allow for a much bigger pot of money and a much bigger basic state pension. Help the Aged argues that the issue is a question of priority—sufficient public money is available to deliver a decent state pension while keeping the retirement age at 65.

**Ben Wallace (North-East Scotland) (Con):** You both said that some of your client groups are not full-time but part-time. At the moment, Europe has initiatives to produce proposals for legislation on part-time and agency workers. Those proposals are hardening up. Have you been consulted on them? How may such legislation affect your client groups, whom you so effectively represent, should it come into force? Do you have any concerns?

**Stuart Hay:** That is not an area that I have looked at. The Third Age Employment Network

may have responded to that issue on behalf of Help the Aged. I can check with it and get back to the committee.

**Ben Wallace:** That would be great.

**Mr John Home Robertson (East Lothian) (Lab):** Some of us are hoping that the electorate will not discriminate against the employment of some over-50s during 2003.

I have one or two specific questions for Martin Sime. We know that voluntary organisations are big players in the training field in Scotland, and that you have been involved in quite a number of European social fund projects since the programme approach was introduced in 1990. Until today you have not given us a written submission, but I gather that you have a paper that we will consider.

Voluntary organisations are significant users of European social fund grants. What advantages do voluntary organisations gain from the European social fund? Do voluntary organisations experience any specific problems in accessing or using European social funds?

**The Convener:** That should be answered briefly.

**Martin Sime:** I could bore for Scotland on the second of those questions.

**Mr Home Robertson:** Do not bore. Keep it focused, please. We want to be able to use this.

**Martin Sime:** I tried to spell out some of the advantages of the policies that the Commission has adopted. The priorities of the European structural fund programmes have often been closely aligned with the objectives of many voluntary organisations, so there has been quite a good match, at least in terms of the policy objectives. In terms of the delivery of those objectives and the process by which organisations get funds, the situation is rather paradoxical because, since 1990, successive Commissions and member states have all committed themselves to making the process simpler, easier and less burdensome, and to speeding up payments. Of course, every time they do that, it gets worse.

**Mr Home Robertson:** It is Parkinson's law.

**Martin Sime:** Absolutely. I made my first application in 1985. Then, you simply filled out a form and sent it to Europe. A national from another member Government read it, and you either got it or you did not—it was like a fruit machine. It just so happened that I was successful then in obtaining a three-year funding programme.

Nowadays, the process of bidding for resources is quite bureaucratic. It is a concern of my organisation that smaller organisations do not get

the same access. In fact, it is difficult to counsel them to apply and to get into the process, because once a bid is accepted, that is when the problems really begin, as there are significant cash-flow problems and an onerous reporting regime. I am sure that it needs to be like that, but it is not made easy for small organisations, which are closest to the real needs in the community and are often some of the sharpest practitioners—

**Mr Home Robertson:** I do not think that you meant to refer to sharp practice.

**Martin Sime:** Sorry, I meant the best practitioners and the most appropriate practitioners. There is a trend towards the larger agencies applying and receiving funds. A smaller number of organisations have a larger share of the overall objective 3 pot in the latest bidding round. The voluntary sector is by far the biggest player but, increasingly, a smaller number of agencies are able to cope with the bureaucracy.

My organisation has played a role in the helpful development of making 1 per cent of social funds available in smaller grants to individual organisations. I would like that trend to be developed, so that the bureaucracy and the difficulty are taken out of the process for the practitioner agencies, because right now the process is heading in the wrong direction.

Making the funds more widely available to a wider range of groups addressing a wider range of needs would suit everybody's objectives; however, there is a lot of stuff that sits in the middle, and it is really quite difficult stuff in terms of reporting quarterly and getting money in advance. There is a big industry and a set of questions around that, which I do not think you would like to hear all about this afternoon, but the issue is important in Scotland, because structural funds have played a strategic role in leading on best practice and helping new agencies to develop new ways of working. There is a long-standing track record in that respect, and we have many very good practitioners in the field.

**Mr Home Robertson:** That is worrying, if not altogether surprising. Does the SCVO do anything to help member organisations through the minefield? Could the Executive be doing more to improve access?

**Martin Sime:** Until last year, the SCVO ran a technical assistance unit that supported voluntary organisations, helped with filling out their forms and gave advice about applying for and receiving the money. In the early 1990s, the voluntary sector ran a voluntary sector allocation, which meant that there was collective management of a pot of European Commission resources. However, the imprimatur of subsidiarity has gradually taken hold and the Executive and objective 3 programme

management executives now deliver all those services to all providers.

I am not saying that the answer is to have separate technical assistance for the voluntary sector; however, voluntary sector interests need proper protection. After all, we are not like local government or colleges of education; we cannot deal with cash-flow problems. Furthermore, the scale of the bureaucracy is not easy to handle. There are only 32 local authorities in Scotland, but there are thousands of voluntary organisations. We are interested in how we can get the sector more widely engaged.

Ways forward exist. For example, an expansion of the 1 per cent programme would be helpful. Moreover, if the Executive could consistently underwrite the regime of what I would call late payments but what the Executive itself now calls delayed payments, that would ensure that organisations are not out of pocket.

**Mr Home Robertson:** Again, that answer is helpful, if worrying.

You said in your introduction that you had not been involved in preparing the current UK plan. Has the SCVO been involved at all in drawing up the present objective 3 programme document?

**Martin Sime:** I am sure that the voluntary sector and the SCVO have been involved in that process. In such a situation, we would act as a conduit to enable practitioner agencies to express their own views instead of having any kind of collective or corporate engagement.

**The Convener:** Our final questions are from Helen Eadie and Dennis Canavan.

**Helen Eadie (Dunfermline East) (Lab):** I guess that all MSPs are very concerned about the question whether some of them will be faced with compulsory retirement come May.

It has been very interesting to hear the SCVO's perspective on some of these issues today. Which of the four pillars of the European employment strategy—employability, entrepreneurship, adaptability or equal opportunities—describes most of the training undertaken by voluntary organisations?

**Martin Sime:** I would say equal opportunities, because if the voluntary sector has a collective mission, it is to ensure that everyone is involved. The heading of equal opportunities reflects our priority of ensuring that previously marginalised groups are seen as full contributors to society.

**Helen Eadie:** In light of the work that we are all carrying out, how effective has the equal opportunities training that you undertake with wider management committees in local communities been in encouraging new grant applications?

**Martin Sime:** As I said earlier, we always urge caution when local organisations bid for such resources because of the problems that are involved. However, many organisations that work with local groups try to bring such an agenda to the fore and make local management committees in particular understand the importance of equality in all their agency's work, whether that relates to housing, homeless people, drug and alcohol abuse, employment training and so on. It is one of the overarching themes—a value statement, if you like—that can have a big impact on practice on the ground.

**Helen Eadie:** Could the point that funding should be granted only if an application takes into account aspects such as disability be fitted into the criteria for every organisation across the European Union? If I may plug a motion in my name, next year is the European year of disabled people. In my motion, I point out that applications for grant funding should be granted only if the applicants fully consider all the criteria regarding disability issues.

14:45

**Martin Sime:** I would say from practical experience that there is quite a big philosophical agenda behind that. We need to balance against that a commitment to inputs. We need to reflect an approach that engages all sections of the community in the programmes being developed, and we need to keep the balance with outputs to ensure that programmes effectively deliver their objectives.

For example, the European social fund is about getting individuals into employment. It is the simplest thing in the world to take the most able people, train them for the least cost and move them into jobs that are readily available; it is one of the most difficult tasks to take people with long-term, substantial disabilities and move them into jobs in areas where unemployment is high. There needs to be a balance between those inputs and outputs—if you have understood what I mean—in all the various programmes. That has been reflected in the way in which some of the programmes have been prioritised in the past.

**Dennis Canavan:** What are your thoughts on the role of the social economy in job creation?

**Martin Sime:** According to the most recent statistics, the voluntary sector employs more than 100,000 people in Scotland. That number is rising rapidly, particularly in the care industry and in housing, where there is substantial growth in employment in the voluntary sector. There is an enormous demand, not just from people who have taken early retirement from the public or private sectors, but from people who want to work for a cause and who want to do something more than

make money for somebody else. In other words, there is a great demand from both ends of the spectrum.

The voluntary sector is a key source of employment in some of Scotland's most deprived communities. I am acutely aware that we could do a lot more in respect of that, and more work needs to be done to develop the skills among the voluntary sector work force so that we meet all the standards set by the care commission, for example.

There are substantial challenges ahead for voluntary sector employers, but we envisage a continuing growth in the number of people getting involved. I would like to think that there is quite a good gender balance in managerial and executive positions in the voluntary sector. The research that I have seen suggests that we are one of the few areas of society where women play an equal role to that of men in management and are treated equally with regard to salary. There are some plus points as well as some things to work on.

**Dennis Canavan:** What is the involvement of the voluntary sector in local partnerships, including local economic fora? How should the European employment strategy influence the work of local economic fora and local training programmes?

**Martin Sime:** For one reason or another, the voluntary sector has not been involved in the development of local economic fora, and it is largely unrepresented in them. That reflects what in the past has been a rather difficult relationship with local enterprise companies. I am happy to say that that is being addressed, and that Scottish Enterprise is launching a new set of initiatives by which it can contribute to developing the social economy. Discussions are under way on how local economic fora can reflect social economy interests, as well as the traditional economy interests.

Those agendas are maturing, but the sector lacks the infrastructure that would be required to engage effectively at a local level. It is quite a commitment for local voluntary organisations, which are often very small, if they are invited to play a part in such fora. It is one thing to give their representatives seats on such fora; it is another thing to ensure that they can contribute effectively. We are a wee way away from that stage, but we are heading in the right direction.

**The Convener:** I thank Martin Sime and Stuart Hay for their interesting evidence. The committee has learned a lot this afternoon. I also thank Stuart Hay for his written submission; we look forward to receiving Martin Sime's. We will certainly take account of what you have said in our deliberations. We keep a watchful eye on developments around structural funds, and we participate in the Scottish European structural funds forum.

While the witness name-plates are being changed, I mention to members that if we are not finished by 4 o'clock, John Home Robertson will have to leave early to go to the conveners liaison group to discuss our bid for committee business in the chamber next year. Members will recall that we are bidding for a debate on the report on our inquiry into Scotland's representation in the European Union. We will leave that matter in John's capable hands.

**Mr Home Robertson:** I will liaise.

**The Convener:** I welcome Alan Sinclair and Sue Baldwin. I thank them for coming and for their comprehensive written submission, which I found helpful. Do you wish to make some introductory remarks?

**Alan Sinclair (Scottish Enterprise):** I will make a few introductory remarks although I will not go over the submission. I thank the committee for inviting us. I want to update the committee on the work that we have done with the Enterprise and Lifelong Learning Committee on the new lifetime learning strategy, which will come out early in 2003.

**The Convener:** That would be helpful.

**Alan Sinclair:** I will explain a little bit about the work that we specialise in. The skills and learning part of Scottish Enterprise is responsible for a number of elements that the committee has discussed in different ways. One of those elements is Future Skills Scotland, which tries to get firm evidence on what is happening in the labour market. I will return to that later. In the past few months, we have brought together Careers Scotland, which aims to provide advice and guidance to young people who are making the transition from school and—as was mentioned earlier—increasingly to adults who are trying to find the best route. We are trying to equip people to make their own choices about jobs and careers.

In skill development, we are also trying to bring together the interests and needs of the labour market and the different programmes so that we can help to meet demand. That is why we run modern apprenticeships, skillseekers, the new futures fund and training for work.

Another important element in Scottish Enterprise that is relevant to the committee's work is the small business gateway, which encourages the formation of businesses and helps them to grow. We see that as an increasingly important way in which to help businesses articulate their business and training needs and to allow us to fulfil those needs. That is one of the pillars in the European employment strategy.

I want to comment on our relationship to the European plan and the national action plan for employment. As a non-departmental public body,

we are responsive to the Executive's position. Our main document is "A Smart, Successful Scotland: Ambitions for the Enterprise Networks", which, I believe, was drawn up with reference to the European plan. Our job is to bring that document to life. We do not have a direct link to the European plan; in a sense, it comes to us through a series of iterations.

Approximately two months ago, the Enterprise and Lifelong Learning Committee published its report on lifelong learning and we expect the Minister for Enterprise, Transport and Lifelong Learning to issue the new lifetime learning strategy in February 2003. A few elements of our work will be reflected in the strategy. Many of the issues are about how we balance the two sides of the economy—the demand for and the supply of labour. The biggest exercise that Future Skills Scotland has conducted in the past few months was a revealing survey of 8,500 workplaces, which is statistically significant both geographically and across sectors.

The survey gave us the first firm—as opposed to anecdotal—evidence that the single biggest problem for employers' human resource policies, both in recruitment and in dealing with employees who are on the books just now, concerned the soft skills of their work force. I suppose that surprised us. Soft skills are about being able to deal with customers, speak articulately and solve problems as well as about having the traditional numeracy and literacy. The need for soft skills came out extremely strongly. Somewhere behind that was the need for traditional technical skills, which would normally come out of craft apprenticeships. However, the thing that stuck out clearly was the need to bridge the gap in soft skills.

Another important element that we discovered from that survey concerned how companies work. An important part of training people is what companies and workplaces do to train their own people. We discovered that we almost have a U-distribution of training in Scotland. That is, some companies train almost everyone whereas other companies train almost no one. By training, I mean off-the-job training—of course, there is always some informal training that takes place. That knowledge will help us to work with the people who are currently in the work force.

One other point that the committee might be interested in—I know that this featured in some of the committee's earlier discussions—concerned the numbers of people who are inactive in the economy, which is not necessarily the same as those who are registered as unemployed. We recently calculated that, if Scotland had the same proportion of people in work as the rest of the UK has, we would have a further 87,000 people in work. If we assume that, if those people were to

find work, they would have the average level of productivity, that would add at a stroke 3.8 per cent to Scottish output. Those are very big numbers.

Traditionally, economic development has not looked at how we might gain from that. In some senses, that issue does not have the same ring of importance when one is thinking about catch-up, but my goodness the addition of 3.8 per cent to our output would be a significant step forward.

I will bring my introductory remarks to a close. I know that the committee is grappling with the interesting issue of how to get local delivery from the European framework. As I said, the policy is set at the UK level and what comes to us through "A Smart, Successful Scotland" is put together in that light. In turn, at the local level we are increasingly seeing the influence of local economic forums, which were discussed only a few minutes ago. However, in the next two years, the role of community planning will be even more significant because that will force an agenda that will need to be much more sensitive to local needs.

**The Convener:** Thank you. That was very interesting.

Before I open up the meeting to questions from the floor, I want to ask whether there is any sense that foreign language development is important in dealing with the skills gap. From meetings in Europe, I feel that there is a real drive in the employment agenda across Europe to encourage more children to learn foreign languages. Other countries in mainland Europe are already pretty good at languages. Is there any sense of that kind of initiative being developed within industry in Scotland?

**Sue Baldwin (Scottish Enterprise):** Unfortunately, we have only informal and anecdotal evidence about that at the moment. Some major employers have strongly articulated the need for language training at a young age. We need to consider, together with other organisations, whether foreign languages should be incorporated into the core skills that young people need to learn as they go through the later stages of schooling and on to the vocational training that we do. At the moment, the evidence is only anecdotal.

15:00

**Helen Eadie:** That is an interesting point. Only last night, I wrote a letter to the Minister for Education and Young People saying that, in our area, we are narrowing down the opportunities for such education. Schools teach French and German but are talking about just having French and doing away with German. I do not know whether that interests you. If it does, I will give you the detail of the situation later.

It is nice to see the witnesses. I have met Sue Baldwin before and talked to her about mutual and co-operative developments, which was good. It was interesting to read the Scottish Enterprise submission. How does the current national action plan underplay and misrepresent Scotland's contribution to the European Union employment strategy? What changes should be made to the action plan so that it reflects the Scottish contribution more effectively?

**Sue Baldwin:** It is clear that there are specific crossovers between what is going in Scotland and United Kingdom-wide activity. Our strategy—"A Smart, Successful Scotland"—links into the Executive's social justice strategy on matters such as narrowing gaps in unemployment, working with disadvantaged groups and working with older workers, which links into UK documents such as "Opportunities and Security for All".

However, when I read the UK action plan, I was disappointed that there was little flesh on the bones of what is going in Scotland. My worry is that if we separate the policy from the operations—I suppose that Martin Sime was referring to that when he spoke about losing the practitioner's angle and the operations angle—we lose the ability to influence national and international policy. That is a problem. The action plan is light on what is happening in Scotland.

**Helen Eadie:** What involvement does Scottish Enterprise have in the construction of the present national action plan and how would you want that to change?

**Sue Baldwin:** I am not aware of any involvement. Again, as Martin Sime said, we should have some, if only to supply some Scottish examples. We have a Scottish perspective and a local perspective through the local enterprise companies. We should bring that out as I feel that it is missing. Some sort of process to get that perspective into the action plan would be good as a minimum.

**Helen Eadie:** How important are the Scottish and local dimensions to the plan? How do you envisage them being developed?

**Sue Baldwin:** They should be important, because even labour market policies that operate throughout the UK, such as the welfare to work agenda or the new deal, have a lot of initiatives and local partnerships that connect into them. Those initiatives and partnerships make such programmes much richer and more successful locally.

There is a question of scale. In Scotland, we have the new futures fund, which is extremely important for bringing those who are a long way from the labour market into employability so that they have an equal chance of acting in the labour

market. There are only about 1,000 such people in Scotland. That is a lot of people in Scotland, but how do we get a programme of that scale to influence the big English departments? We are working on that and spending a lot of time doing presentations and showing people what is going on in Scotland to begin to open up their eyes and understanding of it.

**Helen Eadie:** I guess that that would make a difference to a lot of the social exclusion issues. Is a specifically Scottish national action plan needed? If so, how should it be drawn up?

**Sue Baldwin:** Alan Sinclair referred to the lifetime learning strategy that we are expecting from the Minister for Enterprise, Transport and Lifelong Learning, Iain Gray, in the new year. I would like that to address some of the points that are articulated in the European plan. I am sure that it will, but perhaps a test on that point would be the first input.

**Dennis Canavan:** Sue Baldwin said that the national action plan was light on Scotland. Is that also true of the other parts of the United Kingdom? Does that suggest a general need for a more decentralised approach?

**Sue Baldwin:** Perhaps the plan is light on the other devolved parts of the UK. Better communication is needed between the Executive and the department down south that is responsible for pulling together the plan. Communication must be sorted out first.

**Ben Wallace:** I will follow up the comments on the communication link, because that ties in with my question. How is your relationship—if you have any relationship, and I do not mean that negatively—with the Department for Work and Pensions? Do you have a secondary relationship? Is it through your minister or via the Executive?

**Sue Baldwin:** Essentially, it is through the Executive.

**Ben Wallace:** Does that cause problems or delays? Are you content with that arrangement, or would you prefer an easier relationship in which you could just pick up the telephone to contact the DWP?

**Sue Baldwin:** Developing a working relationship is good. We have such a relationship for what we are doing on sector skills councils and Investors in People. It is important for us to be able to pick up the phone and discuss operations and policy issues. In general, we should work through the Executive and our department. I suggest that those officials should sit around the official policy tables with the DWP or the Department for Education and Skills.

**Alan Sinclair:** Sue Baldwin is right about the policy line, which is where Ben Wallace is coming

from, but the DWP almost has its own agency in Jobcentre Plus, with which we have an open and growing operational relationship. That is a difference.

**Ben Wallace:** At the beginning of December, some witnesses stressed the importance and usefulness of the European employment strategy and its guidelines as an employment policy planning tool. Has Scottish Enterprise used the European employment strategy in its employment policy planning process and has the strategy led to the identification of any gaps in Scottish Enterprise network provision?

**Sue Baldwin:** We have used the strategy, which is required reading before we do anything. As Alan Sinclair said, we are in the middle of reviewing and developing our skills policy and strategy. The strategy has been a powerful document for showing that we are not the only ones who are talking about some of the guidelines and the support for small businesses. The document shows other partners and stakeholders in Scotland that it is not only Scottish Enterprise that is talking about such matters, but all the European countries. The document acts almost as a lever for other stakeholders and persuades them to join some policies.

In preparation for this meeting, I read the recent report that gives an update on national action plans. That report provides a useful summary of what some countries are developing, which allows us to know immediately where to go for additional information on matters such as adult literacy, which is a key issue for Scottish Enterprise and the Executive. The report gives us a fast-track way to understand how some countries are doing things that are worth chasing up and considering.

**Ben Wallace:** The document works well at spreading best practice.

**Sue Baldwin:** People must be active to do that, but the document is almost a doorway to such information, because it brings it all together. Notwithstanding what I said about how representative the UK plan is, we can soon go beneath that and find the department or the people to whom we need to speak.

**Ben Wallace:** Your submission states:

"Future policy development needs to tie in more closely with the direction and aspirations of the National Plan and hence the EU Employment Strategy."

How do you think that such a link can be achieved?

**Sue Baldwin:** That goes back to officials within the enterprise and lifelong learning department and the education department sitting down with their peers in UK departments and starting to unpick important policy areas. Although we might

be doing something that looks the same on the surface, there are important differences beneath the surface and, if we are not careful, that could create confusion for employers who operate north and south of the border. A lot of work needs to be done, but things are happening. In the five nations discussions, we discussed local initiatives with other organisations. It is worth building on that.

**Colin Campbell:** Alan Sinclair touched on education by employers. How is Scottish Enterprise trying to involve employers in increasing the training of their employees so that the issues of adaptability and lifelong learning can be addressed? Change is obviously the constant.

**Alan Sinclair:** We are grappling with that at the moment. Investors in People tries to get people to make development plans for their work force. In the next few months, what will almost certainly be called the business learning account, which is targeted at companies, will come through from Whitehall. At the moment, the route into small businesses is through business gateway, in which different advisers work with companies. We would like them to have as part of their portfolio ways in which they could help with, for example, cash-flow issues, VAT, marketing or the skills needs of the work force, which are expressed or unexpressed. That would help businesses to understand that skills issues are part of the business development package rather than a peculiar thing that is attached to the end. That is the approach that we would like to come through.

**Colin Campbell:** That is really about future planning rather than about anything that has happened to date.

**Alan Sinclair:** We are at the cusp; we are in between the two.

**Colin Campbell:** That is a very politic way of putting it. Are you fairly confident that you will find that employers will be happy to take on board the business of adaptability and lifelong learning? By definition, if an employee is engaged in such things, they are not dedicating all their time to producing the end-product, which is what employers are about.

**Alan Sinclair:** It is a bit more elusive than that. In the big survey, a large percentage—the exact figure escapes me—of the companies that did not train people gave as their main reason the fact that they did not need to train in their industry.

**Colin Campbell:** That is all right as long as the industry can adapt to changes that come along.

**Alan Sinclair:** That is an open question.

**Colin Campbell:** That is why I posed it.

**Alan Sinclair:** Some companies know their training needs, but others do not. It is a bit like

going to the doctor. Sometimes we know that we are not very well, but we cannot put our finger on what is wrong.

**Colin Campbell:** That is an interesting analogy.

**Sue Baldwin:** You do not miss what you have never had. We have been talking generally about developing the work force in one way or another for the past 30-odd years, if not longer. There is definitely a cultural issue. The more that we can do to show a small or large business that the investment in the soft or technical skills of their work force will have an impact on the bottom line, the more willing they will be to put their toe in the water.

We have been involved in heavy discussions with the Federation of Small Businesses on initiatives such as the business learning accounts. Those initiatives are not for businesses that already train; they are for businesses that do not train or do not see the need for training. We are trying to persuade them that it is worth considering training.

**The Convener:** There is a great deal of anecdotal evidence about the shortage of craft and trade positions. Did your survey throw up any information about that? I heard recently about shortages of plumbers and electricians in England. I know that the modern apprenticeship scheme tries to deal with that problem. You made a point about whether companies are recruiting the kind of staff that they need and training people at that sort of level in the building industry, for example. Do you have any information about that?

15:15

**Sue Baldwin:** Yes. I have boxes full of information about the construction industry. Analysis of the data has resulted in a programme for skills development within the construction industry in Scotland over the next five years that will provide about £35 million to address the skills issues, be they shortages or gaps. The work is not only about formal modern apprenticeships; some of it might be about upskilling. Somebody who has been working in the industry for a number of years might go on a health and safety course, or on-the-job training might be provided.

We have identified half a dozen sectors, such as construction, with which we need to do some fast work. Tourism is another sector in which quite a lot of work has been done over the past handful of years. Some beef needs to be put behind that and action needs to be taken. We have identified half a dozen sectors in which early action is required. We will roll that forward across other sectors later in the new year.

**The Convener:** It seems to me that globalisation means that there is vulnerability in a

lot of industries, but craft and trade industries are a more secure sector if the tools are available to develop it and there is a market for its skills.

**Alan Sinclair:** A skills need is certainly reported to us. I repeat my introductory remarks about the point that came as a surprise to us in the survey. We thought that the level of technical skill would emerge as the biggest skill gap or skill shortage, but lack of basic skills emerged as the biggest problem. It is not that the gap in technical skills does not exist; it exists, but we have to think a lot more about what we can do to ensure that people have basic skills.

**The Convener:** Thank you. That is very interesting.

**Sarah Boyack:** One of the matters that you focus on in your submission is how you are addressing the equal opportunities pillar. There are some strong points about what you are doing to promote entrepreneurship among women in particular. There is still a big gender pay gap—it is big in the UK, but it is worse in Scotland. What measures can be taken to promote gender pay equality, given that one of the potential issues in the equal opportunities pillar is equality of outcomes?

**Sue Baldwin:** Much of our current work is about providing information and raising awareness. We tell employers what it means to make the most of the potential of all their work force, not just bits of their work force.

**Alan Sinclair:** A few months ago I had a meeting with the Equal Opportunities Commission and others. We chewed over the issue for some time. The thing that would give us the most yardage would be case studies of workplaces and companies that had adopted a better policy on equal pay for males and females. If we could show that such a policy had helped company performance, that would help our advocacy of gender pay equality, but we have not yet managed to get any such case studies.

**Sue Baldwin:** Tackling such inequality is also about prevention rather than cure. That includes tackling gender imbalance in the modern apprenticeship scheme and encouraging women through projects with, for example, Careers Scotland, which focus on opening youngsters' eyes to opportunities that they probably thought belonged, by tradition, to the male gender.

Work was done down south in which a lot of effort was put into addressing gender equality in the construction industry, but only one or two women came forward for it. A lot of work still needs to be done. We are currently stronger on the prevention aspect than on the cure.

**Dennis Canavan:** Does, or will, Scottish Enterprise study the national action plans of other EU member states to see what lessons, if any, it can learn from our European partners?

**Sue Baldwin:** The report that has just been produced by the EU is an update on where all the countries are. It is a good tool for finding out what certain countries are doing. We use that report as an open door to identify the countries that are worth looking at for particular actions that they are taking within certain guidelines.

**Sarah Boyack:** I have a follow-up question to the question that Colin Campbell and I asked about the fact that the bulk of the people whom we want to train are already in work. Eighty per cent of the work force of 2010 is currently employed. That takes us back to the gender question. We asked Help the Aged about older women and the comment was that older women will go for jobs that offer lower pay, whereas men just will not take such jobs. What can we do about training and qualifications to raise women's aspirations? The issue is sitting there and needs to be tackled.

**Sue Baldwin:** That is an issue for Careers Scotland, which is now an all-age service, to consider. As the service develops, the adult guidance part of it—which is essentially about career management and career expectation and aspiration—will be an important aspect. Where we know from the research that Future Skills Scotland has undertaken that vacancies exist, those vacancies tend to be in low-skill or medium-skill occupations. A lot of personal services vacancies exist.

What we can do—we are having early discussions on this—is to drill down into those sectors and occupations to find out what we need to do in a more rounded, holistic way. It might not be just a recruitment issue; it could be a wage issue, in which case something would have to be done directly with employers. We would have to persuade employers that they will not have the recruitment or retention patterns that they need if they continue to offer the same kind of working life. Drilling down into the sectors will begin to identify the actions that we need to take.

**Alan Sinclair:** At present, more women than men are participating in work. A higher percentage of women than men are in part-time jobs that pay less, and that distorts the whole picture. I wonder whether, in 10 to 15 years' time, we will have a total reversal of that situation, given the continuing poor performance of young men in primary and secondary schools and in higher education and the continuing better performance of young women at each of those stages. When that starts to come through into the labour market, it will come through very strongly.

**The Convener:** Thank you. That was interesting. Although we would like to pursue the discussion, time is wearing on. Your evidence has been informative and will help in our deliberations.

I suggest that we take a two-minute break to allow us to change witnesses and get a cup of coffee.

15:23

*Meeting suspended.*

15:28

*On resuming—*

**The Convener:** I welcome Brian Wright, of the Scottish ESF Objective 3 Partnership, and Deborah Smith, of the Scottish Executive's European structural funds division. I gather that both of them will make short introductory statements.

**Deborah Smith (Scottish Executive Finance and Central Services Department):** Thanks very much for giving us the opportunity to come along this afternoon. The committee has received a submission from the Scottish ESF Objective 3 Partnership. I shall say a few words of elucidation about how we see the links between the European employment strategy and the European social fund.

I should start by saying that the reason that Brian Wright and I are doing a double act is that, largely speaking, the Scottish Executive's structural funds division provides the policy direction on the objective 3 programme, whereas the programme management executive is responsible for the implementation of the programme. The European employment strategy covers both those aspects.

As the committee is aware, the objective 3 programme is the largest European social fund programme in Scotland; it is worth €499 million. That is significant, in that it is clear that the Commission sees the social fund as the main tool for the implementation of the European employment strategy in member states. We have an automatic synergy with the EES. Our six-year programme, which is all about human resource development, skills training and employability, was negotiated and agreed with the Commission on the basis that all the detail contained therein was complementary to, and reinforced, the aims of the European employment strategy.

15:30

Some of the things that Scottish Enterprise and the SCVO have said about the European social fund reflect the fact that we on the objective 3 side

consider ourselves to be facilitators. We add value to others' contributions in implementing the European employment strategy and a national action plan. For example, we can add value to new deal programmes and can provide for that little bit extra. The implementation is being done by our partners and by other agencies.

The Scottish Executive is committed to the use of the social fund to implement the European employment strategy and to add value to our domestic policy priorities. In our view, those two areas are certainly not mutually exclusive. For example, our actions to help long-term disadvantaged workers, which are in line with the European employment strategy, are likely to be in line with the Executive's social justice strategy.

Like the committee, we acknowledge that the process and the linkages between the European social fund and the EES are not ideal. The European Commission also acknowledges that informally. There are issues to do with the fact that our projects are generated from the bottom up and the EES is a global strategy. We are happy to explore the limitations of that set-up with the committee. The picture is complex.

There are also issues to do with the fact that our six-year programme, which was negotiated with the European Commission in 1999, is broadly not changeable, although one can tinker at its edges. However, there are regular updates to the guidelines and to the national action plans, so such synergy never remains static. We will be happy to explore those points and others. Brian Wright will cover a couple of different points.

**Brian Wright (Scottish ESF Objective 3 Partnership):** I thank the committee for its invitation. I will move on from some of the points that Deborah Smith made. The programme management executive is responsible for implementing the programme. We do that through the various sectoral organisations. I will explain shortly how those organisations play into that process.

It might also be useful to highlight the fact that the objective 3 PME is responsible as the support unit for the Equal community initiative, which looks at European employment issues and removing the barriers to employment generally. The initiative considers innovative pilot projects and international links in an effort to improve and develop best practice, which ultimately will feed into the policy and thinking of the Executive and others.

I will explain how the various sectoral set-ups can become involved in the programme. The structure of the European social fund in Scotland involves a monitoring committee, which has strategic high-level representatives from the

relevant sectors, who can input to each round of the programme and can determine slight changes in strategy in accordance with a number of targets. Below the monitoring committee is the management committee, which represents the various sectors, including organisations such as the Equal Opportunities Commission. That will be of interest. The representatives tend to be senior members of staff from the applicant organisations.

Below the committees are the advisory groups, which comprise applicant organisations—those that have submitted applications for European social funding. They act as peer groups in determining which of the projects in each of the priorities can be funded—members should bear in mind that the process is competitive.

The committees and groups are set up in that way to promote quality and transparency and I would be happy in any circumstances to defend how they are set up. It is important that those who apply for funds see that they have a fair opportunity of getting them.

The priorities in the European social fund for objective 3 cover rural and urban unemployed and employed people and equal opportunities and they mirror closely the four pillars of the European employment strategy. Our submission shows that the way in which the two tie together is like a patchwork quilt; horizontally and vertically, the priorities feed into all the pillars in different ways and at different stages.

The European employment strategy is a longer-term strategy that has targets for 2005 and 2010, which is echoed in the social fund. It is not a short-term stopgap for emergencies that arise—members will be aware of some recent emergencies. The aim is to consider strategy further down the road.

Deborah Smith mentioned the scale of our operation. There is an allocation of around £310 million, depending on the currency translation. Around 24 per cent of our programme is targeted at the short-term unemployed and around 36 per cent is targeted at those who are excluded from the marketplace. Around 10 per cent goes towards lifelong learning for the development of new systems and the training of trainers—it looks towards the sustainability of what is developed within the programme. Around 22 per cent deals with the employed and self-employed—that area links closely to what the witnesses from Scottish Enterprise discussed. Around 7 per cent of the programme is targeted at gender issues. It was also mentioned that we have global grants, which are around 1 per cent of the programme.

Martin Sime alluded to cash-flow issues. In recognition of those issues, recent developments have meant that 30 per cent of the first 12 months

of the programme is given as an advance in the hope that that will go quite a way towards helping cash-flow issues. There are also special arrangements for those who contact the PME about cash-flow issues. We do what we can to progress matters for vulnerable organisations to ensure that they are not out of pocket for too long.

General bureaucracy was mentioned. There is a constant tension at all levels between simplification—making it easy to access the funds—and ensuring that the funds are put towards the purpose for which they were intended. There is a constant debate at all levels. The European Commission and committees between its meetings are debating that issue. There is no easy solution to the problem. I have not been around in the programme for too long, but reading between the lines, I think that previous programmes have made it easier to access funds, although it has been more difficult to assess how funds have been employed. The matter is being looked into.

Scotland has undertaken a number of initiatives in the area of social inclusion, which is one of the larger parts of our programme, and has been commended by the European Commission for doing so, particularly with regard to the work that we are doing on sustainable development and equal opportunities.

**The Convener:** You have said that the linkages between the European employment strategy and the European social fund were not ideal as the European employment strategy is global and objective 3 funding takes a bottom-up approach. I suppose that many differences are caused by the fact that the European social fund was developed in the 1960s whereas the employment strategy was developed in 1998, although, as you have said, that gap is closing. Do you have any thoughts about the future development of the relationship between the European social fund and the European employment strategy?

**Deborah Smith:** You are right to suggest that the situation could be better. The fact that the European social fund was developed a long time before the European employment strategy is not as significant as it once was, as each new round of programming for the European social fund examines the employment situation anew. I hope that both the European social fund and the European employment strategy are up to date. However, there are several areas in which the authorities that manage the programmes, the member states and the European Commission will want to examine links. The main area relates to timing, the six-year programme and the need to adjust the detail of the national action plans more regularly. The second area relates to the match between the pillars of the European employment

strategy and the priorities of the European social fund programmes. Across Europe, there are five broad areas that make up the policy priorities of the social fund, which Brian Wright has outlined and which are detailed in his submission to the committee. However, the European employment strategy has four pillars, which makes the situation a little bit messy. We are already doing better under the Equal programme, which is much more closely linked to the pillars of the European employment strategy. There are two specific themes for each pillar of the strategy, which means that the links are much closer and neater than in other cases.

Reform of the structural funds—who knows what that will result in—and changes to the European employment strategy are on the agenda. Any dialogue that is going on about changes to the employment strategy covers both content and process.

**The Convener:** We have asked my next question of other witnesses. Are any of the pillars more important to Scotland than the others?

**Deborah Smith:** The most popular pillar is employability but we recognise that, if we are to have a balanced and well-developed labour market, all four pillars must be satisfied.

**The Convener:** I wonder whether that is related to implementation problems. Are there particular reasons why one pillar would be treated differently on the ground?

**Deborah Smith:** There is a perception that some areas of the programme are easier to access or fit in more easily with particular project developments than others. Brian Wright might want to comment on that. I know that the committee has already shown an interest in the gender pay gap and the segregation of the labour market. We have had quite considerable challenges in ensuring that enough projects come through our priority 5, which is about gender equality of opportunity and which fits in with a pillar of the European employment strategy. In accordance with guidance from the European Commission, our monitoring committee is clear that demand and need are not the same and that a lack of demand does not indicate a lack of need.

**The Convener:** I agree with that point.

15:45

**Brian Wright:** I will return to the priorities to give you an idea of uptake and what we are doing to try to achieve a balance.

When a new programme is developed, as was done in 1999 for the 2000 to 2006 programme, it is difficult to assess the rate at which uptake will

move forward and whether it will increase during the programme. Even at this stage, it is not clear how much uptake will ultimately unfold within each of the priorities, although I will try to give you an idea. Priority 1 is about employability and is particularly concerned with the short-term unemployed. Overall, there has been an underbid in priority 1. That underbid has not been significant for younger unemployed people, although it is significant in terms of money. However, there has been a desperate lack of bidding in the area of older people who are unemployed for short terms of six to 12 months. That may be because of the demographic issues that were referred to earlier; it may also be because of the impact of the new deal programme. Obviously, since the European social fund programme was established, policies have been developed that would affect it.

Other than the rural exclusion area, there has been a significant overbid in every round for priority 2, which, as I said earlier, at 36 per cent is the largest element of our programme. Take-up has been slow for priority 3, which relates to lifelong learning, but it seems to be gathering speed. More bids are coming in than came in for the first two rounds of the programme.

On the employed and self-employed areas, the first part of measure 4A relates to those in employment and encourages employers to train employees to improve their transferable, core and softer skills. The uptake in terms of lower-level skills has been in line with the amount of money available within priority 4. However, it is interesting to note that there has been a general underbid in the area of higher-end skills that help employees to move through the workplace, perhaps into more managerial positions.

Deborah Smith referred to priority 5 on our agenda. I believe that when the programme was set out, a range of negotiations took place around whether priority 5 should be 5 or 7 per cent of the programme. The Commission finally won through to put priority 5 at 7 per cent. There has been a slight improvement throughout priority 5, but there has been a significant underbid overall.

**Ben Wallace:** I want to ask about measure 1.2 of priority 1, which is on the older unemployed, who are an important group in the European employment strategy. You said that you gave a certain percentage of your European social fund moneys towards combating the number of short-term unemployed. However, the background is that short-term unemployed older people are much more likely to become long-term unemployed than other short-term unemployed. Help the Aged told us earlier that it felt that much of the employment strategy was bent towards gender issues and not enough towards age issues. Could you do anything to improve the bidding on measure 1.2—

which you said had been underbid—to help older unemployed individuals?

**Brian Wright:** We are considering specifically targeting organisations that have a responsibility in that area to encourage them to submit bids. Please bear in mind the fact that we are facilitators and that we cannot directly determine how much money is spent in the programme. However, we are considering the issues and have had several meetings. For example, we recently met a group from the north-east that is looking at people who set themselves up in their own businesses because they cannot get employment. Those people may not be included in the statistics but, nevertheless, they are forced down that route.

We raise awareness of those issues at all our events. By targeting specific organisations, we are pursuing those whom we think could help to implement the programme. As general awareness of demographic changes feeds through, there will be more uptake.

My personal view—which does not affect the PME or the Scottish Executive—is that older people bring to the workplace a vast range of skills that younger people may not have. I am talking about qualities such as maturity of approach and steadiness. Eventually, those qualities will be seen as important for employability.

**Sarah Boyack:** The European structural funds programme comes from a Scottish partnership but you are also working in the context of the UK national action plan. How do those two sets of priorities mesh in practice?

**Deborah Smith:** Just to make things more complicated, although we have a Scottish objective 3 programme, we are part of a Great Britain-wide objective 3 community support framework. That broad-brush programming document was negotiated with the EC for the period 2000 to 2006. It is meant to be an umbrella document under which are the Scottish, English and Welsh objective 3 programmes.

In bringing together the three programmes, we recognise that the most valuable area of community support is found in the European employment strategy. There is a community support framework monitoring committee that is convened by the Department for Work and Pensions which has responsibility for overseeing the implementation of the community support framework.

One of the key roles that we have been pushing for that committee is for it to take an overview of synergy between the three programmes and the UK national action plan. The Department for Work and Pensions is at the intersection between the action plan and the European social fund.

**Nora Radcliffe:** If there are national employment action plans and national action plans, should there be a SNAP, or Scottish national action plan? If there is a separate Scottish programme to deliver the European employment strategy's major funding instruments, would there be value in having a Scottish employment action plan—that is, a SEAP, not a SNAP?

**Deborah Smith:** As a civil servant, the only response that I can give is that it is appropriate for the national action plan to be a national document because employment policy is reserved. I cannot envisage that the European Commission would want there to be a dissolution of the impact of the plan by making it more localised.

I suppose that there might be scope to produce other documents that might not have the status of the action plan but which could outline all employment policy activity in Scotland. Such an approach would effectively achieve the same end. As the Scottish Enterprise witnesses said earlier, a lot of the on-going work in lifelong learning might do that job.

**Nora Radcliffe:** But we would not call it a Scottish national action plan.

**Brian Wright:** It would be fair to say that it is vital that Scotland has a significant influence on the UK national action plan.

**The Convener:** We picked that up from the evidence that we took from Scottish Enterprise, which is why Nora Radcliffe's question was appropriate. Your answer was quite helpful: you feel that we need to develop things a little bit more and have some input, but we should not necessarily have a separate plan.

**Dennis Canavan:** My question relates to the influence of the Council of Ministers. How do Council recommendations on employment policy and the joint employment report influence the operation and spending priorities of the European social fund? Can you give specific examples of such influence?

**Deborah Smith:** To be honest, we are probably not quite as sophisticated as we should be. The main point of influence of the European employment strategy is at the beginning of the programme, when the strategy, the guidelines and the national action plan influence the negotiations around and implementation of the programme.

That said, we are obviously aware of the joint report and the Council recommendations. Our advisory groups appraise specific projects for strategic fit. Where appropriate, part of that work involves projects demonstrating how they are meeting Council recommendations, for example. However, I must be honest and say that we do not have a sophisticated top-down approach. I

referred to that point when I spoke about the difficulty in timing the negotiation of the programme.

We have examples of good practice around the recommendations, some of which are outlined in our annual implementation report. I will check them and come back to the committee.

**The Convener:** It would be quite helpful to have some of that information for the committee's deliberations. We want to highlight in our report some examples of good practice from Scotland. It would be helpful if you could forward that information to the committee.

**Nora Radcliffe:** I want to zero in on European social fund priority 2.3, which deals with training in rural areas. I think that you said that the rural exclusion area was overbid in comparison with other areas.

**Brian Wright:** Priority 2.3 is underbid.

**Nora Radcliffe:** That makes more sense. Are there problems in accessing that part of the fund? Is it flexible enough to allow greater access, given the underlying difficulties in rural communities?

**Brian Wright:** Rather than give my specific view, I can pass on some comments from people in rural areas. Let me give the context. A mid-term evaluation is examining all areas of the programme to identify whether they still fit or whether they no longer fit, for whatever reason. Rural areas are quite different from urban areas. One reason why there is less than adequate uptake in rural areas is that the programme requires a certain concentration of beneficiaries. Although a range of individuals qualify under the terms of the European social fund, they tend to be more spaced out—that is, there is not the same concentration as in urban areas. To address that problem, we have discussed possible regional or national bids with people in rural areas. In fact, one further education college has developed a national bid that draws in colleges from different parts of Scotland to achieve the required level of beneficiaries to make a successful project.

There is also an issue about matched funding arrangements. The European social fund matches 45 per cent of the total cost of a project. The feedback is that funds are not always available to match fund projects in rural areas to the same extent as projects in some urban areas.

**Nora Radcliffe:** Could you elaborate on that a little? Is it because there are generally more resources available to deal with urban deprivation, which provide the other part of the funding package?

**Brian Wright:** The majority of the projects are match funded in some way by some of the larger

agencies, and the concentration of agencies in certain areas may have an impact on the bids that go through. I do not care to comment beyond that, other than to say that if funds do not come from the public sector side to match fund the European social funds, it will create a challenge. The general complication of putting bids together, to which Martin Sime referred and which is more demanding on resources, may be a factor. However, we must await the results of the mid-term evaluation.

16:00

**Nora Radcliffe:** Given that the way in which we measure deprivation and deal with statistics is not tailored to a rural situation and does not take account of factors that impact on rural communities, should we revisit those provisions?

**Brian Wright:** A range of factors was considered at the start of the programme; perhaps those factors have not been borne out in practice. There may be a need to review the scope of the programme. The mid-term evaluation will determine the extent to which that should be done.

There have been discussions about the definition of rural areas. The objective 2 areas determined which areas qualify for the objective 3 programme, and discussion is on-going on whether, for the purposes of the objective 3 programme only, the definition might be widened slightly.

**Ben Wallace:** When the European structural fund plan, outlining objective 2 areas, was presented to the committee in 1999 or 2000, the minister said that because of some of the problems experienced when defining objective 2 status, he did not necessarily intend that objective 3 would exactly mirror objective 2. Has that been the policy until now?

**Deborah Smith:** Only the geographically focused objective 3 measures, which deal with urban exclusion and rural exclusion, contain the geographical focus determined by the objective 2 programmes. I was not involved during the negotiation stage but my understanding is that it is a requirement of the European Commission that in the geographically focused measures, there is recognition of the overlap with objective 2. Objective 3 is much wider than objective 2 and covers beneficiaries anywhere in lowland Scotland. For those measures there was a clear requirement that if there was recognition of geographical exclusion, it had to complement the definition of geographical exclusion in the objective 2 programmes. The technical position is that approximately 70 per cent of the beneficiaries of the measures must be based in recognised objective 2 areas, so there is some flexibility to

bring in individuals who can be helped but who are not based in objective 2 areas.

During the programme, the Commission will continue to expect to see a complementary relationship between objective 2 and objective 3. However, there might be scope to make the relationship less complex or to cover the concentration issue, which is especially relevant to rural exclusion, to make the programmes more flexible, attractive and effective.

**Ben Wallace:** It is important for the European social fund to create jobs, but quality, rather than quantity, is also important. How is the fund being used to ensure that good-quality jobs are created?

**Brian Wright:** That is a very good question. In the past three rounds of the programme, a lot of work has gone into ensuring that quality comes through. We do that in a number of ways. Every project is appraised and there are a number of criteria for appraisal, such as justification and horizontal themes like equal opportunities and sustainable development. Every application must comment on each of the appraisal mechanisms to determine whether or not the projects are, indeed, required for the reasons that are stated. The appraisal is done in each of the bands and throughout the appraisal groups. That determines whether the project is of adequate quality even to go forward for ranking. Thereafter, all the projects are ranked and the highest ranked projects are taken first so, theoretically, the best projects should be funded.

As part of the appraisal, we also have a look at past performance, which might include examining the management systems of the applicant organisations. We are a bit short of information that allows us to do that effectively, but as the programme moves forward, we will have more and more data at our fingertips to ensure that what the applicants say they will do ties in fairly closely with what they in fact do by the end of the project. Therefore, we hope that quality will be one of the top factors in determining who is funded.

**Deborah Smith:** Brian Wright is correct in explaining what we do to ensure that we have top-quality projects. I do not want to spark a philosophical debate, but I would venture to say that the point of the European social fund is not to create jobs. The European social fund is there to equip people to enter the labour market and to get the jobs. I do not want to say that jobs are not our problem, because that is not how I think about it, but we must focus on giving people the best training and qualifications, so that they can access the best-quality jobs for which they are trained or qualified. Colleagues who work more specifically on economic development, and Scottish Enterprise, focus very much on the issue of quality jobs, which is right at the top of the European

agenda. Obviously, we do not want to train people to enter low-quality, monotonous jobs, but our first responsibility is to train people so that they are equipped to enter the general labour market.

**Colin Campbell:** When I asked Scottish Enterprise about getting people to adapt to change and lifelong learning, the answer was that it was on the cusp of doing that, which appeared to be a precarious place to be. I was delighted when Brian Wright said that 10 per cent of his budget is dedicated to lifelong learning. I would like to know how that is spent on getting the message across to the work force about lifelong learning and employability. To what extent and how do you engage employers and other social partners?

**Brian Wright:** Priority 3 in our submission focuses on doing that in two ways. It encourages projects to come forward that involve innovative, different ways of learning. There is a recognition that the traditional route for learning does not suit everybody, and certainly not those who are further away from the labour market or who are in employment but who want to find different ways of learning, perhaps from home. The first part of priority 3 considers innovative ways in which people might learn, in line with what the Scottish university for industry calls bite-sized chunks of learning.

Secondly, priority 3 is concerned with developing the trainers. In theory, if you develop the trainers, they can train more people. The issue is not necessarily about those who happen to need training at a particular point; it is about the training and development of trainers. It is a question of passing on the knowledge.

Priority 4 relates to those who are already in employment or who wish to set up in self-employment. We had hoped to run an event this side of Christmas to engage sectoral agencies such as Scottish Enterprise and the chambers of commerce in considering how we can involve the private sector more closely. We have set up meetings for the new year at which we will discuss with the chambers of commerce ways of developing that. Early in the new year there will be an event that will consider engaging the private sector in lifelong learning. Private sector organisations will probably not be invited to attend, but those who work closely with the private sector will consider how it could be engaged.

The priority 4 programme is about developing the softer and higher-level skills that will provide people with the flexibility and adaptability to move on. The only way that I know of improving people's confidence and self-esteem is to increase their productivity. If we engage people in any programme—at whatever level—it increases their productivity, which raises their self-esteem. That is the wonderful thing about the European social

fund programme. Having experienced success, people are encouraged to move on to do better. No matter where we look in the economy, we find that major success stories started from somewhere. If the European social fund is capable of getting people to the first point on the road to success, it is worth while.

**Colin Campbell:** So you have not yet engaged with employers to a great extent. Scottish Enterprise made it clear that employers are divided into two groups—those who are interested in adapting to change, future employability and lifelong learning, and those who are sitting on their hands. Is there a way of engaging all employers in the priority 4 programme?

**Brian Wright:** That will be challenging, given the size of the private sector. We know of a number of reasons for employers' failure to engage with the programme in the past. Small and medium-sized enterprises are concerned that, if they train their staff well, they will leave and get better jobs elsewhere. There is an experiential learning curve. I am not sure how we can get round that issue or that the European social fund should seek to address it. Another issue is the requirement to fill in forms and supply the data that are requested. As members might expect, private sector businesses are not keen on doing that, especially if they have a monthly business plan to sort out for the bank. We are aware of issues that may discourage private sector involvement in the programme. We must raise awareness and demonstrate how we can facilitate training and engagement with the private sector.

**Deborah Smith:** Brian Wright will correct me if I am wrong, because he knows the detail better than I do, but I believe that funding is available within the priority 4 programme for economic development agencies in the public sector to undertake awareness-raising work and research with the private sector. We can fund the vehicles for determining what the challenges are and the best way of countering misconceptions.

**The Convener:** On behalf of the committee, I thank our witnesses. You have provided a comprehensive explanation that has enhanced our understanding of the situation. If you can provide us with examples of innovative or best practice, we would be pleased to receive them.

**Brian Wright:** We have a range of super projects on the go. We would be more than happy to invite any member who is interested to visit one.

**The Convener:** Thank you very much. That concludes today's evidence-taking session on the European employment strategy.

## Scottish Executive (Scrutiny)

**The Convener:** Item 2 on our agenda relates to post-council scrutiny. We will deal first with the meeting of the economic and financial affairs council—ECOFIN. I understand that information on that meeting is late. I have not yet received it.

**Ben Wallace:** The meeting was held on 25 and 26 November. Information about it has not yet been received and is described as “Late”. However, information about the agriculture and fisheries council, which met the next day, is not here and is described as “To follow”.

**The Convener:** The official dealing with the ECOFIN council has been ill.

**Ben Wallace:** I just find it interesting that we have said that the ECOFIN material is late, but that the agriculture and fisheries council material that we are due from about the same time in November is to follow. Is it not also late?

**The Convener:** I think that we understood that the ECOFIN material would be late, but we perhaps expected agriculture and fisheries to arrive before the meeting. I regret to say that it has not arrived.

**Ben Wallace:** Again.

**The Convener:** We note that the ECOFIN information is late and that we have not received the agriculture and fisheries council post-council briefings.

We have received the justice and home affairs council briefing. It was a little bit late, but the report is very comprehensive. Do members agree to note it?

*Members indicated agreement.*

**Ben Wallace:** This is the second or third time that we have not received the agriculture and fisheries council post-council briefing. As far as our scrutiny role is concerned, the situation is acute, because we need to know what is going on in the council now more than at any other time. As a result, we must pursue the issue with vigour.

I should also point out that, at the United Kingdom permanent representation to the European Union, it was revealed to Helen Eadie and me that member states now make their opening and final positions public when the Council of Ministers goes into public session. As part of our scrutiny in future, we should perhaps check those positions against the Executive’s submission. We might save resources if we were able to limit the scope of our work and did not consider certain reserved issues, but with devolved issues such as transport, it would be right to check whether the Executive’s submission

ties in with the Council of Ministers’ position. Is that possible?

16:15

**The Convener:** I see no reason why that should be a problem. After all, we are developing the system and have formulated some good position statements on a number of Council papers.

The situation with agriculture and fisheries can change daily, although I understand colleagues’ concerns that the meeting in question was held last month, and it would be helpful at least to be kept abreast of developments at the meeting. We will take those points on board and raise them with the Executive. Are members agreed?

*Members indicated agreement.*

**The Convener:** It is recommended that we note the transport, telecommunications and energy council post-council briefing. Are members agreed?

*Members indicated agreement.*

**The Convener:** We should note a couple of matters in the employment, social policy, health and consumer affairs council briefing. For example, we should recognise developments in tobacco advertising, social inclusion, national action plans and e-accessibility for disabled people. As 2003 is the year of the disabled, it would be helpful to be kept informed of any plans that the Executive might have in that respect and of developments. We should also be kept informed of developments in relation to corporate social responsibility, as we are dealing with that area in our inquiry. Are members agreed?

*Members indicated agreement.*

**Sarah Boyack:** I have one point. I am not clear whether a senior official or a minister wrote the competitiveness council report. It might be helpful if the authors of such reports could clarify that. I do not want to raise any points about the report as such; I just think that my suggestion would be helpful to the committee.

**The Convener:** I assume that the report was written by one of the civil servants who accompanied the minister. Perhaps the clerk might be able to clarify the matter.

**Stephen Imrie (Clerk):** I do not know whether I can do so definitively, but I will certainly try to find out for the committee. I suspect that the reports are written by senior officials in the civil service department; however, I am confident that the minister has cleared whatever statement has been sent to the committee. I will check the process and give members information about how often the list is cleared.

**Sarah Boyack:** I suppose that if the report is from the civil service, it serves as a very useful minute of meetings. It would be quite useful to find out who is in the tree, representing the UK or Scotland.

**The Convener:** We will certainly examine the matter and report back.

## Convener's Report

**The Convener:** Item 3 is the convener's report. Do members agree to note the chief executive's monthly report?

**Dennis Canavan:** I have a couple of points about the report from the external liaison unit. I see no mention of the Greek ambassador's meeting on Thursday. Is that still going ahead?

**The Convener:** I was going to mention that later in my report, but I am happy to talk about it now. I understand that a difficulty has emerged this afternoon which means that, regrettably, all Greek ambassadors have been called back to Athens. Therefore, unfortunately, we must cancel the meeting on Thursday. I intended to inform the committee about that. The clerks will have to put out another flyer. We pursued the matter actively to ensure interest for the meeting and the news is a disappointment. However, the situation is unavoidable. Thank you for raising the matter, Dennis.

**Dennis Canavan:** I have another point. Although it was not organised by the external relations unit, we should note another successful external relations event, which took place on 24 November, when Scotland beat Ireland 3-2 in an interparliamentary football match. Perhaps the reason for our success was that all members of the Scottish Parliament were invited to apply for membership of the team, unlike the secretive selection process used by the external relations unit.

**The Convener:** We note those points. Do members agree to note the report from the chief executive?

**Members indicated agreement.**

**The Convener:** That brings me to the next item in the convener's report, which is the statement and news release from the Conference of Peripheral and Maritime Regions of Europe. I came across the statement and want to draw it to the committee's attention. I note from the statement that at the political bureau meeting on 2 and 3 December, the CPMR decided to request that the convention on the future of Europe should take account of the views of local and regional authorities. The final paragraph of the statement requests that a specific plenary session of the convention be set aside to debate the views of local and regional authorities in Europe.

For some time, I have been trying to push for a working group to be set up in the convention. It looks as though that will not happen, but a number of the regions in Europe are keen that, if we cannot have a working group, at least a meeting of

the convention should be set aside to examine the issues. I draw the matter to the committee's attention and invite comments from members. The committee might wish to write a letter to Giscard d'Estaing to follow on from our report on the future of Europe and to support the CPMR's position.

**Helen Eadie:** That would be good. It would also be helpful to write to Xavier Gizard, who is the secretary general of the CPMR, to give the Scottish Parliament's view. That would add weight to the CPMR's points. The CPMR has grown in people's esteem in the past five years, prior to which it did not have such a good reputation. Nowadays, the CPMR carries a lot of weight in the circles that matter in Brussels. The Parliament should subscribe to the CPMR's view. In general, we should keep an eye on what the CPMR does, because it presents good policy positions on a range of matters that affect us because of our peripherality in Europe.

**Ben Wallace:** Is the convention bound to respond to the request from the CPMR?

**The Convener:** I do not think so.

**Ben Wallace:** Giscard d'Estaing just says, "Merci" and that is that.

**The Convener:** It might also be worth while to write to our representatives on the convention, such as Gisela Stuart, to ask them to raise the matter on our behalf.

**Helen Eadie:** When I went to the European Movement's study group meeting just down the road at the University of Edinburgh, Gisela Stuart said that she would be pleased to talk to the Parliament about a range of issues. Her working group is considering the role of Parliaments in the convention. Depending on diaries, she would value the chance to speak to the committee. Perhaps the committee should consider that.

**The Convener:** We valued the contribution of Gisela and others to the conference in September. To get things moving before the Christmas recess, if the committee agrees, we could send a letter to the UK members of the convention asking them to support the CPMR's position. Is that agreed?

*Members indicated agreement.*

**Helen Eadie:** I was thoroughly impressed by Gisela. She is wonderful.

**The Convener:** I take it as read that the committee has agreed to write to the CPMR and to the president of the convention.

## Sift

**The Convener:** Item 4 is the sift of EU documents. We are asked to note the list and pass it on to the appropriate committees. Is that agreed?

*Members indicated agreement.*

**Ben Wallace:** Page 2 refers to working conditions for temporary workers. Is it possible for the committee to get a copy of the document, given our inquiry? I know that it will also be sent to the Enterprise and Lifelong Learning Committee.

We often refer such documents to the appropriate committees, but we do not monitor what happens to them. In March, or some time towards the end of the parliamentary session, could we follow a few documents to see what happens? I do not mean an extensive inquiry, but it would be a way of checking.

**The Convener:** I raised the matter at the conveners liaison group. The conveners told me that they take account of what we send them. I have a feeling that discussions in committees are patchy and vary across committees. We must recognise that some committees have a very heavy agenda of primary legislation, which will obviously take priority. However, it would be helpful if we had a review session in private, perhaps towards the end of the parliamentary session in March, to examine how we have done things and what we could do better.

I would like a little more direction in what we send to other committees. That scenario could be developed, taking into account other recommendations that committees have made this session, especially about our representation in Brussels. If we had early intelligence about what the key matters on the agenda are, it would assist us in referring matters to other committees. Currently, we send a load of papers to other committees. They would welcome it if we could attach information and a priority to them, but we could probably do that only if we had further support and early intelligence from Brussels. It would be useful to develop that mechanism.

**Sarah Boyack:** I very much agree with the idea of a review. Scrutiny is the meat and veg of this committee and has really begun to make a difference to transparency and in tracking issues. While I am happy for the committee to have the discussion in private, my only concern is that we should be quite happy for our conclusions to be made public. It might be diplomatic to talk through the realities of where the glitches are in the system in private, but it would be good if we could produce a document of some kind. It would not need to be a lengthy report or a work of art, but it should be

something that can be passed to the next European Committee, so that the experience that we have gained in the first session of the Parliament is not lost. Such a review would feed into the discussions about the Scottish Parliament presence in Brussels and would be a good piece of follow-up work. I am sure that the clerks have their top 10 things to tell the committee to do or not do the next time, but it would be useful for us to steer some of that discussion.

**Helen Eadie:** I very much agree with that. As one of the newest members of the committee, my perception is that, from its inception, the European Committee has made a real difference to the work of Europe in Scotland. When I meet people who are interested in European affairs, they tell me that it is good that the Parliament is doing X, Y and Z in relation to European matters. That is to the credit of the convener and her predecessor, Hugh Henry. In trying to shape the way forward, we should remember that Europe will become, I hope, an even more important aspect of the Parliament's work in the future.

**Ben Wallace:** I support what Sarah Boyack said. Perhaps the whole discussion could be in public. That would ensure that any criticism that we made was constructive. The discussion would be valuable to whoever inherits the committee and to anyone watching from outside. I bid for the discussion to be held in public throughout, to follow the principle of minimising private sessions.

16:30

**Helen Eadie:** I forgot to say something important. One illustration of my train of thought concerns the World Development Movement, which is a hobby-horse of mine, as members know. The Health and Community Care Committee is examining that organisation's petition and I have learned in the past month or two that it deals with a really big issue for the University of Glasgow, but I see no work being done on the matter in the Parliament.

The petition deals with a big issue for a range of committees. The relevant deadline is rushing up on us and none of us has thought through the implications. We just need to speak to the University of Glasgow's principal to hear of the ramifications. I hope that the convener will give the direction to other committees now rather than later. Although the World Development Movement issue is for the Department of Trade and Industry, we can feed into it.

**The Convener:** One reason why I raised the issue and mentioned discussing it in private is that I have discussed the matter briefly with the clerks. It is important to have their feedback, too, and that would be easier to do if we had at least a short

session in private and an open review of four years of the committee.

At the end of the committee's first year, when Hugh Henry was the convener, we had an open and frank session and changed some of our practices as a result. We invited clerks and others to participate. Perhaps we could learn things about administrative matters, committee business and the agenda from such a discussion. It is important that we develop our ideas and that the ideas that result from the meeting are published. I would be more than happy to have that done.

## **EC/EU Legislation (Implementation)**

**The Convener:** Members will recall that we receive a complex document on EC/EU legislation and that the clerks usually prepare an accompanying report. There has not been time to do that for this meeting. I have briefly gone through the paper, but rather than run through all my points at this time of the day, I invite members to make comments to Stephen Imrie or David Simpson. I will ask for a report to be provided for the next meeting, when we could discuss the paper in further detail. Is that agreeable?

**Members** *indicated agreement.*

**The Convener:** I wish all committee members a very merry Christmas and I thank them all for their support in the past year. We have done some great work. I echo what Helen Eadie said. I was at the Tun for a meeting with the University of Edinburgh during the week. As committee members, we just get on and do the business, but sometimes we do not realise that people are reading our reports and commenting on our work. Those comments tend to be positive.

I thank all committee members for their work, in particular our reporters, who have put in a great deal of work. I know that the committee wants me to thank the clerks and the Scottish Parliament information centre for their work in assisting the committee to produce its reports.

*Meeting closed at 16:33.*

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the archive edition should mark them clearly in the daily edition, and send it to the Official Report, 375 High Street, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

**Tuesday 14 January 2003**

Members who want reprints of their speeches (within one month of the date of publication) may obtain request forms and further details from the Central Distribution Office, the Document Supply Centre or the Official Report.

#### PRICES AND SUBSCRIPTION RATES

##### DAILY EDITIONS

*Single copies: £5*

*Meetings of the Parliament annual subscriptions: £350.00*

The archive edition of the *Official Report* of meetings of the Parliament, written answers and public meetings of committees will be published on CD-ROM.

WHAT'S HAPPENING IN THE SCOTTISH PARLIAMENT, compiled by the Scottish Parliament Information Centre, contains details of past and forthcoming business and of the work of committees and gives general information on legislation and other parliamentary activity.

*Single copies: £3.75*

*Special issue price: £5*

*Annual subscriptions: £150.00*

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

*Single copies: £3.75*

*Annual subscriptions: £150.00*

Standing orders will be accepted at the Document Supply Centre.

Published in Edinburgh by The Stationery Office Limited and available from:

**The Stationery Office Bookshop**  
71 Lothian Road  
Edinburgh EH3 9AZ  
0131 228 4181 Fax 0131 622 7017

**The Stationery Office Bookshops at:**  
123 Kingsway, London WC2B 6PQ  
Tel 020 7242 6393 Fax 020 7242 6394  
68-69 Bull Street, Birmingham B4 6AD  
Tel 0121 236 9696 Fax 0121 236 9699  
33 Wine Street, Bristol BS1 2BQ  
Tel 01179 264306 Fax 01179 294515  
9-21 Princess Street, Manchester M60 8AS  
Tel 0161 834 7201 Fax 0161 833 0634  
16 Arthur Street, Belfast BT1 4GD  
Tel 028 9023 8451 Fax 028 9023 5401  
The Stationery Office Oriol Bookshop,  
18-19 High Street, Cardiff CF1 2BZ  
Tel 029 2039 5548 Fax 029 2038 4347

**The Stationery Office Scottish Parliament Documentation**  
Helpline may be able to assist with additional information  
on publications of or about the Scottish Parliament,  
their availability and cost:

**Telephone orders and inquiries**  
0870 606 5566

**Fax orders**  
0870 606 5588

**The Scottish Parliament Shop**  
George IV Bridge  
EH99 1SP  
Telephone orders 0131 348 5412

sp.info@scottish.parliament.uk

www.scottish.parliament.uk

**Accredited Agents**  
(see Yellow Pages)

and through good booksellers