

EUROPEAN COMMITTEE

Tuesday 11 February 2003
(*Afternoon*)

Session 1

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CONTENTS

Tuesday 11 February 2003

Col.

EMPLOYMENT AND CORPORATE SOCIAL RESPONSIBILITY INQUIRY	1877
REPRESENTATION IN THE EUROPEAN UNION	1899
EMPLOYMENT AND CORPORATE SOCIAL RESPONSIBILITY INQUIRY	1904
SCOTTISH EXECUTIVE (SCRUTINY)	1915
CONVENER'S REPORT	1918
SIFT	1922

EUROPEAN COMMITTEE

3rd Meeting 2003, Session 1

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DEPUTY CONVENER

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

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*Dennis Canavan (Falkirk West)

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Dr Winnie Ewing (Highlands and Islands) (SNP)

Tavish Scott (Shetland) (LD)

*attended

WITNESSES

Dominique Bé (European Commission)

Kevin Doran (Scottish Executive Enterprise and Lifelong Learning Department)

Iain Gray (Minister for Enterprise, Transport and Lifelong Learning)

Antonis Kastrissianakis (European Commission)

CLERK TO THE COMMITTEE

Stephen Imrie

ASSISTANT CLERK

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LOCATION

The Chamber

Scottish Parliament

European Committee

Tuesday 11 February 2003

(Afternoon)

[THE CONVENER *opened the meeting at 14:03*]

Employment and Corporate Social Responsibility Inquiry

The Convener (Irene Oldfather): Good afternoon, colleagues. I welcome members to the third meeting of the European Committee in 2003. I would welcome members of the public, but I do not think that we have any this afternoon.

The first item on the agenda is an evidence-taking session on Europe's employment strategy and corporate social responsibility. Before we continue, I should note that we have received apologies from Nora Radcliffe, who is attending a meeting of the Rural Development Committee. Furthermore, John Home Robertson has to give evidence to the Finance Committee this afternoon, which means that he has to leave a little bit early.

I am pleased that our witnesses from the European Commission have been able to travel to give evidence to us and I welcome them to the meeting. First, I introduce Antonis Kastrissianakis—I think that I pronounced that better last time—and Jim Allen, from the employment strategy unit of the EC's employment and social affairs directorate-general. We would be happy for you to take a few minutes to make some introductory comments, after which we will ask you some questions.

Antonis Kastrissianakis (European Commission): Thank you. This is an appropriate time for such a discussion and for the committee to be holding such an inquiry, as we are in the process of reviewing and refocusing the European employment strategy in order to meet the employment challenges that face Europe. In January, the EC published its initial views on revising the strategy, which will be hotly debated among member states and lead to new guidelines that should be adopted in June or July.

I want to cover three issues by way of introduction. First, I will give the committee a brief historical outline to show how far we have come. Within that, I will highlight the aims, objectives and operation of the employment strategy and the open method of co-ordination. Secondly, I will highlight the reasons why we need change and

outline the EC's proposals for the new European employment strategy up to 2010, with a particular focus on governance and how relevant actors can be better involved in the process. Finally, I will say a few words from a Commission perspective on the perceived involvement of Scotland in the European employment strategy.

The employment strategy is a relatively new and pathbreaking method of European Union policy making that has pioneered the open method of co-ordination. The process began as a result of the Luxembourg jobs summit in 1997, and its initial aim was to strengthen policy co-ordination among member states in the fight against unemployment. The European employment strategy was later embedded in the Lisbon strategy, which has a broader and ambitious focus to deliver full employment and produce a knowledge-based society. It gradually moved from a strategy that would combat unemployment to one whose aim was full employment with more and better jobs.

The strategy is based on the employment title of the Treaty of Amsterdam, which implies that the member states agreed to give the EU a certain competence in the field of employment. They have conceded that employment is a common concern and have committed themselves to implementing employment policies in a co-ordinated way that promotes competitiveness, equal opportunity and welfare in the EU as a whole. That is particularly crucial in the context of economic and monetary union.

The open method of co-ordination is an innovative way of achieving such an aim and combines the action of communities, institutions and member states and, beyond that, the contributions of the various other actors to the process. A key element is benchmarking. Through that and peer review, the member states, with the Commission's co-operation, examine the effectiveness of policies and exchange best practice.

As for the process itself, the Commission and the Council of the European Union present an annual joint employment report to the spring European Council. The report illustrates the main achievements in reforming labour markets, details the strengths and weaknesses of member states' employment policies and sets out the priorities for reform. Based on those priorities, the Council's conclusions and a proposal from the Commission, the Council agrees a series of commitments for action, which are otherwise known as the employment guidelines for the member states.

Moreover, on another proposal from the Commission, the Council decides by qualified majority to issue country-specific recommendations. Every member state then draws up a national action plan that describes how

the guidelines will be put into practice. That should involve a wide range of partners at member state level—unions, employers, devolved Administrations, local and regional authorities and, often, the national Parliaments. The Commission then examines the action plans with a view to drawing up a Commission draft for the joint employment report for the following year. That is how the cycle continues.

I shall say a few words about the strategy for the period 1997-2002. Since the start, the employment guidelines have committed member states to undertaking concrete action in four priority areas, or pillars, for the European labour market: employability, entrepreneurship, adaptability and equal opportunities.

The employability pillar deals with increasing access to the labour market for the unemployed, ensuring that they have the right skills and incentives and promoting an inclusive labour market. The entrepreneurship pillar addresses the creation of an entrepreneurial culture by making it easier to start and run a business and to employ people in it. The adaptability pillar tackles the issue of making employed people and the organisation of work apt to meet continuous structural change. The equal opportunities pillar considers how to enable both women and men to participate in the world of work with equal opportunity and equal responsibility.

The European employment strategy also has to be integrated with the financial instruments at national and European levels. At national level, political commitments must be translated into budgetary commitments. At European level, the almost £200 billion in structural funds for the period 2000-06 and the £60 billion of the European social fund are the financial instruments that help to attain the employment objectives.

The strategy has been in place since 1997. With contributions from member states, the Commission has carried out a major evaluation of the experience of the first five years. In general, the results are impressive and, compared with the situation that existed previously, represent a major step forward. I shall, briefly, recall some achievements. Employment in the European Union has increased by more than 10 million, and unemployment has fallen by more than 4 million, with a 40 per cent fall in long-term unemployment. That result is not merely of a cyclical nature, but has a structural element.

Although there are important differences between member states, European labour markets have become more flexible and adaptable and have contributed to a more job-intensive economic growth. However, that new job-intensive economic growth has a potential downside, as we have seen a slow-down in the rate of productivity

growth across Europe. Arresting that decline in productivity growth demands significant investment in human capital and more priority to be given to improving work organisation and quality at work.

Significant qualitative changes have also taken place in national employment policies, with a clear convergence towards the priorities that are laid down in the employment guidelines. That is most notable for activation and prevention of long-term unemployment; more employment-friendly tax and benefit systems; the adaptation of education and training systems; the introduction of more flexible working patterns; and gender equality mainstreaming. The European employment strategy has also proven its value in terms of working methods. National policies have become better integrated and articulated. The management-by-objective approach and the open method of co-ordination have fostered new ways of working, both at EU and national levels.

I now turn to the need for change based on the evaluation that we have conducted. Both evaluation and past experience have confirmed the positive role of the strategy in supporting employment performance over recent years. However, the acceleration of economic and social change, the forthcoming EU enlargement and the current climate of economic uncertainty constitute employment challenges and compelling reasons to review the European employment strategy.

That brings us to the Commission's communication of January, which presents an outline of the revised strategy in an enlarged EU. It aims to provide a basis for open discussion with all interested parties in the lead-up to the spring European Council.

I turn to the key elements of our proposal. The European employment strategy must be reinforced so that it acts more clearly as a key instrument to promote the Lisbon agenda. That requires us to avoid long shopping lists of action and too much detail. Instead, the guidelines must be simpler and more result oriented. We must provide employment guidelines within a stable medium-term framework. That is the advantage of the 2010 time horizon that was set at Lisbon. Such stability should be facilitated by fewer and simpler guidelines that reflect key common challenges. The new guidelines must have an increased emphasis on results achieved and make better use of country-specific recommendations to support member state actions and the setting of appropriate targets.

14:15

I have some brief comments on the structure of the new approach. The European employment strategy should support the three overarching

goals that stem from the Lisbon agenda. The first is to deliver full employment; the second is to promote quality and productivity at work; and the third is to create a cohesive and inclusive Labour market. Those mutually complementary objectives should be delivered through a number of reform priorities.

Continuity is assured by the fact that many of the existing guidelines are also covered in our suggestions for the future. Examples include guidelines on activation and prevention, entrepreneurship, tax and benefit reform, balancing flexibility and security, and equal opportunities for all. Increased stress is placed on a number of areas that were covered previously, including active aging, lifelong learning and undeclared work. Important new priorities appear for the first time, notably immigration, tackling regional disparities and better governance.

As the evaluation has concluded, evidence has emerged that the strategy has led to an increased involvement of a wide range of actors, both at the European and national levels. A range of government ministries and regional and local actors have been brought together in the preparation of national action plans for employment. Beyond the Commission, the Council of Ministers, the European Parliament and a large number of other bodies at the European level have been involved in the evaluation and further development of the strategy. The social partners at European and national levels have been closely involved.

Consensus exists that the success of the strategy relies ultimately on improved delivery and better governance. To that end, the Commission's communication proposes several ways in which to improve the governance of the process. Key suggestions include increasing the role and responsibility of social partners; raising visibility and public awareness; partnership-based policies to develop the European employment strategy's territorial dimension at regional and local levels; mobilising relevant civil society organisations; and improving parliamentary bodies' involvement in the process.

I will say a few words about how we perceive Scotland's involvement in the United Kingdom national action plan. NAPs are drafted to reflect the latest policy developments and political intentions in each member state. Given the extent of devolved powers in Scotland on a range of issues that are central to the employment guidelines, it is vital that Scotland should be closely involved in the UK NAP process. Not only must the UK NAP reflect fully any uniqueness in the Scottish approach, but it must also illustrate important policy areas in which Scotland can offer examples of good practice. Two examples are

Scotland's innovative approach to lifelong learning policy and gender equality.

Our perception is that the consultation process in drawing up the UK NAP has matured well during the lifetime of the European strategy. The Scottish authorities are now closely involved in the process. For example, this year Scotland participated in the bilateral meeting between the Commission and the UK authorities on the NAP. That does not mean that more cannot be achieved. One important priority of the strategy is to encourage local and regional involvement in it. Given the significant contribution that Scotland can make to the strategy, the committee may want to consider that possibility and to identify practical ways of achieving it.

Thank you for your attention.

The Convener: That was an interesting and uplifting presentation. We welcome your reference to good practice in Scotland and it was useful to hear your analysis of how Scotland fits into the national picture. You have answered a number of our questions, but perhaps we can develop some of the themes that you set out.

I was interested in the points that you made about the local and regional dimension of the European employment strategy. I am a member of the Committee of the Regions commission that deals with employment, and I recognise the Commission's commitment to that issue. What actions can the Commission take to promote and encourage the local and regional dimension of the European employment strategy?

Antonis Kastrissianakis: Member states are responsible for delivering the European employment strategy on the ground, but how they deliver it depends on the constitutional or institutional structure of each member state. The Commission is interested in results, including the success of policies at regional and local level. We respect fully the principle of subsidiarity, but we expect results to be achieved on the ground.

The Commission and the EU can help by insisting that delivery be taken into account and by emphasising local and regional employment strategies. The successful implementation of attempts to move from passive to active measures is increasingly dependent on the mobilisation of local actors. The local dimension of employment strategies is also assisted by European structural funds. We hope that it can be further explored and strengthened after 2006, when the reform of structural funds will take place.

The Convener: Would it be fair to say that the Commission is keen better to integrate the EES not just with national policies but with regional and local policies?

Antonis Kastrissianakis: Yes. In my presentation, I said that we see the guidelines as having a regional dimension. Under the Commission's proposal, that concern would be reflected in the guidelines.

Colin Campbell (West of Scotland) (SNP): You have dealt already with aspects of my question. What is the significance of the European employment strategy as compared with other strategies for creating employment that have been tried? How do you see it in relation to strategies that are being developed at national, local and regional levels? Will it be used as an inspiration or as a stick with which to beat people?

Antonis Kastrissianakis: I agree with the member's comments. We hope that the strategy will be an inspiration, because it reflects the overall approach that we are taking at European level. It is based on our experience of what works and of what appears to have been less successful.

There has, in the past five years, been a convergence of approaches in practice at European level in relation to the kinds of policies that are followed. More flexibility has been introduced in labour market organisation; that is a shared concern throughout Europe, although some member states have gone faster than others. At the same time, there is peer pressure and the possibility of using other instruments at European level to support the strategy. The major challenge for the future is how better to integrate the use of the European structural funds with the European employment strategy and, possibly, other policies.

The Convener: That brings us to our next point.

Sarah Boyack (Edinburgh Central) (Lab): We have taken much evidence in our discussions of different views on what should be the role of the national action plans. What, from the Commission's perspective, should that role be? To what extent do the plans merely report what is happening in member states? Should they do more to influence the direction of employment policy? You have talked about the first round of funding, which was instrumental in terms of full employment policy, and you have said that you see a shift for the next round. I would like to hear your views on the role of national action plans in influencing policy direction.

Antonis Kastrissianakis: One of our concerns, which is felt not just in the Commission but in member states, is that we have to move towards a more results-oriented approach that is focused more on the implementation of policies. The guidelines need to be more results-oriented, which might also mean that where appropriate, quantified targets could be fixed either at European level or at national and other levels. A

results-oriented approach—linked with the more results-oriented national action plans—is central to reform. We expect that member states will in the future report more on what has been achieved on the basis of the guidelines and less on what they would like to happen. In that way we can simplify the process, focus it on essentials and avoid administrative bureaucracy.

Sarah Boyack: I move on to the implementation of the national action plans. The European social fund has been an important tool for delivering on the national action plans. How is the ESF being used to implement the strategy? How do you think that the links between the ESF and the strategy should be improved to enable us to deliver on the aspirations in the action plans, and to take the approach that you are talking about in delivering outputs, achievements and targets?

Antonis Kastrissianakis: There is a link between the employment strategy and the European social fund. The different priorities that are supported by the European social fund are broadly consistent with the employment strategy. We would like that to be strengthened in the future. We would like to see the social fund and, more broadly, the structural funds take better account of employment priorities and guidelines.

I am not in a position to give the committee our views on the future of the structural funds—it is early days. One must also consider that, because of enlargement, the focus of funding will need to shift from existing member states towards new member states. However, the Commission's approach is that funding from structural funds should be provided throughout the European Union. Therefore, we hope that funding can be focused on the most important priorities.

One of the most important priorities is the challenge of economic and social restructuring and the impact that it can have on local communities especially. I am not in a position to say how we will respond to such a challenge. Perhaps other priorities will be put on the table when the time comes, but in our view, that dimension is essential and must be addressed.

14:30

Helen Eadie (Dunfermline East) (Lab): In Scotland, a European social fund programme has been developed by a Scottish partnership, although the employment guidelines are set by the European Commission and the member states. How well do those approaches mesh?

Antonis Kastrissianakis: The approaches are at different levels. The employment guidelines are set at European level not only by the European Commission, but by the Council, with the European Parliament's involvement. The

guidelines are not the product simply of the Commission, although the Commission initiates the process. On the basis of the guidelines, member states must produce their policies and describe their policies in national action plans. The link is between national action plans and management of the social fund in Scotland. That is the appropriate level at which to make the link, which is for national and regional authorities to ensure.

Mr Lloyd Quinan (West of Scotland) (SNP): Mr Kastrissianakis's department deals with the employment strategy and social fund distribution, but what is the relationship—if any—between the employment committee and the ESF committee?

Antonis Kastrissianakis: The relationship is limited. The Employment and Social Affairs Committee has responsibility for policy development and for advising on policy aspects of the European employment strategy. The social fund committee advises the Commission on the social fund's implementation. The initial link must ensure that the social fund responds to the employment strategy's policy priorities. The Commission has the main responsibility for ensuring that link in its proposals. In practice, there has been little connection between the European social fund committee and the Employment and Social Affairs Committee.

Mr Quinan: Article 15 of the draft treaty establishing a constitution for Europe deals with areas in which there should be supporting action, which include employment. Paragraph 3 of that article states:

"The Member States shall coordinate their national employment policies within the Union."

Will that have a direct effect on the relationship that we just discussed, or should an attempt be made to change that relationship? Do you expect that there will be a change in the relationship?

Antonis Kastrissianakis: Overall, the suggested approach does not create a new dimension for the European employment strategy. It is compatible with the existing objectives, mechanisms and tools and has, therefore, no implications for the more specific relationship between the Employment and Social Affairs Committee and the European Committee, if that is what Mr Quinan was referring to.

Dennis Canavan (Falkirk West): There are distinctive traditions in this country in respect of the involvement of social partners such as trade unions, employers associations and so on. The joint employment report suggests that the UK should involve social partners more fully. What does that mean? Do you think that there is a danger that the European Commission might stray into matters that are in the competence of member

states? I refer particularly to the involvement of social partners in the development of a national employment policy.

Antonis Kastrissianakis: Following the Commission's proposals and with the European Parliament's advice, all of the member states decide on the employment strategy and the guidelines. Social partners are involved with the policies' design and implementation. From experience, the contribution of the social partners is extremely important in ensuring a broadly acceptable design that they can take an active role in implementing.

Of course, the approach varies throughout the European Union and there are different practices and traditions to deal with the involvement of social partners. The Commission's recommendation implies that it would like to see such involvement strengthened, while taking into account national practices, traditions and rules of how that involvement is organised. Of course, in this case, the member state is the UK. The Commission has no intention of intervening with the details of policy organisation in each member state.

Dennis Canavan: Could internal structures vary slightly from one member state to another?

Antonis Kastrissianakis: Absolutely.

The Convener: I do not want to put you on the spot, but in evidence to the committee the UK Government gave the impression that the national action plans are a report on UK employment. From what you say, I understand that the Commission wants results-oriented guidelines. Do the two approaches sit well together? How can they work together? Should we look at this slightly differently?

Antonis Kastrissianakis: Until now, national action plans have been reports on the policy that each member state wants. The results that are achieved on the basis of the guidelines should mean fewer reports. Therefore, your point reflects the reality, in a way. That said, I would like to see a shift towards a more results-oriented approach, as would the majority of the member states that have taken a view. It remains to be seen how that will work out in practice with the first round of the national action plans, which we expect to see in October this year.

The Convener: Thank you. That was helpful. That concludes our questions. We appreciate your comprehensive opening statement, which covered many of the points on which we wanted to question you. We appreciate your coming along and, in our deliberations on our report, we will certainly take careful account of what you said. I thank you.

Antonis Kastrissianakis: I thank the committee for the invitation and for members' attention.

The Convener: You are welcome to stay and listen to the rest of our evidence taking, if you wish.

Before I invite our next witness, I welcome to the public gallery a group of members of the Parliament of Slovakia. We are pleased that you are able to join us this afternoon. Thank you for coming.

I welcome Dominique Bé, the Commission's leading expert on corporate social responsibility. It was, in fact, the Commission's document, "Corporate Social Responsibility: A business contribution to Sustainable Development", which prompted the European Committee's inquiry. It is appropriate that Mr Bé is able to come along today. I am interested to hear about the current state of play within the Commission on corporate social responsibility. I am happy for you to make an opening statement, if you wish. Otherwise, we will proceed straight to questions.

Dominique Bé (European Commission): Thank you, Madame Convener. I will say a few words to introduce the subject. First, I am grateful for the opportunity to address the committee on the strategy on corporate social responsibility that the Commission has developed. I will first say a few words to define the Commission's concept of corporate social responsibility, after which I will say a few words about the strategy that the Commission is trying to develop at its own level to promote corporate social responsibility.

Corporate social responsibility is not new, but has been going on for a long time—what is new is the debate about corporate social responsibility. Sometimes there is confusion between that debate and defining the meaning of corporate social responsibility. Therefore, it might be useful to stress a few points that could help in approaching the concept of corporate social responsibility.

Corporate social responsibility is not new as a business practice that goes above and beyond legislation in such a way as to contribute to sustainable development and better social governance. We have adopted that broad definition, which goes back to the origin of paternalism in the 19th century. Paternalism was a form of CSR, although that concept was not known. What is new is the fact that over the past 10 years there has been more and more communication and debate about CSR. At the start, that was driven mainly by companies, which began to communicate a lot about their social performance. That attracted public interest, debate in the media and public authorities' interest in the subject.

How could we define CSR? One way is to say that it represents larger, or broader, corporate governance. Companies are faced with many more stakeholders than they used to have. Beyond shareholders, companies now have stakeholders such as consumers, the public, local authorities—which play a major role vis-à-vis companies—trade unions and non-governmental organisations. Many groups have become stakeholders, which has forced companies to have wider governance that addresses the interests and needs of the various stakeholders, and which addresses many more issues than was the case previously, when governance was mainly about maximising profit, which was companies' main objective. Today, companies must respond to many—sometimes conflicting—challenges. The challenge and difficulty for companies is to balance the interests and requests of different groups, which are sometimes in contradiction.

For us, CSR is a management issue first. It is the way in which companies deal with the new requests from different stakeholders inside the companies in their day-to-day management. CSR is not about public relations, press releases, or websites; rather, what is important is that CSR is much more about what companies do than it is about what they say they do.

14:45

Finally, CSR should rely on a very strong business case. We do not therefore expect that companies will enter into this for philanthropic reasons vis-à-vis society. Corporate social responsibility should be a good option for business and for society.

I hope that I have explained our approach to CSR. I also want to speak about the European CSR strategy, which was developed by the Commission, the Council and the European Parliament. We call it a strategy rather than a policy. It is a relatively new issue for the Commission, so it is still work in progress.

Until now, we have made three major steps. The conclusions of the Lisbon Council included a paragraph about CSR in which heads of state and Governments made an appeal to companies to be socially responsible. That launched the debate on CSR at EU level. Two documents followed—a green paper in 2001 and the communiqué that was referred to earlier, which was adopted in July 2002. Those define what could be done at European level but, in this context, a lot is taking place at local, regional, national and international level. We are aiming at a level that can be supported by the Commission and other European institutions, with the clear understanding that many matters have also developed at other levels.

We make a very clear distinction between what companies do and what they communicate about what they do. That is linked to the major axes of our strategy—the Commission's main axis or objective being to promote companies' adoption of socially responsible practices. By adopting such practice, companies can contribute to sustainable development and to better social governance; their work can be good for society. We want to raise awareness of corporate social responsibility and of the business case for corporate social responsibility, mainly for small to medium-sized enterprises—SMEs. CSR has been discussed mainly by large companies, and small companies continue to consider it a matter for large and multinational companies.

We rely heavily on networks of actors—companies, trade associations and so on—which can inform their members and convince them to take the CSR approach. Our surveys show that most companies that remain unconvinced or unaware of CSR are not involved simply because they do not see the business case for it. There is much to be done at local and regional level.

The second axis of our policy concerns the communications element of CSR. We are aware that an increasing number of companies and other organisations are communicating about corporate social responsibility. The fact that companies are selling their social responsibility to consumers, investors and citizens is an internal market issue. The public authorities are responsible for protecting the public and consumers.

Many initiatives are being developed. The Commission has resisted appeals to legislate from the European Parliament. Before we do that, there needs to be greater consensus on what we can expect and how we might approach the communication of corporate social responsibility, which can take place via reports, codes of conduct, labels and other tools.

The Commission has set up a forum on CSR, which is bringing together EU-level organisations that represent business, trade unions and civic society. The forum has received a mandate from the Commission to examine the different practices, tools and instruments that have been developed by organisations, companies and others in Europe, and to achieve consensus on how we will approach reporting, labelling and codes of conduct. If the different sectors can reach agreement, the Commission might build on that to develop its strategy further.

At this stage, we are pursuing two major objectives. The first is convergence—there are too many labels, reports and codes of conduct. The second is transparency. In most cases, consumers and citizens do not know what is behind a label or report.

The third axis of our strategy is to mainstream CSR in public policies. Public policies have their own objectives and implementation strategies, which have an impact on corporate social responsibility and its adoption by companies. In the lobby, I noticed that the coffee that is served in the Parliament is fair trade coffee. That is an example of how, through its procurement, a public authority can give preference to companies that are socially responsible. The same approach can be taken when the state is providing subventions. When regulating financial and other markets, public authorities can seek transparency and disclosure. There are many activities that have an impact on corporate social responsibility.

Actions can be developed at EU level—the Commission is committed to mainstreaming CSR in its policies—and at local and regional levels. The Commission is supporting a project that involves different regions of Europe that are considering the issue of corporate social responsibility and how a regional authority can approach CSR and what that means at regional level. I am talking about regional authorities promoting CSR in their policies, as well as in companies' policies. I am glad to say that Scotland is very active in that project.

I would be happy to answer questions from members.

The Convener: The European Commission has made a great deal of the running and is responsible for much innovation in the area of corporate social responsibility. It is very useful to be given background information on that work.

I was planning to ask you about the added value that the European Union can bring to the issue, but you have already described how the EU can promote socially responsible practices and increase awareness of CSR. I believe that the EU has done that very well. Do you have anything to add?

I want to pick up the point that you made about mainstreaming. Should corporate social responsibility be integrated into other Community policies, as has happened with equal opportunities? It occurs to me that it took us quite a while to get to the point of mainstreaming equal opportunities. For a while, we used to talk about equal opportunities as something separate. Perhaps that was needed to increase awareness of the issues at the time. Should corporate social responsibility stand alone for a little while or should we work to integrate it immediately into other Community policies?

Dominique Bé: On adding value, I stress again that we do not wish to take over what exists at different levels, but we can contribute because we can help different actors throughout Europe to

meet. There is a lot of activity, but most of the time, people do not know what others are doing. The Commission can help simply by helping them to meet. Most of the projects that we support simply finance and support the cost of exchanges and communication between the front regions of Europe.

The other part, which, as I said, is relevant for the EU, is that companies now sell all over Europe. Therefore, one cannot say that there is a Scottish consumer any more—there is a European consumer. Companies do not sell in one region only. We have to consider the information that is provided to Italian consumers who buy from a Scottish company or Dutch consumers who buy from a German company. We must consider the information that is given to consumers and to investors. There is an EU dimension to that.

On mainstreaming, I stress that, for us, CSR is not an objective in itself; it is an instrument of system development and better social governance. In that respect, the approach that we have in mind when we say that we should mainstream CSR in other policies can be seen from two sides. First, other policies should not put obstacles in the way of socially responsible practices. I will take public procurement as an example. Public procurement policy at the EU level, which is then adapted or put in place at the national level, is restrictive and still focuses on the best value for money. It is difficult—even though the situation is changing—for public authorities to add more criteria to their public procurement. The Commission is now considering how we could open up and have more flexibility for public procurement policies so that public authorities that wish to add more criteria are able to do that transparently.

There is a direct link with transparency. It is not as simple as saying for example, "I wish to buy fair trade coffee." How do we select coffee that has a good label? There is an issue about having good information on labels and other ways of providing information.

The other side is that one could say that the public money that goes to projects in some areas belongs to everybody—it is my money and your money. As citizens, we might want to ask questions about the use of public money. For example, it would be difficult to accept public support being given to development aid that goes outside Europe and might end up going to a company that uses child labour.

That is why we need to ensure that the way in which public support is given and the broad objectives of corporate social responsibility come together. In that context, we need a policy that not only avoids creating obstacles but might go further, and use public money to promote better social conditions. There are two sides to the coin.

Helen Eadie: What communication strategy do you have in place to promote corporate social responsibility in the business sector and to the general public?

Dominique Bé: We do not run a large communication budget. What we have done mainly is to support a few projects that can help to disseminate the information. We have a budget line that we use to support projects including conferences and publications. We try to focus on projects that are pan-European or which involve at least two or three countries—more, if possible—so that dissemination has a much wider effect. Often, we have the opportunity to inform the informers or to train the trainers, hoping that they will continue to disseminate the information.

A lot is already being discussed—there is a big debate about CSR—and we do not feel that we will need to organise many more conferences or publish many more books. A lot of information is already available. What we have tried to do is to clarify the debate. We were glad to see the green paper that has been published. That has also helped to develop a wide debate across Europe. What is new is that the debate has now gone beyond the borders.

Five years ago, CSR was discussed mainly in this part of Europe. Yesterday, I was at a conference in Italy at which there were 1,000 people. It was the largest conference on corporate social responsibility that I have ever seen. Three years ago, nobody was talking about CSR in Italy. The debate has developed. Now that the ideas are getting clearer, we need to go beyond the talk. That is what was discussed yesterday. Everybody is talking, but what do we do? That is where we need to go.

15:00

Colin Campbell: Bienvenue en Ecosse. I was fascinated when you mentioned fair trade and the possibility of fair trade finding its way right through corporate social responsibility. There will be a fair trade fortnight in Britain from 3 March to 16 March—I am delighted to have the opportunity to get that plug in.

You mentioned in your address the fact that corporate social responsibility is generally seen to be taken on by big firms, although it must also be taken on by medium-sized and small firms, which have a big part to play in the economy. What difficulties do medium-sized and smaller companies face in addressing the challenges of corporate social responsibility, and what help can be given to those businesses?

Dominique Bé: Small and medium-sized enterprises react vis-à-vis corporate social responsibility as they react when we discuss

training or equality. They tend to say, "That is for large firms. We do not have resources for training or CSR." However, they will be forced to enter into CSR, not by public authorities, but by the large companies that are their customers, and which, increasingly, are requesting forms of certification labelling. Just as large companies are now requesting certification to the ISO 9000 quality standard, so, in a few years, it is likely that large companies will force small companies that supply them to be certified to the standard of ISO 18000, or whatever number. The situation is developing.

The need that we see is for small and medium-sized enterprises to understand the business case. CSR is not about charity, but SMEs still tend to see it as philanthropy—when the business is done, they will give something to the local football club or church. We try to tell them—and we try to get trade associations to tell them, as it is more convincing coming from trade associations than from the Commission—that CSR is in their business interests. We tell them that it will result in better productivity and better motivated staff, and that the community will have a better image of them, which will gain them the preference of their customers.

A series of factors could be part of their approach, which would mean that CSR would not cost a lot. There may be some expenses, but it should be seen as an investment that can bring a return.

As is often the case with SMEs, the issue is how to convince them to invest. They tend to run their business with a short-term horizon, but we have tried to focus clearly on the idea that, for us, the priority is more what companies do and not so much communication. What is important for SMEs is not publishing a report or having a label, but better performance. That is the message that we are trying to give.

Dennis Canavan: We have received conflicting evidence on whether corporate social responsibility is better achieved through a voluntary or a regulatory approach. What is the Commission's view on that?

Dominique Bé: I stress that we must make a clear distinction between what companies do and how they communicate. In the Commission's view, what companies do is the important point because it will change society. CSR must, by definition, be voluntary. Of course, there is existing legislation, and there might be new legislation, for example in the field of health and safety, but our approach to CSR is different. Employment issues such as working conditions can be influenced by legislation, social partners, collective bargaining and corporate social responsibility, but public authorities cannot use CSR to force companies to do something. If there is a political consensus to

force companies to do something, we must pass and use legislation.

There is a risk of confusing the debate. Corporate social responsibility is for more innovative companies that wish to go above and beyond legislation. We sometimes receive pressure from non-governmental organisations that would like to force companies, with the help of public authorities, to do things, but that cannot be achieved in the European Parliament because there is not yet a political consensus to pass legislation. The debate on CSR would be undermined if we confused those two aspects.

The debate on communication about CSR is completely different. There might be a need for regulation of how companies communicate, because there might be issues about misleading advertising or the information that is given to consumers. The label includes the price and the quantity, but there should also be an indication about CSR. We have tried to distinguish clearly between those two debates.

Dennis Canavan: Has there been a change in the Commission's views on CSR since the publication of the green paper and the ensuing discussion? The European Parliament's rapporteur came out in favour of making it compulsory for companies to report on their progress on CSR. Does the Commission favour that and, if so, would that be done at national or European level or both?

Dominique Bé: There is an on-going debate about reporting. Again, the issue relates to communication. A company might report, but the report might say that the company does not do anything and, as such, the report would be simply a communication tool. The European Parliament has requested a directive that imposes reporting on CSR, but, at this stage, the Commission has decided to wait. That is partly because we need a better consensus on what should be in reports. It is easy to say that companies must report, but the issue is what they should report on, and there is not a consensus on that.

The Commission has put the issue on the agenda of the EU CSR forum. We have asked the forum what we should do about reporting in Europe. The forum is supposed to report back to the Commission in mid-2004. If there is consensus in the forum, the Commission could endorse the agreements that it reaches and perhaps propose legislation on that basis. If there is no consensus in the forum, the Commission will have to test political waters in the Parliament and the Council to find out whether there will be consensus on when we could propose legislation on CSR reporting.

It is useful to wait a while before going ahead because the positions are evolving, mainly among

businesses. It is interesting that more businesses are saying that they need rules of the game because it is expensive for them to report without rules and every company publishes something different. It is an expensive exercise for every company. That system is not useful because one cannot compare the different companies and sometimes readers do not receive the information that they seek.

Having a report at EU level is supported more and more by companies. Most of them sell throughout Europe and they do not want 15 different formats for their reports. They would prefer to have the same format because that would be more effective. We will probably go in the direction of introducing broad guidelines. We will probably introduce a directive to define the broad requirements for reporting, referring to a third-party standard in the same way that, in financial reporting, there is legislation that says that companies must publish annual reports, but the standards would be different outside the Commission. That points the way ahead. It might take a few years before we reach that stage, and it would be the result of the work of the forum and political consensus being developed at EU level.

Mr Quinan: I find interesting the variations in Europe concerning where Governments, the Commission and various structures place responsibility for corporate social responsibility. You said that the philosophical base is in an area of social governance and that you work in the social dialogue section of the employment and social affairs directorate-general. In the United Kingdom, the current Government believes that CSR is primarily an element of trade and competitiveness. However, here in Scotland, the responsibility for CSR lies in the social justice ministry. Do you regard those differences in approach and emphasis as being complementary or non-complementary? Is that part of a developing concept? Who do you think is right? Where lies the philosophy in reality?

Dominique Bé: I will try to answer the first part; the last part might be for the next evidence session.

There are definitely different priorities in different regions and countries of Europe. The question is where the focus lies—on the environment or on the social aspect? For us, corporate social responsibility includes social issues as well as environmental issues. Although the title of the directorate-general has more to do with social issues, it covers everything.

In the north of Europe, the focus tends to be more on environmental issues, because social issues tend to be handled well. In the south of Europe, the priorities might be more concerned with social issues and the approach might vary.

However, we find more and more convergence in the approaches throughout Europe. It is interesting to discover that the gap is not so much between countries, but between Europe and the United States, from where all of this came. In the US, especially after the Enron cases and others, the focus is very much on ethics and corporate governance in a narrow sense. In Europe, we still have more links with sustainable development and social governance. That happens much more between the different countries.

From what I have read, I am not sure that in any region there would be one, separate ministry that would lead. In London and across Europe, for example, a few ministries are involved in CSR. What might be needed is co-ordination between the various people involved. In London, the Department for Work and Pensions is interested in CSR, the Department of Trade and Industry is active in the area and the department with responsibility for external trade is also involved. Each department has initiatives that do not necessarily complement each other. One cannot say that a given country is focusing on one part and ignoring the rest.

When we try to communicate with various Governments, we find that it is difficult to get everyone round the table. There are many actors and, sometimes, even at a national level, they do not know each other. It is sometimes difficult for us to get a complete view of what is happening. In fact, much is happening. In London, for example, the DTI does work in one direction but a different department promotes the ethical trade initiative, which is to do with social governance. There are many initiatives, and the major challenge for the European Commission is to ensure that all the actors know what the others are doing and are able to work together more effectively.

15:15

Mr Quinan: Does the development of a draft constitutional treaty offer the possibility of creating that co-ordination? It might not do so by instrument or legality, but it might form part of the dialogue, particularly in the light of article 15.

Dominique Bé: I am not an expert in that regard.

Sarah Boyack: The public sector is Scotland's largest employer. What is the role for public sector employers in developing corporate social responsibility? How is the European Commission involving the public sector in the development of CSR policies?

Dominique Bé: We have addressed that. Although they are not privately owned, public administrations are companies in the sense that they have employees and buildings, they pollute

and so on—they are engaged in activities that have an impact on society. At the end of the communication that was adopted last July, there is a paragraph about public administrations in the context of corporate social responsibility. That paragraph makes a clear distinction between policies and the management of public authorities.

The European Commission believes that public administrations should set an example. Companies and others have told us a few times that it is all very well for the Commission to preach, but they want to see what we do in relation to corporate social responsibility. We have decided to do something about the administration inside the Commission in relation to procurement. We are launching a company to raise the awareness of corporate social responsibility among agents of the Commission. As consumers, we can influence each other's companies and so do some work in the context of CSR. Further, the Commission has undertaken to publish a CSR report on itself, with regard to social policy and the environmental side. We will try to have that ready by 2004. It will deal with questions such as how much energy we use, what our working conditions are, whether we pay attention to the working conditions of our suppliers and so on. The Commission has invited national Administrations to do the same. They should assess their performance, as the employee policies that they have will have an impact on society.

Sarah Boyack: All of us will be interested in that document as it might serve as a model for Governments and other bodies involved in governance across Europe.

One of the key principles of CSR is the mechanism for organising relationships with employees of organisations. What in your view is good practice in that respect, particularly in relation to redundancies? The committee very much supports the full implementation in the UK of the information and consultation directive. Will you comment on the recent actions of Motorola and Boots? Do you think that their actions were examples of best practice with regard to informing and consulting their employees?

Dominique Bé: The Commission has stressed that, even in the case of restructuring, companies can be socially responsible. I am not familiar with the two cases to which you referred. On 3 and 4 April we will hold a conference in Athens focused on the promotion of good practice in industrial restructuring. That is an example of the action that we are promoting. We will invite to the conference representatives from the EU countries as well as from the candidate countries, because we think that we can learn a lot from the potential future members of the European Union. The conference will focus not on legislation or regulation, but on

taking time to listen and to learn about good practice.

We believe that quite a few companies might have to restructure or downsize, but there are different ways of doing that. A major recipe for engaging in socially responsible restructuring might be to start with anticipation, information and consultation of the first group of stakeholders: the employees; the communities—because the effects go beyond the walls of the company; and local authorities. In that context, we try to make a link between CSR and restructuring.

In parallel, the Commission has launched a consultation of the social partners at EU level on the social aspects of restructuring. We attempt not to interfere with the negotiations between the social partners. We explore how, in addition to legislation and social dialogue, companies can develop and promote other solutions.

The Convener: Thank you very much for your co-operation in attending the committee this afternoon. It is fair to say that your evidence will be crucial to our report. We very much appreciate the contribution that you have made. You are welcome to stay or leave as you wish.

The Minister for Enterprise, Transport and Lifelong Learning is not here yet, so I suggest that we move on quickly to item 2. The minister is not due to arrive until 3.30, so we could perhaps take item 2 and then have a short break, which would allow the minister and his officials to come in.

Representation in the European Union

The Convener: Item 2 is the Executive's response to the committee's report on Scotland's representation in the EU. In general, the response to our report has been helpful and positive. I am pleased that the Scottish Parliamentary Corporate Body has agreed to our recommendation to appoint someone in Brussels. I believe that an advertisement has already gone out to the press. That is welcome news.

I note a couple of points from the Executive's response to the committee's request to make information more openly available. We took quite a bit of evidence on that from the Scotland Office. I am sure that committee members will join me in seeing the response as a major step forward. The Executive has said that working notes of European Parliament committee meetings could be made available to us. I welcome that in particular, as it would certainly assist us in keeping abreast of parliamentary agendas.

I am also happy to see, on page 8 of the briefing paper, that there will be a strengthening of Scotland House staff. I understand that there will be an increase of two members of staff. It would be useful to seek further information on the time scale for that and perhaps the grades and activities of the posts, so that we can work out how we can best liaise. It is also useful to note that Scotland House will provide us with an annual report on the previous year's activities and, perhaps more important, a forward work plan. The committee was keen for that to happen and I welcome it. On harnessing the Scottish diaspora in Brussels, that will be dealt with by an online survey and the outcome will be reported to the committee.

Those are the areas that I wanted to highlight to committee members. We have made a great deal of progress through the report. It has been a good job of work and I welcome the Executive's response to it. I am happy to take comments from committee members.

Dennis Canavan: Generally, I think that the Executive's response is positive, but I wonder about recommendation 7, on page 5, about the Scottish Environment Protection Agency's proposal for a comprehensive UK database. The Executive's response was:

"A comprehensive UK database would be a disproportionately resource-intensive addition to what is already available."

I presume that that is gobbledegook for, "It would cost too much money." I wonder whether it is worth looking into that to see what the additional

cost would be and what information such a database could provide that is not provided by the other source mentioned by the Executive.

The Convener: We could ask the clerks to check the online source that has been given to us, to determine whether it meets the committee's requirements. Would that be a way forward? It would be difficult for us to cost such a database ourselves. Do other members have a view? I have not checked the website, so I am not certain how useful the source is and whether it is what we were looking for—I am a little bit in the dark. I do not know whether Stephen Imrie has checked the website or whether he has further information for us.

Stephen Imrie (Clerk): I would be happy to provide committee members with details. I know that the website operates at the level of the European Union, so, although it shows which legislation is forthcoming in Europe and at what stage it is in the European decision-making process, it does not mention at what stage the legislation is at UK level or in Scotland—there would be a lack of information in relation to the decision-making process internal to the UK or to the Scottish Parliament. I think that SEPA's proposal was for a comprehensive database at a UK level, which would track legislation from the cradle to the grave through the various decision-making processes. The website referred to by the Executive would not show that, because it is an EU website.

Dennis Canavan: It might be worth asking SEPA for its comments on the Executive's response.

The Convener: That is a fair point. I would be happy to do that.

Sarah Boyack: It strikes me that one would not expect the Scottish Executive to have a UK-level tracking database. The idea is one of best practice. It would be a good idea to speak to SEPA, but it would also be good to kick the issue not back to the Scottish Executive, but to the UK Government and ask whether it has any plans to do something along those lines in the future.

The Convener: I think that we agree that we should seek further information from SEPA and, if appropriate, write to the UK minister involved, drawing their attention to the committee's comments in the report and asking for a response. Would that be a reasonable way in which to proceed?

Members indicated agreement.

The Convener: Are there any other comments?

Helen Eadie: I am sorry that Ben Wallace is not present, because he would probably feel the same as I feel to some extent. It was gratifying to be one

of the two reporters who worked on the report on Scotland's presence in Europe. We are pleased with the fairly positive reaction to it, especially from the SPCB.

In response to the committee's recommendation

"that we create a more formal network with European officers in CoSLA and in all local authorities in Scotland, as suggested by Glasgow City Council",

the Executive says:

"This is a matter for CoSLA and local authorities."

Glasgow City Council has a bit of a difficulty, because I understand that it is still not back in the Convention of Scottish Local Authorities. Am I right in thinking that? I would still like to see such a formal network in Scotland. The issue is important.

15:30

The Convener: The clerks have pursued that recommendation and a network has been established. Corrie McChord was keen to develop that and all 32 authorities are involved.

Helen Eadie: That is excellent.

The Convener: That is good progress. What you said was right. We record our thanks to you and Ben Wallace for the effort that you put into the inquiry, which is a good piece of work.

Mr Quinan: It is good news that the network is being established. Could we ask Andy Kerr, who is the minister with responsibility for local government, whether the Executive will support the network? I agree that the matter is for COSLA and the local authorities. They have taken the step, but, if they are to run the network, they must find funding for it, which will ultimately come from council tax. I think that that is part of our external affairs remit.

The Convener: I asked Stephen Imrie whether the Executive was involved, but it seems that only the committee, COSLA and the local authorities have been involved so far. Perhaps the clerks could explore involvement with Executive officials and find out whether extending involvement or resourcing has merit.

Sarah Boyack: The responses to what were pretty detailed recommendations are positive. Revisiting the matter in a year's time will be critical, to evaluate the efforts to provide more transparency and more up-to-date information for organisations—particularly some of the charities or NGOs that we have mentioned—that have less capacity to engage in European issues. We should see how the new approach follows through. The set of responses is good. I am particularly interested in the European members information liaison exchange network—there needs to be a debate on how EMILE works to co-ordinate

matters or to provide an opportunity to discuss issues.

The Convener: With those comments, can we agree to note the Executive's response? I understand that the Minister for Enterprise, Transport and Lifelong Learning is now here, so I propose that we take a five-minute break to allow members to have a coffee and so that the minister can take his seat.

Mr Quinan: In paragraph 15, the Executive's response is:

"Recommendations 14 and 15 are a matter for the Parliament."

In paragraph 17, the Executive's response is:

"This is a matter for the Parliament."

Does that mean that, if the committee presented a recommendation to Parliament, the Executive would support it?

The Convener: I am not sure.

Mr Quinan: Could we ask the Executive about that?

Helen Eadie: The question about paragraph 17 has been answered to some extent by the SPCB, I think.

Mr Quinan: Paragraph 17 is about securing secretariat support for the Scottish Parliament's Committee of the Regions members. The Executive is saying that that would have to be debated in Parliament and carried by Parliament. I suggest that we could start the ball rolling by having a combined motion on recommendations 14, 15 and 17, if the Executive is in favour of them. The Executive says that they are matters for the Parliament. If we could find out whether the Executive would support such a motion, should not we try to lodge one?

The Convener: I know that, in relation to recommendation 15, on the network of regional parliamentary European committees, the Executive has always been supportive in discussions—it has been keen for the committee to pursue such links.

Mr Quinan: In its response, the Executive seems to be saying, "If you want something to be done about this, lay something before Parliament."

The Convener: I am not sure that that is what the Executive is saying. The Executive is saying that it is not commenting on recommendations 14 and 15 because they relate to the committee and the Parliament rather than to the Executive. The Executive has always been supportive of what we have been doing in those areas. I honestly do not think that there is a problem.

Mr Quinan: I do not think that there is a problem, either; I am thinking about whether we could action the matter.

The Convener: I think that we can action it. We have actioned NORPEC—the committee has been going ahead on that. We have agreed the submission to the European convention on the future of Europe, as I shall mention in the convener's report. We have, as a courtesy, kept the Executive informed of the things that we are doing. We have always received positive responses from the Executive. There is nothing to prevent us from continuing with our proposed actions.

Mr Quinan: We could deal with recommendation 17 by lodging a motion before Parliament to provide secretariat support for the Parliament's Committee of the Regions members.

The Convener: I think that the Brussels post will cover that; we will have support. That has been agreed by the SPCB, so we will have full support for the Parliament's Committee of the Regions members. We are already there on most of the issues. That is why I think that the report and the response represent a step forward.

That clarifies that matter. We will take a five-minute break.

15:36

Meeting suspended.

15:43

On resuming—

Employment and Corporate Social Responsibility Inquiry

The Convener: I welcome the Minister for Enterprise, Transport and Lifelong Learning to the committee. I hope that this evidence-taking session will be an interesting experience for you, minister. We appreciate that you have taken the time to come to the committee. I understand that your tight time scale means that you would like to finish by 4.15 pm. We will do our best to accommodate that request.

Because of organisational difficulties, your statement was issued a little bit late and some members have not had the opportunity to read it. I am happy to give you a few moments to go through it, after which we will move to questions.

The Minister for Enterprise, Transport and Lifelong Learning (Iain Gray): Thank you for inviting me to speak to the committee.

We welcome the committee's inquiry into what is an important issue. We will work constructively with the committee in the preparation of its report and beyond. Employment policy is a reserved matter, but we recognise the importance of the European employment strategy to the Scottish economy. Many aspects of the EES are devolved—lifelong learning, employment-related training, business growth, economic development and the promotion of equal opportunities, although not the legislation that pertains to equal opportunities.

Our contribution to the national action plan is brief but important. It sets out the differences between the situation in Scotland and the situation in the United Kingdom as a whole. The other devolved Administrations have taken a similar approach. In previous years, the plan set out adequately Scotland's contribution. In future, I will be content for my officials to liaise with their Whitehall counterparts, with a view to having the plan reflect the situation in Scotland as equitably as possible. Because of Commission-determined guidance on the length and content of national action plans, space is at a premium.

Having a separate Scottish action plan would provide no tangible gains. The important issue is what happens on the ground. I agree with the committee that there is scope to develop more peer review of action plans at different levels of government. However, to work effectively, those must be a means to an end. We must pick up good practice, tailor it to our context and use it to change what we do.

I am positive about the future of the EES. The Commission is right to say that in future the strategy will be more operational. It will change to confront new challenges such as faster economic change, aging populations and enlargement. That is important. Our lifelong learning strategy cuts across some of the current guidelines and will continue to be important in the European context. Today we launched the new lifelong learning strategy for Scotland, which is geared towards helping people to gain new skills and knowledge and is influenced by European Union and Organisation for Economic Co-operation and Development thinking. There is a great deal in the strategy that we can share with our European counterparts; there is also, of course, a great deal that we can learn.

As part of the lifelong learning strategy for Scotland, we will promote increased investment in lifelong learning institutions by continuing to help them to take up European funding and, specifically, to make more use of the European Investment Bank for capital funding. The strategy also sets out objectives for the enterprise networks—to strengthen our skills base and to ensure that Futureskills Scotland and Careers Scotland play an increasingly active role in developing our understanding of labour market requirements.

The context in which we meet has some positive aspects. Currently, employment is at an historically high level and unemployment is at an historically low level. Claimant-count unemployment is at just below 100,000—the lowest figure since 1975. Youth unemployment is 73 per cent lower and long-term unemployment is 71 per cent lower than in 1997. The labour market in Scotland is relatively strong by historical standards. For that reason, the focus of welfare-to-work initiatives increasingly needs to be, and is, on clients for whom there is a specific barrier to entering and remaining in employment. I refer to people on incapacity benefit, other recipients of inactive benefits, lone parents and clients with issues relating to drug and alcohol misuse, sex offending and homelessness.

We must recognise that the economy in Scotland is subject to a degree of uncertainty, given the global economic slow-down. It is important that we remain focused on our employment strategy, which relates to the EES.

I want to mention a couple of initiatives, which we can explore further in questions. Two items are worth mentioning in relation to the pillar on developing entrepreneurship. First, we intend to invest £40 million over the next three years in relation to the “Determined to Succeed: a Review of Enterprise in Education” report. Secondly, we announced today that we would pilot business

learning accounts as part of the lifelong learning strategy, to stimulate learning and growth in small businesses.

Projects are also under way in relation to other pillars. As regards active aging, we have been engaged with the Department for Work and Pensions through schemes such as new deal 50-plus. Other examples that are specific to Scotland include training for work, Careers Scotland and modern apprenticeships, for which the upper age limit has been abolished. We have also been involved in the close-the-gap initiative, to bridge the gender pay disparity. That relates to the equal opportunities pillar.

The committee has been discussing corporate social responsibility, which fits well with the agenda on enterprise and employment. The starting point is for businesses to engage with their employees. CSR is certainly good both for Scottish business and for Scottish communities and the Executive has been discussing whether more should be done to promote CSR in Scotland over and above what is done in Whitehall and in Europe. A specific Scottish example is Tesco's work in the St Rollox partnership in Springburn with the council, the Union of Shop, Distributive and Allied Workers and others, which has created more than 500 jobs. Organisations such as Scottish Business in the Community work to facilitate such practical partnerships, making progress locally with the CSR agenda.

Scotland can gain a great deal from socially responsible businesses that are responsive to the public and to those who work for them. CSR can certainly help us to build a successful society with successful business to back that up. We believe that CSR is not an add-on. It is about how companies do their business and how we do our business daily. It will help Scotland to flourish.

As the Minister for Social Justice takes key responsibility and leadership on CSR, the lead official, Kay Barton, is here to help with detailed CSR questions. Kevin Doran is here to help me on employment strategy.

The Convener: Thank you for those opening remarks, minister. This afternoon, the European Commission identified the lifelong learning strategy as an example of good practice in Scotland that it would like to share with other areas.

Iain Gray: I was not aware of that, but I will tell everyone about it.

The Convener: On a more general point, part of the debate on the development of the EES and the employment guidelines takes place in discussions between member states and the European Union. You mentioned that the Scottish Executive's contribution was brief but important. Looking to the

future, how do you envisage Executive involvement in the new strategy?

Iain Gray: The agreement to the strategy is among member states and Scotland is not a member state. As for the extent to which the national action plan reflects what is happening in Scotland, I am more than willing to speak to Whitehall to see whether the relevant section can be expanded or can reflect differences and particular examples of good practice. I repeat, however, that restrictions on the length of the document are imposed—not unreasonably—by the Commission.

One of the most important factors is that we have a good relationship between the Scottish Executive and Whitehall at both official and ministerial level. There are very good connections between Scottish Executive and DWP officials and good contacts at ministerial level. Only yesterday, I met the Secretary of State for Work and Pensions, Andrew Smith, to discuss some of the specific initiatives that his department is developing and that fit very well under some of the pillars.

In the end, the most important point is that the strategy has been turned into genuine local action at a local level. There are some good examples of that in Scotland. Our biggest role is to ensure that that happens more often in more places and more effectively, which takes us back to some of the peer-review and benchmarking issues that have been discussed.

Helen Eadie: How relevant is the European employment strategy to Scotland? How has it helped in the production of Scottish strategies such as the framework for economic development and “A Smart, Successful Scotland”?

Iain Gray: The strategy certainly makes a contribution to them. However, I should point out that “A Smart, Successful Scotland” is our economic development strategy. The European employment strategy is far broader than that, and has informed the preparation of both “A Smart, Successful Scotland” and our lifelong learning strategy. The real test of the European strategy’s importance to Scotland is the extent to which local partners are using the framework to produce their own plans to deliver services that improve employability and flexibility at a local level. For example, I know that West Lothian Council has given evidence to the committee. In some respects, the council’s experience in this issue is more important than mine, and it felt that the strategy had been useful in providing the framework for putting its own action plan in place.

Mr Quinan: Although you have partly answered this question, I just want to ask whether the European employment strategy gives you the

opportunity to discuss policy within Scotland with the UK Government. You have outlined some other mechanisms that you use, such as connections between officials and so on. Do you use any other mechanisms?

Iain Gray: To discuss—?

Mr Quinan: To discuss the European employment strategy and effectively feed into it.

Iain Gray: As opposed to feeding into it through Whitehall?

Mr Quinan: Yes.

Iain Gray: No. We make our key contribution through the national action plan. However, as I have said, we have to look in both directions and ensure that local partners are aware of the strategy and the strength that it can give to any local action. One of the key ways in which we do so is through our own welfare to work task force, which develops many such initiatives at a Scottish level.

Mr Quinan: That leads on to my second question. The Commission feels that the local level has a very important role to play in the European employment strategy. Do you feel that the strategy gives you an opportunity to discuss employment policy within Scotland? What role does the local level play in the strategy’s development?

Iain Gray: The key to that question is the extent to which some of the key partners, including UK partners, are prepared to be flexible in responding to and supporting suggestions or plans that are specific to the Scottish case. As far as the employment strategy is concerned, our experience has been good, but not necessarily perfect. For example, the welfare to work task force has very much focused on Glasgow as a part of Scotland that has particular employment problems and needs. I think that the chair of that group, John Milligan, would say that it received a great deal of support from the DWP and Jobcentre Plus for its ideas, and that it has been able to feed the ideas back in as best practice.

However, in the current labour market circumstances much of our employment initiative is based around the groups that face particular barriers in getting to the labour market. We identified flexibilities in a couple of areas that would be helpful in moving people from, for example, homelessness or drug rehabilitation programmes into work. Such flexibility has not always been available. That was one of the topics of conversation with Andrew Smith yesterday. There are opportunities and we have had success, but sometimes we could do more.

Mr Quinan: Would you encourage other structures in Scotland—for example, non-

governmental organisations such as Fairbridge, which moves people from homelessness and drugs misuse into work—to become involved in feeding into Whitehall policy, as a part of your strategy to develop, at least, the discussions?

16:00

Iain Gray: Yes, we would. Many such social partners are either Scottish partners of similar organisations in other parts of the UK, or the Scottish sections of UK-wide bodies. We would encourage them to feed in at all levels the kind of experiences to which you referred.

Dennis Canavan: Can you give us a bit more detail about the role played by the Scottish Executive in the production of the current national action plan? You referred to a meeting that you had yesterday with Andrew Smith. Were there similar meetings at ministerial level before the nation action plan was drawn up? If not, were the meetings at the level of officials, or was the work done mainly by correspondence?

Iain Gray: I think that the bulk of the on-going work is done through contact between officials. I used the example of yesterday's meeting to demonstrate that ministerial contact backed up contact between officials. However, I will ask Kevin Doran to say something about that because he will have been involved directly in the kind of work that you asked about.

Kevin Doran (Scottish Executive Enterprise and Lifelong Learning Department): The first draft of the plan, including the input from the devolved Administrations, is prepared by officials in Whitehall. Officials from the devolved Administrations are involved in that. The minister is responsible for approving the Executive's input into the plan at that stage. We are also able to comment on the full document before it is finalised. In 2001, we consulted on our input into the plan, but we did not get a great response. The only response was from COSLA. Most of the detailed work takes place between officials and, historically, we have consulted other partners to get their input into that.

Dennis Canavan: So there were no meetings at ministerial level at all.

Kevin Doran: Off the top of my head, I could not tell you. I would have to check records and diaries.

Dennis Canavan: Minister, I think that you indicated in your preliminary remarks that you were not in favour of a separate Scottish national action plan. Why not? How could the Scottish Executive's role in drawing up or having input into the UK national action plan be improved?

Iain Gray: To answer the second part of the question first, it seems to me that scope for

improvement could come from lengthier reflection on the distinctive approaches that we might take in Scotland—although that might be limited by the space that we have available. However, I might be willing to pursue such an approach.

On a separate Scottish action plan, my question, which is rhetorical rather than particularly for Mr Canavan, is, what would be the additionality of such an action plan? What would such a plan bring to those who look to the agencies that we are talking about to support them, improve their employability and find their way back to the labour market? I am not sure that a Scottish action plan would produce much more.

What is more definitive of the support's effectiveness is the effectiveness of the local action plan and the extent to which local partners work together. It is right that we concentrate our attention to ensure that that is delivered properly and consistently. For example, in response to the "Renewing Local Democracy: The Next Steps" white paper, we will establish an improvement service to support local authorities in service delivery. That could produce a genuine and effective improvement in those parts of Scotland in which best practice in support for employment is perhaps not being followed. We must consider where we focus our attention so that we can have the most effective impact on those who look to us for those services.

The Convener: I would like to pick up on Kevin Doran's point about the lack of responses to the consultation in 2001. Clearly, it is not satisfactory that there was only one response. Do you plan to improve on that?

Kevin Doran: We would need to look again at the arrangements of our five-year planning process to see whether we could stimulate more involvement in consultation. We want to encourage that.

Sarah Boyack: In his submission, the minister talked about the close the gap campaign that was initiated in March 2001 to raise awareness of the gender gap in Scotland. The joint employment report points out that the gender pay gap is "unacceptably high" in the UK and that there is a higher pay gap in Scotland than in many parts of the UK. How is the Executive tackling that? The Equal Opportunities Commission Scotland gave evidence during this inquiry about compulsory pay audits. Is the Executive considering examining that sort of method to raise awareness as well as to focus employers' minds on gender and pay?

Iain Gray: Equal pay reviews or audits would have to be compulsory if they were to be fully effective. However, they are reserved matters. Therefore Westminster would have to pursue such a policy. We are working, particularly through the

close the gap campaign, to make it easier for willing employers to carry out pay audits that promote the use of the Equal Opportunities Commission's equal pay toolkit. The Executive is also working with, for example, trade unions in their work to highlight equal pay and make it a priority. We are also slipping back to one of the other pillars of the European employment strategy in working through Scottish Enterprise to encourage women in business. The enterprise networks have an objective in their business start-up target for businesses that are led by women. I know that that is not quite the same as pay, but it is about earning power and trying to redress what the statistics clearly tell us is an unacceptable imbalance.

Sarah Boyack: As the Executive has done that as an organisation, will going through that process raise the awareness of other employers? I take your point about the Executive being able to promote equal opportunities rather than having the power to legislate on equal pay. The Executive can clearly further encourage employers in Scotland. Representatives from the European Commission talked earlier about considering producing a CSR report next year.

Iain Gray: We are doing our equal pay audit not only because it is the right thing to do but with a view to showing leadership. We will tell other employers that we have done that and encourage them to follow our lead. We will press particularly hard on the public sector, partly because that is easier to do.

Sarah Boyack: I will move on to one of the other issues that were picked up in the joint employment report, which states:

"The continuing rise in numbers claiming Sickness and Disability Benefit represent a potential constraint to further increases in labour supply."

Scottish Enterprise raised that issue with us in our inquiry. It calculated that there were around 87,000 inactive people in the labour market. Recent press articles have put the figure even higher. How does the Executive intend to address that issue?

Iain Gray: We intend to do that in co-operation and co-ordination with the DWP, which is also concerned about those levels of inactivity. It has a project called pathways to work, which is aimed specifically at those who are in the situation that you describe and would like to move back into the labour market. It involves some of the flexibility on maintaining benefits that I mentioned tangentially in reply to Mr Quinan's question, so that any question of moving into work and being worse off is dealt with.

There are six pilots throughout the United Kingdom, one of which will take place in

Renfrewshire. It will obviously be monitored, and, if it proves successful, we expect it to be rolled out. If the project is going to work, it must be implemented in partnership by some agencies that operate in reserved areas and some that operate in devolved areas. That was part of the discussion yesterday with my Whitehall colleague. We made clear that, in health and community care, we are moving towards a single assessment that includes an employability element and that it was extremely important that that was taken account of in building the relationship between the different partners in the Scottish pilot. I expect that pilot project to begin later this year.

The Convener: Colin Campbell has a question about active aging. I am sure that it is a coincidence that he always takes the questions on aging.

Colin Campbell: How did you know that I was going to ask the question on aging first and not second? All right—I will ask about active aging.

It is interesting that Sarah Boyack has spoken about extending the number of those available for work and about equal opportunities. I noted when I looked at the equal opportunities question that it was about the gender gap and that no mention was made of what might be called active aging policies, which sounds like a contradiction in terms. How is the Executive developing policies in that area?

Iain Gray: Two key projects are under way. One has been under way for some time and one for not quite so long. I will also mention a third.

The key instrument is the new deal for the over-50s. That is extremely important. With our demographic trends, it would be foolish not to consider it important. It is a direct instrument for helping the over-50s to find their way back into the labour market. We have also supported the UK-wide active aging campaign which, at its core, is about convincing employers that the over-50s are a potential source of highly developed skills and experience on which they would be foolish to turn their backs. In broader terms, we are engaged in the better government for older people project, which considers active aging as one of its aspects. However, the key policy instrument is the new deal for the over-50s.

In my view, we will have to develop the area further in future because the demographic trends will demand it. The lifelong learning strategy, which was launched today, acknowledges that, if lifelong learning is to be lifelong, it must clearly be for older Scots as well as younger Scots. The strategy contains a number of suggestions that will, I hope, help to improve access to learning and upskilling or retraining for older Scots to extend their employability.

Colin Campbell: I have another brief question. Research shows that 80 per cent of the work force in 2010 is already in employment.

Iain Gray: Correct.

Colin Campbell: Key to making the work force adaptable is for employers to believe that certain things have to be done and for them to subscribe to doing them. How will you persuade employers, especially those in the small to medium-sized enterprise sector, to invest time and energy in retraining people and in enabling people to adapt to change?

16:15

Iain Gray: Not only is it the case that the statistic that Mr Campbell quotes is correct, but it is also the case that Futureskills Scotland, in the biggest labour market survey that has been undertaken in Scotland, identified skills gaps as opposed to skills shortages as being a much larger problem for Scotland. The gap that was identified was in the skills of those who are already in the work force—the argument is once again going in exactly the same direction.

We have to do as much as we can to persuade employers that investing in skills and training is to their business benefit. In terms of the lifelong learning strategy, we recognise that we have to support employers to make the investment and allow time off for their employees. That is the purpose of the business learning accounts, which we will look to support in respect of the small to medium employers for whom the impact of time off for training is markedly more difficult to deal with. We still have some work to do on the detail of the operation of the business learning accounts. I hope to be able to provide that detail over the next few weeks. I would have liked to have been able to do so today, but things did not quite work out that way. There is still some work to be done, but we have to look at ways of supporting employers.

The Convener: I recognise that we are just about out of time, but I would like to cover a couple of loose ends if I may.

Iain Gray: Sure.

The Convener: The first question returns us to the national action plan. I would like to tie up that issue with a comment from you on the plan. In Scottish Enterprise's submission to the committee, it stated:

"the current summary of the Scottish contribution contained in the National Action Plan underplays, and in places, misrepresents, the actual contribution from Scotland to the aims of the UK plan and therefore the EU Employment Strategy."

How do you feel about that?

I also have another quick question about CSR. We recognise that your statement to the committee included a contribution on that subject. I am sure, however, that you will agree that an element of the principle of CSR is the mechanisms that organisations use to consult and relate to their employees. We asked the European Commission about that this afternoon. We mentioned the experiences in Scotland in relation to Boots and Motorola. Given that the European Committee has strongly supported the full implementation of the information and consultation directive, would you like to make known your views on the subject?

Iain Gray: In answer to the latter question, we expect employers to be transparent in their dealings with their work force. In the case of Boots, I made it clear last week that I was extremely disappointed that the decision about the review emerged so late in the day. Although it might have been the case that some of the work force had had concerns during the course of the review, it was not the case that they were led to believe in any formal sense that the outcome would be as it was. I think that we made it very clear that the situation was very unsatisfactory.

I have forgotten the first question.

The Convener: It was about Scottish Enterprise's comments on the national action plan.

Iain Gray: The question of the scope of the contribution might just come down to the lack of available space in the national action plan. As I have said, we are willing to make that point and look for more space, although the Commission limits the available space.

I would have to know what Scottish Enterprise meant when it said that the contribution had been misrepresented before I respond on that issue, but I am willing to contact Scottish Enterprise to ask for clarification. We would not want to see such a situation and we would try to redress it.

The Convener: I realise that we are running about five minutes late. We appreciate the minister's attendance, which has helped us to tie up our inquiry. This is the final evidence-taking session and, I must say, it has been a long haul. All we have to do now is agree to the report at the next meeting. I do not envy our adviser, Jon Jordan, who will put the report together during the next few weeks. I thank the minister and his officials for attending.

Scottish Executive (Scrutiny)

The Convener: Item 3 is on pre and post-council scrutiny. We will start with the pre-council briefings.

The recommendation is that we should simply note the briefing on the general affairs and external relations council of 24 and 25 February. I must point out that the papers that are before us contain a great deal of detail, which is to be welcomed. It is important to recognise that, by coming before the committee, all of the papers go into the public domain. I understand from the clerks that people are accessing information on the web and seeking clarification and further information from us. We sometimes simply note information, but that does not mean that the information is not valuable. Although we do not discuss every document, they all go into the public domain and are available to interested parties throughout Scotland. That is an important part of our job.

The recommendation is that we note the briefing on the economic and financial affairs councils of 18 February and 7 March. We should also note the briefing on the competitiveness council of 3 March, and we should welcome the depth of the information.

On the briefing on the employment, social policy, health and consumer affairs council of 6 March, it is suggested that, as we are involved in the issues, we should welcome the depth of the material. It is suggested that we note the discussion on the European employment strategy and ask to be kept informed of progress, note the information on the UK's national action plan on social inclusion and write to the Social Justice Committee to inform it of that agenda item. We should also highlight the policy debate on gender mainstreaming. We covered that issue this afternoon with the Minister for Enterprise, Transport and Lifelong Learning. Do members agree to those suggestions?

Members indicated agreement.

The Convener: We understand that the date for the transport, telecommunications and energy council has been changed so, through no fault of the Executive, information is not available at this point.

On the briefing on the environment council, the suggestion is that we should welcome the depth of the material and note the potential implications of the environmental liability directive, the new bathing water directive and the chemicals legislation. We should also write to the Transport and the Environment Committee to update it on the issues. Do members agree to those suggestions?

Members indicated agreement.

The Convener: The clerk has written a note to point out that there is a slight typographical error in the table that he has prepared on the briefings: the information on the agriculture and fisheries council is for the meeting of 20 and 21 February, not 20 and 21 March. The recommendation is that we ask the Executive to keep the committee abreast of progress on decoupling and compulsory modulation with the common agricultural policy. Finally, we should welcome the material on the justice and home affairs council of 27 to 28 February. Are those suggestions agreed to?

Members indicated agreement.

The Convener: We have two post-council briefings. The recommendation is that we welcome the depth of material that has been provided on the general affairs and external relations council of 27 to 28 January. For the ECOFIN council meeting of 21 January, it is recommended that we welcome the depth of material that has been provided and the alternative arrangements that were made to provide delayed material. Do members agree to those recommendations?

Members indicated agreement.

Helen Eadie: I think that the reports are excellent. What worries me, however, is not what is in the reports, but what is not in them. In particular, I am concerned that there appears to be no mechanism in the Parliament for discussing the general agreement on trade in services. As members know, the consultation exercise that was undertaken by the Department of Trade and Industry concluded on 3 January. There are a number of areas that are within the competency of the Scottish Parliament, but there seems to be no mechanism that will allow us to debate and discuss that issue. How will that be tackled by the European Committee?

The Convener: That is an interesting point, which we have discussed previously. I recall that it was on the agenda of one of the European Council meetings, but we were not able to discuss the matter. I am not sure why it is not on any forthcoming agendas. Perhaps there are no imminent decisions to be taken on it.

Helen Eadie: I know that there will be meetings in March. I have dates for them, because I have been following the issue quite closely. The Parliament should not miss an opportunity to offer input. I appreciate the fact that all the negotiations are conducted primarily through Westminster; however, because of the competencies of the Scottish Parliament, we need to find out whether there is a mechanism that will enable us to discuss the matter. I would appreciate the clerks' looking into that.

The Convener: I invite the clerks to look into the matter to find out when that issue is due to appear on a council agenda and what information can be made available to us for that. Would that be okay?

Helen Eadie: Yes. Thank you.

Convener's Report

The Convener: I have several items to report on today. I mentioned earlier, in relation to the network of regional parliamentary European committees, that we have now submitted our joint report with Catalonia and Flanders. We will circulate that report to members of the committee. We agreed it very late in the day, but we submitted it in advance of the meeting of the future of Europe convention on Friday. That is another welcome development. The paper covers many of the points that we made in our submission in relation to the future of Europe. I just wanted to update the committee on that.

Item 1 on the convener's report is the paper on external relations. I suggest that members thank the clerk and the external liaison unit for this update and note the contents.

Dennis Canavan: There is no mention of any outgoing delegations in the paper. Does that mean that none took place in December and January? I wonder whether the clerk can clarify whether there were any outgoing delegations that would not appear in the report. For example, the Parliamentary Bureau or the Scottish Parliamentary Corporate Body might make decisions on outgoing delegations from the Parliament.

The Convener: It is my understanding that outgoing delegations would be included in the paper. Perhaps Stephen Imrie can clarify that.

Stephen Imrie: I am unaware of any outgoing delegations that were organised in December or January at Scottish Parliament institutional level, but which are not on the list. As I understand it, the list of activities is complete.

Dennis Canavan: So, if the bureau or the SPCB decided to send a delegation of MSPs to some other country, that would appear in the report.

The Convener: That is my understanding.

Dennis Canavan: Is the external liaison unit involved in all such delegations?

The Convener: Yes.

Stephen Imrie: If it was a formal Scottish Parliament delegation, perhaps made up of the Presiding Officer, a Deputy Presiding Officer and members of the Scottish Parliament, it would appear on the list. If it was something that a member had done off his or her own bat, or which a couple of members had done together, it would not be a formal Scottish Parliament activity. However, I will seek confirmation for Dennis Canavan.

Colin Campbell: I attended the meeting with the Sri Lankan monks who came over here to look at devolution in the light of the fact that the war with the Tamils—which was very messy—is coming to an end after 20 years. They had been to Westminster and Northern Ireland, and they came to lunch with us. As we left, one of the Foreign Office minders told us that it was absolutely amazing that, after three days here, the monks had shifted from being hard-line Sri Lankans who did not talk to anyone, to talking about going home to talk to the Tamils. Sometimes one wonders about the value of such things, but now and again we get a little hint that we can, by osmosis and calm common sense, make progress.

The Convener: Thank you. It is uplifting that we are having a positive influence on world events.

Colin Campbell: The electorate might not believe it, but we do have such an influence.

The Convener: Item 2 is on the conference that was organised by the Greek presidency. The information came to us late, but I suggest that we task Stephen Imrie with keeping us abreast of any developments at the conference and with accessing any papers that might be of value to our inquiry. Is that agreed?

Members indicated agreement.

16:30

The Convener: On the praesidium paper, I have already mentioned that we have made a submission, but we have tabled the draft of Giscard d'Estaing's paper for members' information. I suggest that we note that paper, and that we also note that we have received a response from the Executive on our report on the future of Europe. We can collate all that information and discuss it at the next meeting, if that is agreed, along with the outcome of the draft constitution that has been circulated to us.

Members indicated agreement.

The Convener: Finally, we should welcome the Commission's communication on tripartite contracts and note the move towards the use of tripartite agreements for the implementation of EC obligations. That was one of our recommendations in our future of Europe report, and it is encouraging to see that things are moving forward on that. Is that agreed?

Members indicated agreement.

Mr Quinan: May I ask a brief question? I have had a lot of communication from people who are concerned about the directive on food supplements, with which Helen Eadie is dealing. The last communication I received seemed to refer to having written to you, convener, to ask whether

it would be possible to submit evidence. Is that correct?

The Convener: I am not sure. All communication to the convener tends to go to the clerks first. I think that we have had a few submissions on giving evidence on the matter. As far as I know, we are happy for that to happen, and to pass the evidence to Helen Eadie as part of the inquiry.

Stephen Imrie: I will clarify the situation for the member. The convener has received a number of submissions from organisations, such as Holland & Barrett Ltd, and they are being copied to Helen Eadie. I would be happy to copy them more widely. I do not think that there is any difficulty with that.

On Lloyd Quinan's question, the convener has not been written to; I was the recipient of the letter from a petitioner. He stated that he expected that he would be able to give evidence on his petition. I wrote to the petitioner—Mr Douglas Robison—to say that it is a decision for the convener and the committee as to who gives evidence to the committee. I said that although a limited number of meetings are available, I would raise the matter with the convener and the committee to determine what is possible. As I said, I was the recipient of the letter, and I have sent a holding response to the petitioner.

Mr Quinan: I accept entirely that we have a limited number of meetings left, but Helen Eadie and I attended a meeting in the city chambers. Primarily, the discussion was about what can be done between now and the final implementation date of 2009. If we cannot have a formal meeting, would it be possible for the convener to meet the petitioner? The people who are involved are very clued up about the issue, which is fairly unusual, and they do not have a massively negative attitude to Europe. Such a meeting would go a long way to allaying some of their fears and concerns.

The convener might be able to act as the bridge to the next Parliament's dealing with the matter. If we cannot fit the issue into our work programme, would it be possible for the convener to fit into her diary an informal meeting, which Helen Eadie and other interested members could attend? It would be partly a public relations exercise, but the issue is going to rumble on and I think it would be worth while.

The Convener: The committee is certainly keen to put something together about the issue and to ensure that people have a voice through the committee. I have delegated the work to Helen Eadie and Lloyd Quinan with a view to your coming back to the committee. There might be scope for further involvement but time is getting very tight, as you have said.

Helen Eadie: I am happy to take guidance from colleagues. I have had some meetings with the petitioners, but advice would be helpful to me because I am happy to meet anyone else. Perhaps the clerks and members of the committee can advise me.

I agree that the issue is very emotive. People wake up in the morning and the first thing they think about is how they feel, not about medicine or transport. People are trying to do something positive to improve and take control of, and responsibility for, their health. People want to try and understand the scope for derogations. That was mentioned at the meeting that was held last week.

I will flag up just one issue—selenium. I read a book about it some years ago and, from my memory of the book, there are only a few areas of the world where selenium is found as a trace mineral in the earth. However, it is an important dietary supplement that guards against the free radicals that can cause damage to our bodies. We must decide whether it could be the subject of a derogation. I do not know the answer, so I seek advice from those who do.

We also need to ask the petitioners what other minerals and supplements are being excluded that are not commonly or naturally available.

Mr Quinan: There are major issues for people with Alzheimer's, autism, Asperger's syndrome, hyperactivity attention deficit disorder and other disorders for which it has been discovered that the application of the vitamin B complex and vitamins E and D might help. All those supplements are on the list.

Many of the submissions that we have received have come from what appear to be UK manufacturers or retailers. However, at the meeting that Helen Eadie and I attended were individuals who were concerned about the potential detrimental effects to their health and about people's ability to treat particular conditions that standard medicine is not close to treating. We should be involved in the issue. The public relations benefit to the committee would be useful, even if we just had an informal meeting with the petitioner.

The Convener: I am happy to do that. I understand that Helen Eadie will bring the draft report to the next committee meeting, which is in three weeks. We will try to set up a meeting with the petitioner some time during the next three weeks.

Mr Quinan: In some ways it is probably more important that the petitioners meet the clerks in order to maintain continuity.

The Convener: That is agreed.

Sift

The Convener: The next item is our sift of European Community and European Union documents. Can we note the paper and forward it to the relevant committees?

Members indicated agreement.

The Convener: That brings us to the end of today's meeting. The next meeting is on 4 March. We thought that we might be able to schedule an extra meeting on 17 February with Stephen Timms, the UK Minister of State for e-Commerce and Competitiveness, but that has fallen through.

At the meeting on 4 March we will have quite a hefty agenda because we will hear a minister give evidence on the Executive's EU priorities and we will discuss the committee's report on the future of Europe. We will also discuss our draft report on the European employment strategy and corporate social responsibility. It will be quite a lengthy meeting.

We have only one meeting after that and we still have to discuss Helen Eadie's report on food supplements. At the final meeting, we will still have to do our scrutiny and clear up the few bits and pieces that are left over. We will be busy for the next month, although some committees are winding down. It is great that we are coming to the end of our report, which will be an interesting piece of work. It will be worth while taking the time at the next meeting to go through it.

I thank committee members and the public for their attendance.

Meeting closed at 16:39.

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