

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 9 September 2009

Session 3

£5.00

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Printed and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by
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CONTENTS

Wednesday 9 September 2009

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DECISION ON TAKING BUSINESS IN PRIVATE	2301
NATIONAL TRUST FOR SCOTLAND	2302
ARBITRATION (SCOTLAND) BILL	2334
WORK PROGRAMME	2336
BUSINESS IN THE PARLIAMENT	2344
ENERGY INQUIRY	2345

ECONOMY, ENERGY AND TOURISM COMMITTEE

22nd Meeting 2009, Session 3

CONVENER

*Iain Smith (North East Fife) (LD)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Ms Wendy Alexander (Paisley North) (Lab)

*Gavin Brown (Lothians) (Con)

*Christopher Harvie (Mid Scotland and Fife) (SNP)

*Marilyn Livingstone (Kirkcaldy) (Lab)

*Lewis Macdonald (Aberdeen Central) (Lab)

Stuart McMillan (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

*Nigel Don (North East Scotland) (SNP)

Alex Johnstone (North East Scotland) (Con)

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

David Whitton (Strathkelvin and Bearsden) (Lab)

*attended

THE FOLLOWING GAVE EVIDENCE:

Dick Balharry (National Trust for Scotland)

Kate Mavor (National Trust for Scotland)

Lesley Watt (National Trust for Scotland)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Katy Orr

ASSISTANT CLERK

Gail Grant

LOCATION

Committee Room 5

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 9 September 2009

[THE CONVENER *opened the meeting at 09:32*]

Decision on Taking Business in Private

The Convener (Iain Smith): I welcome everyone to the first meeting of the Economy, Energy and Tourism Committee after the summer recess. I hope that all members had an enjoyable recess, enjoyed our fabulous weather and took the opportunity to visit some of Scotland's businesses and tourist attractions. I also hope that they managed to visit some of our National Trust for Scotland attractions—those that are still open, anyway. At this point, I ask members and the public to switch off all mobile phones, BlackBerrys and other such devices as they interfere with the sound system, even when switched to silent.

Agenda item 1 is to ask whether members agree to take items 7 and 8, which concern the appointment of advisers, in private.

Members *indicated agreement.*

National Trust for Scotland

09:33

The Convener: Item 2 is evidence from representatives from the National Trust for Scotland. I welcome to the meeting Kate Mavor, Lesley Watt and Dick Balharry. This is a chance for the NTS to tell the committee about what has been happening in the trust and to put its case on certain financial issues and various cutbacks and closures. I ask Kate Mavor to make some opening remarks, after which I will open up the meeting to questions from members.

Kate Mavor (National Trust for Scotland): Good morning. It is very nice to be here and to see everyone.

First of all, as this is the Economy, Energy and Tourism Committee, I am delighted to say that we are having an excellent summer. We are certainly open for business. Compared with last year, we have had a large increase in the number of visitors to all our properties and membership of our organisation has reached an all-time high. We are very pleased that people are coming to visit and spend their money in the 130 properties that we have in all of Scotland's regions.

We are happy to answer the committee's questions, but I should briefly mention the trust's financial situation, which has been the subject of considerable debate. Our financial situation is sound. We had a very good year last year, and for the first time in many years our general reserves, which are the indicator of our financial health, are on the increase. Over the past three years, we have taken a number of steps to keep our expenses under control—and where necessary to reduce them—in order to live within our means, build up our reserves and deliver our expert conservation work to the country.

As I say, we are in a good financial position and we are moving forward, confident that the cuts that we, like many organisations in this time of recession, have had to make will serve to secure the trust's financial stability. I reassure members that we have opened our accounts to anyone who has wanted to find out what is going on behind the scenes. Our auditors are happy with our annual accounts, the Office of the Scottish Charity Regulator is happy with our situation and representatives of the Scottish Government have looked at our accounts to be comfortable that everything is in order, which it is. I am pleased to say that the organisation will be in surplus this year and that there is no cause for any financial concern.

We are happy to answer specific questions on that matter, but I simply wanted to put those

comments on the record. I know that people have been concerned about our situation and have suggested, for example, that we might have debt problems. That shows a total misunderstanding of our accounts, but my colleague Lesley Watt will be able to provide details about our finances.

The Convener: Thank you. I remind members that we have received written submissions from the NTS, the trade union Prospect and the Scottish Government. I thank those bodies for their evidence.

In case they did not spot the e-mail, I should inform members that a copy of the auditor's statement to the trustees of the NTS arrived only yesterday. I see that everyone seems to have it, so that is fine.

Given that, as you say, your finances are healthy and you are having a good season, how do you respond to the suggestion that the closure of three properties just before the summer season was premature?

Kate Mavor: As I am sure you are aware, we have had to close properties because, in times of financial difficulty, we have to tighten belts. When the board looked carefully at all the different things that we do, it realised that when times are hard we have to do less. We reviewed our entire portfolio of 130 properties and, on the basis of the number of visitors to each property, the property's heritage value and other variables, we decided that, until things improved, some properties would have to rein in their opening hours or we were going to have to rein in our expenditure on them over the period. I am delighted that, as a result of our consultation with staff and partners in communities around Scotland, we were able to keep open most of the properties that we felt would have to restrict their opening hours.

Unfortunately, three properties will for the time being be mothballed while we work out whether there is a better longer-term financial solution for them. The fact is that those properties cost us a considerable amount of money, and in a time of difficulty any sensible organisation will cut back on things that cost lots of money. However, we very much hope that we will be able to open them when things improve.

The Convener: I hear what you are saying, but my point was that, given that your financial situation is perhaps not as desperate as it might have appeared six months ago, it might have been premature to close those properties before the summer season. Instead, it might have been better to allow them to remain open this summer and give people a bit more time to come up with alternative business plans.

Kate Mavor: Lesley Watt will respond to your question about the finances, but we need to point

out to people that if we had not taken very determined and radical decisions at a particular point, we would have had a financial problem. With hindsight, one could ask what would have happened if we had kept the properties open or this, that and the other. If we had kept them open, they would have continued to cost money; it was the continual cost that was the problem and, indeed, the reason why we closed them. Lesley Watt will be able to explain to members the urgency of the situation at the time.

Lesley Watt (National Trust for Scotland): We started a three-year cost-saving programme in 2007, because when we looked at our financials we found that our reserves were running very low and would, in fact, run out if we did not take action by 2008-09. We therefore started a cost-saving programme, which has already delivered savings of £1.5 million on procurement. However, the recession—the speed of which took everyone by surprise—made us take more radical action more quickly. An unusual feature of the recession is how quickly it took hold.

At that point, none of us could predict the implications for the trust. The situation was going to go one way or the other—perhaps more people would stay in Scotland for a staycation and we would benefit—but at the time it was important that we took action quickly. Fortunately, we seem to be benefiting from more people staying at home. As Kate Mavor said, that is why we mothballed certain properties. If we can open them again in future, we will do so. The important point is that, regardless of whether our financial position looked better last year, it was against a pretty poor forecast. We received more legacy income than we anticipated last year, particularly in the last month of the year, but our legacy income comes in the form of stocks and shares and property, so even if we get the same number of legacies again, their value will have fallen, because the value of the stock market and properties has fallen.

We had to take the necessary action quickly. Even if our financial position had been better than we anticipated last year, we still would have had to take that action. We have turned the ship round, but it is really important that we start to replenish the reserves. Had the National Trust for Scotland had the appropriate level of reserves, we could have dealt with the recession differently, but because the trust had depleted its reserves over many years, we had nothing in our pocket for a rainy day and we had to take action quickly. If we are honest, people have given the trust properties over the years that they cannot afford to run, and there is a reason why they cannot afford to run them. For each property, we had to consider whether it was viable and what we could do with it. We took the right action at the right time.

Rob Gibson (Highlands and Islands) (SNP): I will talk about the current crisis, the ethos of the organisation and the long-term interest in ensuring that the trust meets the needs of the heritage that you and we as a nation cherish. As the senior management of the trust, is it your view that you are coping with the issues facing the organisation, given that people's expectations are not governed only by the financial considerations that you have discussed?

Kate Mavor: People see what we are here for, which is to protect and promote Scotland's heritage for all its people and for the benefit of the nation. However, we cannot do that without solid financial foundations. It is critical that we get the numbers right, and that comes first. As soon as the numbers are stabilised—as they now are—we can decide how to invest and which priorities will be resourced. That is about considering opening hours, conservation work and developing the visitor experience to ensure that people come to our properties and go away inspired to promote Scotland's heritage. Although people would rather not hear about numbers, forecasts and financials, everybody who runs an organisation knows that that is what you have to get right first.

That has now been achieved, and we have turned round the situation. We still have very low reserves, so we will not take our eye off the ball and suddenly go on a spending spree. We will have to marshal our resources very carefully. I have set indicators for the organisation in five different areas. We have indicators on conservation, on the visitor experience and on the morale of staff and volunteers and how they feel about the organisation. There is an indicator on membership, and the remaining one is financial. Using those five indicators, we will measure how we go forward.

I am pleased to have joined the trust at a point at which the board has had the courage to grasp the nettle and take the necessary hard decisions. Nobody should be under the illusion that the decisions have not been hard for everyone. Nobody likes to cut jobs or close properties—that is not why we are in the business. I am pleased that the hard decisions have been taken and implemented. That should probably have happened many years ago, but nobody had the courage to do it. However, that has been achieved and we are now in a better place. I am confident about the future and I look forward to bringing the staff with us in taking the organisation forward and working in partnership with other organisations to protect Scotland's heritage.

09:45

Rob Gibson: But that does not seem to reflect the history of the trust. You have eight endowed

properties and more than 100 that are not, some of which were given to you in lieu of death duties under the National Trust for Scotland Order Confirmation Act 1935 and the subsequent acts of Parliament through to 1973.

Is the underlying issue the need to grasp the thistle and consider a long-term strategy to support the estate, rather than just looking at the current problems—the balances and the smaller amount of reserves? Could that underlying problem be part of the reason for the current very public arguments?

Kate Mavor: There is undoubtedly an underlying challenge—that is the exciting thing about our organisation, and it is why I joined. It is interesting to look across the board, with partners such as Historic Scotland, at all the different properties that we have in our country and to consider how we resource them.

One of the most interesting things about the recession is that we have had to go out to people and say, "Help us to look after your local mill," or, "Help us to look after your local heritage centre that celebrates David Livingstone, a hero of our past. Let's do it together. We really care about it." The locals get involved: they send petitions to newspapers and form friends groups. They start to engage and realise that if they want to have a heritage asset in their community, they have to get involved and not just leave it for someone else to finance.

The recession has—as often happens in recessions—thrown up a lot of creativity and brought home to people that the cost of keeping heritage properties open is astonishingly high. Most people are surprised when they find out how much it costs, and they want to get involved. At the National Trust for Scotland, we have a great opportunity to inspire people to do that.

It is important that we debate locally, in local communities and with local government, and nationally, with a minister who is passionately interested in the subject, how we better resource our heritage. How do we persuade people that a family can join the trust for £5 a month? That is nothing, and if many more people joined, we would have great financial support to do the sort of things that we want to do.

One thing that we are trying to achieve is to broaden the membership of the National Trust for Scotland. We want to bring in families and the average Scottish person and get them to want to support the fantastic nature conservation that we do as well as the built heritage that we look after. If we get more people to realise that they can support us in a very small way by bringing their families to our properties, we will have a broader

base and be able to finance what we want to do in partnership with other people.

Rob Gibson asked whether it is the right time to examine the whole portfolio. Our portfolio has been constantly reviewed over the years—there is a very high pile of reports on my shelf—but the challenge is to do something about it rather than just analyse and report on it. The time is now, and it is a very exciting time.

Rob Gibson: That is why we are here today: to try to cut through the enthusiasm and the rhetoric, and find some concrete ways to take the organisation forward. The National Trust for Scotland has inherited things such as the gardens at Brodick castle, which—I will be the first to mention a trust property that I have visited—I walked around, as I do quite often, just a fortnight ago. The cuts in the numbers of gardeners there, and at Inverewe in my area, fundamentally cannot continue. The gardens are not being managed in the way that they should be.

The local community cannot become involved with that unless the trust has an open policy—for example, the National Trust in England has set up allotments and is involved with the local community. The National Trust for Scotland is back in the woods as far as that sort of thing is concerned.

That is one level; at another level, the trust has inherited things such as its headquarters in Charlotte Square, which it inherited in the 1990s and which was, as people realised at the time, a good development. However, you are now thinking of getting rid of that asset in order to balance the short-term problems. How is that a strategy? Is it not just a tactical short-term response to the financial problems that you face this year?

Kate Mavor: Both those things—having to cut back on staff and moving our administrative offices out of a building in the centre of Edinburgh—are part of the overall strategy to ensure that we are not spending beyond our means. We have been in Wemyss house for more than 10 years. We moved in at a time when nobody was occupying property in Charlotte Square. There was a real concern in Edinburgh, because there were lots of to let signs around the square. We moved in and regenerated the place; the square is now full of people living and working there.

Wemyss house is our administrative office, but we face enormous repair bills. I really cannot justify putting aside millions of pounds to repair a building that has not been entrusted to us, unlike our properties in the rest of Scotland. The priority is to look after the properties and assets that have been entrusted to us for the benefit of the nation. That has to be what we are here to do. We will not get rid of the building in Charlotte Square; we will

pass it on to somebody who has the resources to look after it within the terms of a conservation agreement, which will preserve it. We will move somewhere where we can keep our administrative costs down. Any good organisation keeps its admin costs down and invests its reserves and surpluses in its core business. Our core business is protecting the heritage properties that have been entrusted to us. That is all part of a strategy of keeping admin costs down and putting our investment where the membership wants, which is in developing our properties.

Nobody wants to cut staff in the gardens. We are in difficult times at the moment. We have reduced our staff. We are doing a number of things to work around that, such as buying extra machinery and providing support through reallocating staff. We probably need more resource there, but in hard times you tighten your belt and you get through. Things are not as good as they normally are, so you do a bit less, then, when times are good, you resource up again. That is what everybody does in hard times. People have to recognise that you will see what we are doing happening in organisations throughout the country in the public, private and voluntary sectors. We have to keep our costs under control, and everybody regrets that they do not have as many people to help as they had before. We just have to live through this time until things get better again.

Lesley Watt: We are not leaving Charlotte Square. We still own numbers 5, 6 and 7 Charlotte Square. The National Trust for Scotland will still have a significant presence in the square.

Rob Gibson: Indeed, but there is a contradiction at the heart of what Kate Mavor just said. Many of the members wish to retain the flagship building where you have your offices at present. Are you going to sell the premises to a member of the trust?

Kate Mavor: The negotiations around the sale of the Charlotte Square building are confidential. I cannot give you any indication of who we are or are not going to sell it to. We are not able to talk about those things openly until negotiations are concluded.

Rob Gibson: Is that not exactly why people are suspicious? You really should be taking a broader view of the trust's future, rather than trying to sort out the short-term problems with a quick sale here and there.

Kate Mavor: As I said, this is not about the short term. A plan has been under way for the past two or three years to review how we spend our money and to reduce our administrative costs. The decision to move our offices was taken a couple of years ago.

Lesley Watt: We started the process in 2007.

Kate Mavor: It is all part of a game plan to reduce our overheads, which started before the recession came. You will find that recorded. It is not about a quick sale. The sale is part of a long-term plan to focus the money that we have on our conservation and heritage work.

Marilyn Livingstone (Kirkcaldy) (Lab): I want to ask you a bit more about staffing. Those of us who have visited National Trust properties know that the staff are paramount to the visit; they are part of the quality experience. I am concerned about some of the comments that have been made about staff morale. Where do you think we are with that?

Kate Mavor: Anybody who has run a redundancy programme, which we have just done, knows that there is always a morale issue, because it is a bruising experience. It is hard to see people lose their jobs. It is hard to say goodbye to friends and to see teams broken up because people are moving on. It is never a happy experience. I went through it in two organisations before I came to the National Trust, so I know that it is not easy. We all feel bruised by it and we are all deeply saddened by it, but we have to recognise that we have done it to secure the jobs of the rest of the staff.

I take staff morale extremely seriously; it is one of the most important things to me. As I said earlier, I have set myself an objective—one of the five main objectives of the organisation—to improve the motivation and morale of the staff, who have lived through turbulent times. It is easy to assume that people feel unduly demoralised by what has gone on. However, my experience of going to our properties—I visit as many as I can—and talking to the staff suggests a slightly different conclusion.

A couple of weeks ago, I was at one of our properties—Pitmedden—which has had a difficult time of it. The gardeners there said, “Gosh, it’s been really difficult. We’ve had to work out how to make do with fewer people and hours, but now we’ve got a volunteer coming to help us and we’ve worked out how we can manage things between us, and we’ve found ways of using the machines differently so that we don’t have to worry about them being overused.” People are beginning to see that they have got to make the new situation work. Everything has calmed down now, and we are out of the difficult period. People are aware that we are now in a position in which we can secure their jobs.

It is important that we start to rebuild the organisation. Having bad headlines is not helpful in that regard. We are committed to rebuilding the organisation and involving the staff in working on a

new business plan. I am confident that, once we start doing that—the work is already under way—people will start to see a way forward.

Redundancy is a bereavement process, and I would not expect everyone to be feeling cheerful at this stage.

Marilyn Livingstone: Paragraph 5 of annex 2 of Prospect’s paper of 20 April 2009 says:

“the current round of redundancies and closures has already had a profound effect on members of staff, leading to high levels of stress, low morale”

and

“the loss of decades of corporate memory”.

It also says that staff are having to rely on volunteers, and that there is

“a feeling of being impotent in engaging with a management who are only prepared to ‘consult’ once decisions have been made.”

Will you talk about those issues?

Kate Mavor: I accept that that is what that paper says. However, what actually happened is that we had to submit a budget that showed a surplus this year, for the reasons that I have set out. We therefore put forward a proposal for how those numbers could be achieved, then we went through a two-month consultation with our staff, which involved regular meetings with our trade union, Prospect, which did sterling work in collecting information that we used to help us make decisions.

As a result of that consultation, the numbers of jobs that were lost and properties that were threatened with closure were considerably reduced. There was a consultation, and it was fruitful. I am pleased that the result of the consultation was fewer jobs lost and more properties staying open. I do not accept that we do not consult with the staff, and I can only say—as I have said to the staff—that I am grateful for the time and effort that our staff put into producing the information that was given to us during that process.

However, once the staff set out what they believed would happen as a result of the cuts and stated that they did not want them to happen, they were unable to suggest a different way of achieving what we had to achieve. The trade union representatives accepted that we had to make the numbers work, but they did not like how we were going about it. When we asked for suggestions for other ways in which we could make the numbers work, no alternative scenarios were presented, apart from money-generating ideas that required investment. We have kept all those ideas, which were drawn from staff across the trust, and, as money becomes freer again, we will invest in them to ensure that we build our

reserves up to the strongest possible level so that we do not find ourselves in this situation again.

Marilyn Livingstone: What has the interest in your senior vacancies been? It has been suggested that, because of the low morale and everything that has gone on, you are struggling to fill some of your vacancies. Is that still the position?

Kate Mavor: No. We advertised for two new directors—in June or July, I think—and we received more than 100 applications from very credible people. For one post, I am looking to make an appointment very soon. For the other, interviews will take place later this month. Some very good candidates from all over the United Kingdom have come forward for those really interesting jobs.

10:00

Marilyn Livingstone: On a slightly different subject, I want to ask about the trust's revenue-making streams, such as self-catering accommodation, which the accounts suggest has been very successful. How will that be expanded and taken forward?

Lesley Watt: We look at all our properties with potential for use as holiday accommodation. We normally have a three-year payback period for commercial investments, but the current financial position has meant that we are looking for a payback period that is much shorter. If a proposal cannot achieve that—this goes back to Kate Mavor's previous point—we will take on those ideas about revenue generation and implement them as we are in a position to fund them. We see that as an important part of what we do. Where the opportunity is available, we look at providing holiday accommodation.

Marilyn Livingstone: What have occupancy levels been like this year?

Lesley Watt: This year, we are running close to 90 per cent, although I will need to double-check that figure. Things have been very good and our numbers are up on last year. As I said earlier, I think that we are benefiting from the staycation market, because people are staying more in Scotland. Last year, our occupancy was down for two reasons: the weather in Scotland was appalling in the first couple of months of the year, and the recession was looming. Quite often, people have taken a second holiday in Scotland; last year, people took their first holiday abroad but did not take a second holiday. This year, people have tended not to go abroad at all because of the strength of the euro and the dollar, so that has been beneficial for us. We are very keen to promote our holiday accommodation and to look at ways of increasing revenue.

Lewis Macdonald (Aberdeen Central) (Lab): I have two specific questions on two specific properties, one of which I visited this summer.

St Kilda in the Atlantic Ocean is—I am sure we all agree—a very special property. I had my first opportunity to visit it this summer. At the time that the trust was considering its own wider changes, the trust expressed concerns about QinetiQ's proposal to withdraw from St Kilda. I think that those concerns revolved around the costs that might be involved for the trust. If the QinetiQ proposal goes ahead, will those costs inevitably fall on the trust, or will the trust seek to have them addressed by others in the public sector?

Kate Mavor: The St Kilda proposal would involve a change to the way in which we have been supported by the Ministry of Defence, which has shared the costs. We have spoken to ministers at Westminster about the matter and we have provided a submission—I do not know whether it is in the public domain—to the consultation. We have also discussed with Historic Scotland how best we might achieve funding for our work on St Kilda once the MOD leaves—if indeed it leaves. We have been asked to discuss the issue with the MOD on Friday. St Kilda is another example of how we work in partnership with others. We have worked in partnership with the MOD to look after the UK's only dual world heritage site. Now that the MOD might leave St Kilda, we need to look at a different way of financing that.

However, as with every change, we will just need to get the parties round the table to consider how, given that we all want to continue to look after and conserve all the wonderful things on St Kilda, we can do that differently once the MOD goes—if it goes. We need to consider a number of solutions and what other partners we can work with instead. We are in discussions on that at the moment. Members can rest assured that first and foremost in our mind is how we can ensure that this treasure off Scotland's coast is looked after for future generations.

Lewis Macdonald: St Kilda does not generate revenue as such for the trust. On the contrary, it must be a significant cost—

Kate Mavor: Yes, it is a significant cost.

Lewis Macdonald: However, as you say, St Kilda is of such exceptional significance that the trust will continue to treat it as you have described.

Kate Mavor: Absolutely.

Lewis Macdonald: That is reassuring.

On the other side of the country, near Aberdeen, Leith hall is one of the properties to which the trust has taken a different approach, which I think was described earlier as "mothballing". I know that

other possibilities are available. The story of St Kilda is well known, but the story of Leith hall a bit less so. I think that it was donated to the National Trust for Scotland after the war and the death in quick succession of two members of the Leith-Hay family who had owned the property. Like most properties that are donated to the National Trust, it was donated for the future benefit and enjoyment of the nation.

Because of the financial circumstances that you have just described, I entirely recognise the need to take action to balance the books. The question for Leith hall and other properties that are affected in the same way is what mothballing means. What are the prospects for a property that was given in trust to the National Trust for Scotland two or three generations ago? If changes are to be made to the property as part of the mothballing, how will they be managed in a way that recognises and preserves the historical character of the building?

Kate Mavor: Leith hall is one of the properties that we decided to close because it had one of the lowest numbers of visitors in our portfolio. There were 5,000 visitors last year, of whom only 1,100 paid anything because the others were members and did not pay any additional amount. We have been in touch with the donors of the property and it is with their full consent that we are going back to the previous situation in which the property was tenanted. We are also collaborating with local people—there was a big meeting there on Monday night—to seek different configurations for the building to see whether we can resolve the financial problem by having some tenants while, at the same time, keeping parts of the building open so that we can still display the collection that we have there and give people a sense of the building.

We have to be flexible and compromise because we cannot justify keeping the house open, staffed, heated and lit all year round or even throughout the season for so few visitors. However, in the front of our minds is the protection and promotion of our heritage for future generations, and being able to open the house for the benefit of the nation. What we are doing is within the parameters of ensuring that we do not lose sight of the aims of our organisation while being realistic about what can and cannot be afforded with so few visitors.

I am heartened by the results of the discussions about Leith hall that we have had since April. It looks as if we are going to have a much better solution than we originally thought in terms of public access. That is under discussion, and something will evolve. We look forward to hearing what is decided in the end.

Lewis Macdonald: Do you accept the characterisation that Leith hall is an example of how, in the past, the National Trust for Scotland

has not made the best use of the properties that it has had available to it? What you have described is certainly encouraging. Does the opportunity for a new engagement with the local community reflect a failure to maximise such engagement in the past, or would that be setting too much store by the positive side of what you said?

Kate Mavor: I told you about the consultation with staff and how people came forward with many ideas about how to generate more revenue from our properties by marketing and promoting them differently. I see as I find and, although I have been around for only six months, it seems to me that, across the board, there are many missed opportunities. When times are good, we do not pull our finger out to do everything to drive up income vigorously because we do not need to. When times are bad, people think of many creative and resourceful ways of doing things better. Many ideas have been proposed to which we could say, “Why weren’t we doing that before?” but that is always the case. When we go from the fat years to the lean years, we discover that we should have been doing more in the fat years. We are aware of that in many parallel situations at the moment.

Yes, we can do more, and yes, we are committed to doing it. I am heartened by the commitment and determination of the staff to do what is required and to engage more with the community, and I am heartened by the communities who have come forward. Four hundred people came to Leith hall last weekend. Set against a visitor base of 5,000 in the past year, that shows us that, when the chips are down, people care about their local property. They are now engaging with us to talk about what we can do to look after the property into the future and how to do more for it locally.

Lewis Macdonald: You mentioned the gardens at Pitmedden. There are several properties in the north-east, including Haddo house and Pitmedden, where you have proposed changes in recent months. Will you now seek proactively to have that kind of community engagement in those cases, before you get to crisis point?

Kate Mavor: Absolutely, yes. We need to do something now to start building up our reserves to prevent our having to make any other sudden change like the one that we have had to implement this time. We do not have an enormous staff resource. People do not recognise that the National Trust for Scotland does not have teams and teams of people out there every day, developing. We are a charity and we do not have huge resources. Bit by bit, we will improve everything as we go round, but we cannot do it all at once. I want a calm period with stable finances in which people can get used to the situation as it

is now and start to develop things slowly. As the situation improves, we can then start to build it up and develop new things that will give us a better model for the future.

Lewis Macdonald: Thanks very much. That is helpful.

The Convener: What happens to the properties that have been mothballed? What is the process for un-mothballing them? Who has to take the lead on the proposal to get the Hill of Tarvit mansion-house, for example, open to the public again? How do you deal with the maintenance not just of the fabric of the building but of the integrity of the unique collections that are held within the mothballed properties, particularly Hill of Tarvit? What is the process for that and what is the on-going cost to the trust of keeping the properties mothballed and not providing an income stream?

Kate Mavor: You asked who has to take the lead on it—we have to take the lead. The properties have been entrusted to our care and we take the lead on them. We take that responsibility extremely seriously. At the moment, we have people working on finding the best solution for Hill of Tarvit. We have explored certain options that have not yet yielded anything, but there are other ideas that we are considering.

We are ensuring that the collection within the house is protected, heated to the right level and looked after so that it is not in any way deteriorating. It is being preserved while we explore different ways of financing the upkeep of the house. The house loses money—it costs us about £100,000 a year to keep the house heated and looked after while it is not open. However, it would cost us more to open it.

There are also various ways—which we are discussing with the property manager and local businesses—of using the property differently, as we have done in the cases of other properties such as Haddo house, so that it generates income to pay for itself. We do not yet know what is going to happen, as it is not a matter that we take lightly. We have had the property in our care for many years and want to ensure that we find the right solution for it. That will be worked through.

The Convener: What were the additional losses from having the house open over the summer, as opposed to not having it open? What have you saved by closing it?

Kate Mavor: It is not about looking at one property in particular. We have a range of properties that we have considered for closure. The saving from closing all the ones that we originally planned to close was going to be £1 million a year. We could say how much closing each one would save, but it is the combined saving across all of them that is meaningful. That

is what has allowed us to reprieve some of the properties and to retain some of the staff whom we have retained.

The Convener: Sorry—we are talking about the on-going cost to the trust of the mothballed properties and you say that the cost of maintaining the Hill of Tarvit mansion-house is about £100,000 a year. However, I am trying to establish the cost to the trust of that property when it was not mothballed in order to get an idea of the saving that the trust is making by keeping it closed.

Kate Mavor: I do not want to talk about individual properties—the cost of keeping them open and the cost of closing them—in a public forum, when salaries are part of it all. We would be happy to talk to you offline about that and give you the full details, but we do not talk about the costs of individual properties in public because we feel that the salary costs involved are confidential.

The Convener: I find that a slightly strange response. I am trying to establish how we can go about reopening properties that have been closed. Unless we know what the marginal costs of that would be, it is difficult for us to get an idea of what the problem is.

Kate Mavor: The point that I am making is that, whatever that cost may be—whether it is £25,000, £50,000, £75,000 or £100,000 for Hill of Tarvit—we have to look at our organisation in the round.

The Convener: I understand that point, but your reason for closing four properties was the fact that they were making a loss yet there are still costs associated with those properties even though you have closed them.

10:15

Kate Mavor: That is right.

The Convener: I am trying to get an indication of the difference between leaving Hill of Tarvit open over the summer and closing it over the summer. What is the saving to the trust?

Kate Mavor: I do not know the figures for that particular property, but I am happy to discuss the issue with you separately, because we could look at the property that you are interested in and give you the whole picture. The fact is that we have closed it over the summer and, whatever the difference is, it is a saving that goes into a pot of savings. The overall savings are what we needed to make and it is about the overall picture. I do not know whether Lesley Watt wants to add anything, but that is how you have to see the situation. We are running an organisation in the round and individual property savings are all part of the bigger picture.

Lesley Watt: I am happy to take that question offline with you and go through it in detail separately.

Gavin Brown (Lothians) (Con): I am getting a slightly mixed message. In response to one question—I hope that I have written this down right—Kate Mavor said,

“We are in difficult times”,

but in response to other questions Kate Mavor and Lesley Watt said,

“Everything has calmed down now”,

and,

“We have turned the ship round”.

Which of those statements puts the position more accurately? From your point of view, are we in difficult times or has everything calmed down now? It cannot be both.

Kate Mavor: I disagree; I think that it can be both. We are in calm difficult times. I mean by that statement that we have made a very significant reduction to our staff and to our activity, which has been very painful and difficult for everyone, but that is now behind us and the calm comes from being in the place that we needed to be in and with the accounts looking in a good state.

The second point to make is that for us to be in a very robust state our general reserves must be in the ballpark of £17 million. That figure is worked out using a standard formula, which ensures that we have put enough away for a rainy day to cover our costs for six months. Our general reserves currently stand at £4 million and they need to be in the region of £17 million for us to be comfortable that we are in a solid place. As you can see, we are not out of the woods until we build our general reserves up to £17 million, so we must continue to keep our spending under control until such time as we feel more comfortable with the situation, but that can still be calm. We can be calmly controlling costs because we are not anticipating doing anything else radical at the moment. We just need to keep a steady hand on the tiller and focus on investing in the income generation that will fund our conservation work going forward. Does that answer your question? I do not want to give a mixed message.

Gavin Brown: Yes, I just wanted to be clear. I suspect that you have come up with a new phrase in “calm difficult times”.

Four sites have been mothballed. Are any other sites at risk of being mothballed in the foreseeable future?

Kate Mavor: Not that I am aware of.

Gavin Brown: I will move on to my third question. I want to look at the Scottish tourism

experience overall, because that is at the heart of it all. You managed to end up not closing some of the sites that were threatened with closure, but the paper that was produced by Prospect, which you described as doing “sterling work”, indicates that, in its view, the situation at 35 properties at least—I have just counted them up—is either critical or intolerable. I have no knowledge of the veracity of Prospect’s statements; I am simply repeating what it has said. Thirty-five properties out of 130 is a significant number. When it describes the situation at properties as critical or intolerable, it is referring to matters such as safety, the closure of garden areas, no one taking care of an internationally important collection and a reduction in the quality of presentation.

The closure of one property has implications but, in Prospect’s view, the situation at 35 properties is intolerable or critical. That has a massive impact on the Scottish tourism scene as a whole. What is the NTS’s official response to the paper that was produced by Prospect, which indicates that the situation at 35 properties is critical or intolerable?

Kate Mavor: I think that the word “intolerable” is subjective. I will take Pitmedden garden as an example of a property on the list because I was there recently. I went there because we are aware that some of the properties have been particularly squeezed because of the nature of what they do and how the cuts have happened. I walked round the garden with Susan Burgess, the property manager, and spoke to the gardeners. I was particularly concerned because one of the things that Prospect had said were intolerable was that there were too few people and that they were having to use machines that had too many health and safety implications. However, the staff have worked out how to do the work differently. There was a problem there. It was a hot spot of underresource, so we have resourced it now. We have considered how to change things and adjust what to do. Susan Burgess said that it had been really difficult but that she felt that they now had a handle on the situation. She was pleased that we had decided to boost the resource and told me that they had worked out a different way of using the machines so that they were not breaching health and safety rules. Everything was calm.

The report from Prospect reflects people feeding back during a tumultuous time when changes were happening and people had not worked out how things would be in future. Some of the points that it makes are absolutely valid. My director of properties has gone to the properties where there have been difficulties and we are adjusting things accordingly to ensure that we do not put intolerable stress on people, because that is not acceptable. I have taken the matter very seriously and we have made adjustments where necessary.

There is a strong sense that we will not be able to do as much as we did before and that we might not have everything as pristine as it was before. I am sorry, but that is the case. It is the inevitable result of living through leaner times in which we cannot run as many events or have as much on the go as we did before. However, we have focused on the visitor experience. Brodick was cited as an example. The gardens around the castle, which are the most visited part of Brodick, are pristine. Different parts of the gardens have had to be closed off because of plant disease and resource issues, but we have ensured that the core parts of the most visited properties are looked after to the standard that one would expect. Everything there that is logged as critical or problematic is being examined and adjustments are being made every week as we work our way round the property portfolio.

We are getting through the season, managing all the extra visitors and looking to lend support where it is required. I feel comfortable in saying that our properties are open for business, albeit that opening hours may be reduced or different parts of gardens may have to be closed off while we get through this period. However, that is not what I would describe as intolerable or critical.

Gavin Brown: I accept that “intolerable” is a subjective term. I will put in a request. Some of the issues that we have discussed have come out of internal reports, but Prospect’s allegations—if we call them that—have implications for the Scottish tourism market as a whole. They apply to 35 out of your 130 properties. Is the trust prepared to respond to each of those allegations one by one and let the committee see that response?

Kate Mavor: Absolutely. I have the response and can let you have it. I asked my properties director to go through the Prospect report and come back with a response. It is pleasing that quite a lot of the points that are raised in the report have already been dealt with, mostly through adjustments. I am happy to share the response with anybody.

Gavin Brown: Any reduction in quality in any part of Scottish tourism is bad news for the long term. You say that, sometimes, things might not be as pristine as they would normally be, but I am convinced that none of our competitor countries in tourism—which is pretty much every country in the world—will say such things. They are all trying consistently to drive up quality. Scotland cannot compete on price; it can compete only on quality. Therefore, any reduction in quality anywhere has implications for Scottish tourism as a whole.

Kate Mavor: I do not disagree. Quality is important to us, but the issue is resources. That is why we are asking people to support us, to join

and to encourage other people to join so that we have the resources.

We are making adjustments. For example, at the moment, we have a drive on to recruit apprentices through schemes that the Department for Work and Pensions finances to help young people and others who have been unemployed to get back into employment. We are using those resources to bring people into our organisation and train them up in the skills of conservation. There are many ways that we can mitigate the situation by bringing in other resources, but it is not possible simply to turn the tap on. We are putting our efforts into engaging more volunteers and more apprentices and ensuring that the standards to which we will always aspire are maintained.

Ms Wendy Alexander (Paisley North) (Lab):

This has been a helpful session, partly because it has let us dwell on some of the basic numbers, which one does not always see in the press coverage. I am drawing out that what may be desirable is not necessarily possible.

Kate Mavor ended her response to Gavin Brown on the resources issue. In 2008, the general reserves stood at £3 million and they now stand at £4 million. She mentioned that she felt that the general reserves should be £17 million, if they were to be in line with accepted actuarial standards. It seems to me that if the organisation is to build the general reserves from £4 million to £17 million, the message must be that there will be further changes, which may be extensive—we do not yet know. The fact that the NTS’s general reserves stood at £3 million a year ago was nothing to do with the downturn. It was because the board had taken a management judgment that it was prepared to run the organisation with a level of general reserves that was less than 20 per cent of what actuarial standards deemed to be wise.

As we have not seen much discussion of those issues in the media, I wanted to give the witnesses the opportunity to comment on the view of the current board. Does it want to be in line with general actuarial standards rather than, as has happened in the past, running the organisation’s reserves at 20 per cent of the recommended level? That would not be to judge your predecessors but simply to say that you want to be in line with actuarial standards. Building reserves from £4 million to £17 million is a challenge, tough times or not, and it may involve further, as yet unknown changes.

Lesley Watt: That is absolutely right. We are paying the price for a long-term rundown of the reserves. That is why we started to take action in 2007. We said that it was extremely important that we did not wait until the reserves ran out. The NTS is almost like an oil tanker—it is a big ship to turn round; it is not an organisation that can be turned

round quickly. That is why we took the action that we did.

If we want to be in line with similar organisations, we should have £17 million in our general reserves. The important fact is that the onset of the recession has meant that we have had to take action much more quickly than we would otherwise have liked. The point of having reserves is that in the event of some sort of crisis, funds are available to allow the situation to be dealt with in a manageable way. The problem was that we did not have the necessary reserves. That is not a situation that has arisen over the past few years; it has arisen over a long period of time. We have started to take action.

In response to previous questions, it is vital for us to have a long-term strategy that gives us a good way forward. We had to take the action that we did to ensure that we did not run out of reserves. The finance director's report shows that we had many discussions about whether the trust was a going concern. That is not a situation that we want to be in, and it is why we had to take action quickly.

Dick Balharry (National Trust for Scotland): I would like to thank the committee for inviting us along, because sharing our experience with you is extremely valuable and your interest is most welcome, as is the support that the Government has given us for some time.

I fully take on board what Wendy Alexander said. I joined the board quite recently, in January of this year. When I did so, the situation became clear. Although I had shared many of the doubts that have been expressed by the committee, since I became a member of the board and shared in its knowledge, it has become clear what we must do. We must get hold of the situation and build up the necessary resources. To do that, we need the support of all of you in your constituencies of interest. We need to gain support right across Scotland and even across the world, because the National Trust for Scotland looks after international treasures.

We have a fantastically rich heritage—Lewis Macdonald mentioned St Kilda. In addition to that are all the famous Scots of whom we are well aware, some of whom are celebrated on the Parliament's wall outside. John Muir is one, but there are numerous others. We must get hold of the resources to look after the whole history of Scotland—not only its fabric, the built heritage, but the natural heritage, too—with the quality that has been mentioned. We must get more and more people to share in the process of finding those resources.

10:30

Ms Alexander: Have you had an opportunity to read the Scottish Government's submission?

Kate Mavor: Yes.

Ms Alexander: It is atypical in its brevity, in that it is less than two pages long. The second paragraph recognises the National Trust for Scotland's independence, the fourth paragraph expresses ministers' great concern, and towards the end it gets round to the offer of support, for example by

"promoting some ... NTS fundraising campaigns or by encouraging ... shared working".

It also mentions various things that could be done with the homecoming pass, all of which, I am sure, are worthy and welcome. However, it states:

"The Government is still in discussion about how further assistance can be given".

I invite the trust to share with us what it has asked the Scottish Government for, given the scale of the challenges, the number of properties, the scale of the reserves and the shared interests.

It may be that you do not want to share with us what you have asked Government to contribute, but I note that the Government's submission states that it is still in discussion about further assistance, so we clearly still have some way to go. Do you have any comments on what the trust believes would be an appropriate contribution from the Government to see it through the period of adjustment and help it to meet some of the objectives that Gavin Brown talked about, such as preserving properties that are held in trust? That information might be confidential, but I believe that it is right to give you an opportunity to put on record what you think might be the appropriate way forward, given that the minister has said that discussions continue.

Kate Mavor: I am happy to talk about what we are discussing because it is not a question of our going to Government and saying, "Please can you write us a big cheque?" although that would be nice and it would help us out. What we are discussing is areas where we have common interest. We had a meeting recently with Historic Scotland about what we should be planning for the Bannockburn site and the anniversary in 2014. We started about two years ago to think what we might do, and we realised that working in partnership with other organisations makes sense, particularly in relation to Bannockburn because Stirling castle is a big and important site. Why do things in isolation? We are talking about how we can work together on Bannockburn, given that it is important that it looks in good shape by 2014.

As you know, the Government is supporting our Burns project and we are talking to civil servants

about how we can use the ambassadorial services overseas, in North America, to fundraise for that. We are ensuring that, when ministers go over there, we can be involved and get some publicity. We have also asked for help in promoting the Burns project. Those are the specific projects that we have discussed.

In broader terms, the work is not so much about money but about joint working with Government organisations. For example, we get a huge amount of support for project work from Scottish Natural Heritage. We sit down with Government organisations and identify what their priorities are and how best we can help. As I said, Historic Scotland is the other obvious body.

The homecoming was an opportunity to galvanise a joint ticketing initiative, which we had never managed to pull off before. That started with discussions among the Historic Houses Association, Historic Scotland and the National Trust for Scotland about how we ought to be doing more to reach the market that is interested in heritage by providing access to all our properties on one ticket. We want to develop that and do more with it, perhaps by sharing resources and promoting a particular period of history.

Those are the broad things that we are talking about. We are not asking for a particular amount of money beyond the things that I have just mentioned.

Ms Alexander: You are not carrying any individual liabilities that are a drag—liabilities associated with any particular joint project or initiative that you would wish to move over to Historic Scotland or offload.

Kate Mavor: No.

Ms Alexander: The problems of the past do not leave you with a current financial problem such that you would look to Government to share the burden.

Kate Mavor: No.

The Convener: In its submission, Prospect refers to the Burns project as causing particular difficulty for the trust because of the resources that have been going into fundraising for it. Prospect has suggested that you ask the Government, which has agreed to underwrite the project, to do so now, which could free up your resources and allow you to concentrate on other financing. Has the trust board considered that as an option? Have you had discussions with the Government as to whether that is a possible way forward, which could allow you to raise more money for your general fund rather than specifically for the Burns project?

Kate Mavor: The Scottish Government has been involved in the Burns project right from the

beginning, and it has already invested £5.5 million in it. To get the project under way and secure funds for it at the beginning—we were seeking Heritage Lottery Fund money to support it—the Government gave us a commitment that, if we were not able to fundraise enough, it would support the funding of the project. That gives us confidence that we will be able to deliver the museum and open it in the late summer next year. There is money that we will draw down if we need it, but we are continuing to fundraise for the museum, although that is obviously difficult in these times. We want to tell people that the museum is going to open, and we want to build up an endowment fund. We are fundraising against that background, with the help of Government contacts overseas and with support from people to promote the museum.

On the internal fundraising resources, when we have a major project on the go we naturally target some resources at it, as we did for Culloden and other projects in the past. That is all in the round, however. We approach people with a range of things that they can support. We are promoting Burns because that is our big exciting project for next year, but we are promoting all the other things that we are doing at the same time. We are not taking any money away from the core business of the trust to support the Burns project because we have support from Government, from the Heritage Lottery Fund and from the local council to ensure that the project is delivered.

The Convener: Are you confident that the money that you are raising for the Burns project is additional money, rather than money that would come to the trust in any event?

Kate Mavor: When we go fundraising we find that people have pet projects. I was speaking the other day to somebody who just wanted to support the reharling of a tower, because it was 700 years old. That is his thing, and he is not interested in Burns. Other people are just interested in literature, the Scots language and the fantastic literary heritage of Burns. They would love to support the Burns museum, but they are not interested in buildings, gardens or regenerating woodlands. It is wonderful for us to have a diverse range of projects to put in front of funders.

The people who have come to support the Burns project have a particular passion for Burns and the literary heritage of Scotland, which is just as important for us as battlefields, palaces and natural heritage. The people who are interested in literary heritage are the people who would give money to it, and they are not necessarily the same people who would give money to something completely different. The more we have to offer, the broader the range of funders.

Christopher Harvie (Mid Scotland and Fife (SNP): A few stories crop up here. One of them relates to an exchange of correspondence that I had with you. You were saying that the problem is that tourism patterns are changing. People do not want to see old houses and that sort of thing when Mr O'Leary can get them standing up in a jet and off to Tenerife or somewhere like that at the weekend. One has to face the fact that that has made an impact.

The second point comes up on page 6 of your finance director's report: luxury and corruption making away with about a third of your funds. If someone invested in a solid Scottish bank, they might discover—as we will doubtless do later on—that it has been engaging in “unsocial activities”, to quote someone down in the City, and has come a cropper. That is a further part of the background.

The third problem that you have is me. I am not a member of the National Trust for Scotland, although I benefit from free entry into all of its properties because at the age of about 34, when I published my first book, I bought life membership of the National Trust of England. I must mention that, over the past couple of years, I have donated enough to cover what my fees would be now, but there is another point, about actual revenue.

You mentioned Leith hall, with its 5,000 visitors over the year, nearly all of whom came with some species of membership. That seems to be a particular problem, which might be exacerbated in Scotland by the fact that members of the National Trust in England may access Scottish properties. That is also true in reverse, but it must be a greater advantage to folk coming north than to folk going south. It is something that possibly ought to be regularised with the National Trust.

Let us consider the changing tourism patterns. Will they hold? There was major news on the radio this morning about the problems of pollution from aircraft and whether we are prepared to pay more in petrol tax and in other ways to sustain air travel. I suspect that the days of mass air travel may well be numbered—and we are heading into peak oil anyway.

I am not sure that the National Trust for Scotland is as well integrated with other bodies involved in conserving heritage as it likes to think it is—not with bodies that work on the literary side. I speak as an author and historian, and I know from publishers that they are always disappointed with the selection of books that are available. They think that there could be a lot more co-operation, perhaps through doing a Burns on other properties in Scotland, for instance.

I once asked a very large figure in local government whether he had ever heard of the Lorimer family. He had not. I had to explain to him

that, next to Mackintosh, Lorimer was the greatest Scottish architect of the early 20th century and that his father, Professor Lorimer, was in some respects the architect of European union. Those are things that we ought to be considering in a marketing way.

The other thing that I would mention—

The Convener: Perhaps the witnesses could respond to those points first. You can then carry on with the next one.

Kate Mavor: Thirty-five per cent of National Trust for Scotland members do not live in Scotland. You say that there is a big benefit—“Look at all those English people who can come to our properties for free”—but a lot of Scottish expats get to go to all the English properties less expensively by joining the National Trust for Scotland, and we quite like that. We like to share around anyway, so I do not think that that is a particular factor.

You said that we are not as integrated as we should be with other organisations in our field. I completely agree. It is great that we have been forced to do joint-ticketing to get some homecoming benefit, and that has made people aware that there is a lot more that we can do. As I understand it, there has been resistance to that in the past, but I come from a world where partnership is everything. When I was at Project Scotland, we worked with 300 different charities. We worked in partnership and we could not exist without it, so I am very much in favour of pushing forward with integration.

On the literary side of things, my wonderful director of the Burns museum, Nat Edwards, comes from the National Libraries of Scotland. He has been involved in the John Murray archive, and he is well connected with literary sources. He is very much of the same mindset—he encourages us to get involved with literary people and to find out what motivates them, what would bring them regularly to the museum, what events we could run for them and so on. Those are new territories that we are exploring, and that is the exciting thing. This is the time to be entrepreneurial. This is the time to reach out to people we have not reached out to before. This is the time to come up with new and different solutions.

The market is indeed declining, but we know from looking round the world that markets come and go. We do not just close up shop and say, “Oh dear, our market's going.” We have to adapt and excite people about things. Before, they just turned up on our doorstep, but now we have to engage them more.

I am excited about the most recent thing that we have done—the visitor centre at Culloden. We have addressed the fact that children have a

shorter attention span and a preference for more animation and for things being brought to life for them, while still getting across to them the authentic history of the place without diluting it. I do not know whether you have visited Culloiden, but we have come up with a fantastic offering, where everybody gets engaged. People hear the true story of that particular historical event, and they come away informed, engaged and inspired by their history.

That is the National Trust of tomorrow, in which every property leaves people with that feeling by the time they come away. They have an engaging experience and they learn something. We have used new technology—although not exclusively—to animate things differently and excite people more. If that is rolled out across all the properties, using all the new technology and the new ways of doing things to excite people about the huge diversity in our portfolio—in partnership with others—we will be on to a winner.

There is a long road ahead. We will not change things overnight, but we aspire to that change. By aspiring to it and bringing people with us, we will achieve it. I say to Wendy Alexander that more change is coming, but it is not necessarily the kind of change that involves cuts; it involves doing things differently and more creatively with other people.

10:45

Christopher Harvie: I have a brief comeback. You have to zone in, in a fairly mercenary way, on the oldie or wrinkly market, which includes me.

Kate Mavor: The baby boomers.

Christopher Harvie: I have benefited enormously from my life membership over the years. It cost £40, whereas life membership must now be in the £600 to £700 range. I have tried to recompense that in various ways. There is a potential market among people who invested shrewdly and who bought their houses when prices were not exorbitant. You must not simply bear that market in mind; you must cultivate it, because those people have a lot more spare cash than, I am afraid, subsequent generations will have.

Kate Mavor: We have a separate member of staff who is responsible for marketing to that segment. Everybody always says that we must appeal to young people, as they are the people of tomorrow and they have to have all the technology because they are on the Xbox all the time and they do not get it if they just have to walk slowly round a room with nothing going on. However, I find it amusing that, as an old person, I love all the technology, too, and I get more of a kick out of it. I do not want to read little labels—I want somebody

to talk in my head and bring alive the stories about what happened in a house as much as a child does.

We are all children inside. Appealing to young people is really just appealing to people in a more engaging way. It is going to be fun for all the baby boomers who are coming up to retirement and who will have masses of time on their hands. When they go to tourist attractions, they will have a much better time than they had when they went as a child. I completely agree that that is a big and important market but, to be honest, we serve it well at the moment.

Christopher Harvie: There is a loop, however. You mentioned that you are getting apprentices, which is important because we have so few of them in this country. Particularly with gardening and the environment, those are things that kids will abandon the Xbox for, as they are fascinated by them. That interest must be cultivated. One can go into partnership with companies, Government concerns and training providers. I am fascinated by the enthusiasm that the young gardeners in Priorwood garden in Melrose, which I know well, have for that place. It is wonderful.

Kate Mavor: Absolutely. I get to test drive things and I have two youngish children. Two weeks ago, I went to the weaver's cottage in Kilbarchan with two 12-year-olds and a 10-year-old boy. They moaned the whole way there about having to go to another of those awful trust properties, but as soon as they were through the door they were pulling rags through rugs. They had never even heard the word "loom" before—I had to repeat it twice until they knew what it was. They sent a shuttle through a tartan blanket that is being made for the Burns cottage, which is reopening at the end of November. I had to tear the boys away. That experience illustrates for me that, although they might think that they will not enjoy something, when we get young people in and engage them, they love it when they are doing it, particularly anything hands-on. We also have Robert Smail's printing works down in the part of the country that you mentioned.

The more of that kind of thing that we do, the better. I saw a class of children from Arbroath in the chapel in Falkland palace. There was no technology, simply somebody dressed as Mary Queen of Scots kneeling at the front of the chapel. She stood up, turned round to the class and said, "Bonjour." They were completely thrown because, although the teacher had told them that Mary Queen of Scots spoke French, it was then when they realised, "Oh, she speaks French." She then had the class in stitches asking about what football was and whether they had a net, because they came from a fishing community. Those kids, who I think were in primary 6, were totally engaged with

their history and the story. They will remember that Mary Queen of Scots spoke French and that she liked playing tennis. They experienced that in Falkland palace.

The more of that work we do and the more engagement we have with schoolchildren, hundreds of thousands of whom come to our properties every year, the better. Another Government support that we have had is through payment for transport of primary school children to our key properties. That is how we engage the next generation.

The Convener: I should have mentioned at the start of the meeting that we have apologies from Stuart McMillan and that Nigel Don is here in his role as committee substitute.

Nigel Don (North East Scotland) (SNP): Good morning, if it still is morning. I cannot help but reflect that baby boomers might not be able to afford to retire in the future, so you might have to reconsider that issue. It is probably appropriate that I declare that I am a member of the National Trust for Scotland, although that is perhaps not terribly relevant to what I want to ask.

We should look at the future, which I am sure is important to you. It will take a while to get your reserves from £4 million to £17 million. Of course, it is a piece of string, but my simple question is how long that is going to take.

Lesley Watt: The honest answer is that we do not know. We are currently working on our strategy, and we will be in a better position once it is finalised. We need to work towards the figure of £17 million, but in a manageable way.

Kate Mavor: In working towards it, we do not just suddenly stop and do nothing until it gets to £17 million and the light goes green again. We need to work incrementally towards a point on the three-to-five-year horizon at which we reach that amount. We cannot spend every surplus we have at the moment—we have always to put some aside.

If we can be clever with our income generation and engagement with other people, and in drawing down moneys for different educational and conservation activities, we should be able to get there. As soon as the recession lifts, we should move towards the target quite swiftly. It is something not for the long-term horizon but—as I said—for three to five years.

Nigel Don: That answers the question—it suggests something of the magnitude of £3 million a year, which is helpful to know.

I want to ask you about the long-term model. Conservation always costs money, so you will always be spending money. It is extremely unlikely that the income from those of us who are prepared

to come and visit properties or sign on for membership so that we get in for free will ever reach anywhere near the amount of money that you would like to spend on conservation.

Kate Mavor: That depends on how many members we have. I do not think that each member of the public will spend three times more than they otherwise would, but an awful lot of members of the public are not currently engaged and do not pay £5 a month for a family, because they do not understand that there is a lot of benefit in it.

There is a communication and a marketing challenge to broaden the number of people who recognise that they should join for the benefit of their country and the things that they love, and to prevent their mountains from having housing estates built on them or whatever—all the things that people do not realise that we do. There is huge potential for broadening the membership so it is not about each person spending more but about more people spending the same amount.

Nigel Don: How far do you believe you can widen the membership? That is another piece of string—I am sorry that I come up with these questions.

Kate Mavor: It is a vital question.

Nigel Don: Will you be able to double the membership in five years?

Lesley Watt: That is what I asked at the end of last year's annual general meeting—I said that, if every member attracted another member, it would generate an extra £10 million for the National Trust for Scotland, which would significantly benefit us. That has to be our aim.

Nigel Don: I have one other thought. Do you envisage a model in which your commercial activities can meet the gap? I guess I am asking you what kind of model you are working on and whether you take the view that a large expansion of the membership increases the pot and therefore means that you can carry out the work.

I am being extreme for the sake of it, but an alternative model might be to say, "Never mind the membership—it is good when we get it, but if we had a commercial organisation that was letting properties and other things, it could generate the funds to enable us to carry out the conservation."

Kate Mavor: Any good business spreads its portfolio—it does not want to have all its income coming from one source, because that makes it very vulnerable.

We need to spread the various income streams that we are expecting and to have a strategy that says, "We need this much money" and examines how much will come from commercial activities,

investments, admissions, membership and grants. The more we spread that income, the stronger the position we will be in, and the more resilient we will be if one of the segments is hit for some reason. We would certainly not aim to get all the income from commercial sources or from membership. The strength of the trust is the diversity of its income stream, which puts it in a good position.

With regard to how many members we could have, we need to carry out the marketing analysis that examines the total universe and the segment that we are going for to find out what would be an achievable number. We have done that research in the past, but we need to refresh it. Like any business, we target the particular segments that we are most likely to win over, and we market according to what those people want to hear and which product they want to buy. If we decide that we are going all out for baby boomers, we will ensure that the visitor experience in our properties reflects that.

In the past year, for example, we have targeted families. We will be giving readers of *The Sun* free entry to all NTS properties, and our fantastic Dennis the Menace and Gnasher trail around our properties, which has obviously been targeted at families with young children, has been enormously successful. Indeed, my property manager said to me, "It's great. We've had so many families this year and they're all collecting their Gnasher paw prints and goody bag."

Of course, that is a different National Trust for Scotland from what we have been used to, but in targeting that segment of the market we have successfully drawn in more people—indeed, the approach probably accounts for some of the new members who have joined this year. We will continue to target individual segments and put in place the kind of tourism product and visitor experience they want so that we can build numbers up to the level that we want to achieve.

Rob Gibson: I want to finish up by highlighting three iconic issues. The Culloden development, which cost £8 million to £10 million, opened the year after the year of Highland Culture; the Burns project, which is costing £20 million to £25 million, will be delivered the year after this year of homecoming; and it is less than five years to 2014 and the anniversary of Bannockburn, which you mentioned earlier. You said that the discussions that you are having started two years ago. How long did it take to plan and deliver the Culloden centre? How long has it taken to plan and deliver the Burns project? How long will it take to plan and deliver the Bannockburn development? Is it going to open the year after the anniversary?

Kate Mavor: Everyone likes to have a date on which to finish with a big celebration. All projects

attempt to do that, but the fact is that all projects struggle. Indeed, the very building that we are in did not open when it was supposed to.

We must remember that we are talking about heritage. Robert Burns has waited 250 years for a museum in his memory. As a charity with conservation aims and very high standards of quality, we are concerned to ensure that whatever we deliver is very good and reflects the importance of the heritage that we are celebrating. If that means that the project overruns, that is unfortunate and not something that we would wish to happen, but we do not want to compromise the project's quality by rushing it at the end to meet a particular date.

That is not meant to be an apology. No one can doubt that the Culloden centre is a successful project that shows that we can deliver a high-quality tourism experience that brings our heritage to life. At the moment, the Burns museum is running to schedule. There has been a slight delay of four or five weeks that we might well catch up because many other elements are going very well. The Burns cottage museum will be open for St Andrew's day after a complete refurbishment, although I point out that the cottage itself has been open all year.

Will we have something that looks good on 23 June 2014? Yes, we will. Will it be a totally finished and developed thing? I do not know, because that is what we are discussing at the moment. We will work within our means and resources towards achieving what we feel is the best thing for that time. Our discussions with Historic Scotland are at the embryonic stage, but we are all very excited about what we can do together. Indeed, the fact that we are working with Historic Scotland means that we will have double the resource that we would otherwise have and therefore it is likely that there will be a good outcome.

Rob Gibson: Did you actually tell me how long it took to plan and deliver the Culloden development and the Burns experience?

Kate Mavor: I did not, because—

Rob Gibson: It would be important to have that factual information.

Lesley Watt: Both projects were before both our times. As Culloden was in the planning when I joined the trust, I would have to look back at the information, but I think that it probably took about five or six years. As for Bannockburn, we started the feasibility study two years ago, so it is not as if we are just starting to plan the project. We have been looking at it and are conscious of the 2014 time frame.

Kate Mavor: We can also look back at a project and see how long it took, what went wrong where and so on. When we reviewed the management and delivery of the Culloden development, we learned an awful lot that we took into the development of the Burns project. We will also learn a lot from the Burns project. Each time we carry out a major project, we become better and stronger at doing them. We are very keen to learn from things that went wrong, caused delays and so on. The information has all been written up and is passed from project to project.

The Convener: Thank you very much for giving some robust and helpful answers to what have been fairly tough questions. I remind you that you said that you would provide a written note on the marginal costs of keeping the three properties open and the costs of mothballing them—in other words, how much you are continuing to spend on them even though they are not open. Furthermore, you said in answer to Gavin Brown that you would be willing to provide a copy of your response to Prospect's assessment of the situation at various NTS properties.

Kate Mavor: Gladly.

The Convener: It might also be helpful if you could provide us with a written update on progress on the financial situation and restructuring as soon as you can after year end, which I believe is 28 February.

Kate Mavor: That is right. We are happy to do that and to share any information between now and then.

The Convener: It would be good if you could keep us informed of any major issues that might be of interest to us. Thank you for coming along this morning.

I suggest to members that we ask the Minister for Enterprise, Energy and Tourism to keep us up to date on any Scottish Government activity with regard to the NTS and that we invite Prospect to keep us up to date on any staff concerns. Are members agreed?

Members indicated agreement.

The Convener: I suspend the meeting for five minutes.

11:01

Meeting suspended.

11:11

On resuming—

Arbitration (Scotland) Bill

The Convener: Item 3 is that old favourite, the Arbitration (Scotland) Bill. We must consider our approach to the scrutiny of the bill at stage 2. There is a paper from the clerk.

The first question is technical. Do members agree to take the bill in section order?

Members indicated agreement.

The Convener: It is proposed that stage 2 of the bill be considered at one meeting, on 7 October. Although our approach might change if too many amendments are lodged, that is the intention. Do members agree to that approach?

Members indicated agreement.

The Convener: It is also suggested that we agree in principle that we should consider lodging committee amendments if there is consensus on them. Obviously, that does not debar any member from lodging their own amendments. Our approach will also be subject to indications from the Government about whether it intends to lodge amendments to deal with issues that the committee wishes to be addressed.

Lewis Macdonald: What are the dates by which ministers, members and the committee must lodge amendments? There will be at least two different dates.

Stephen Imrie (Clerk): The latest time at which members and the Scottish Government can lodge amendments is 12 o'clock on the Friday preceding our meeting on Wednesday 7 October. It has been customary for the Scottish Government to lodge its amendments in advance of the preceding Friday—it has typically done so two or three days before then. The Government does not have to do that, but that is normally what ministers do so that non-Government members can see the amendments and decide what to do. If that practice is followed, I expect Government amendments to be lodged around the Tuesday or Wednesday of the week before our stage 2 meeting—around 1 October—although the date is not fixed.

Lewis Macdonald: If we wanted to lodge a committee amendment in response to the lack of a Government amendment, we could not really leave it until 1 October. We would need to decide that in the previous week.

The Convener: I think that the Government will write us a note about the amendments that it intends to lodge as a result of the stakeholder meetings that it held over the summer, although it

will not necessarily send the actual amendments. I hope that we will find out then whether there are any gaps that we would wish to lodge amendments to fill. I hope that we will be in that position by next week's meeting. If the committee agrees in principle to lodge amendments, their preparation could be delegated to me and the clerks and we could hold them ready to lodge if the Government does not lodge appropriate amendments. Do members agree that that is an acceptable way forward?

Members *indicated agreement.*

Work Programme

11:15

The Convener: An update from the clerks on our work programme has been circulated to members. There are one or two points that we must consider. We have quite a busy few months ahead of us with the proposed banking and financial services inquiry and budget scrutiny. Those are the two major items between now and Christmas. There are also proposals in the work programme in relation to the annual seminar with the Scottish Trades Union Congress and the business in the Parliament conference. Members may also wish to consider holding a meeting with the Council of Economic Advisers, as we did last year. Two requests were submitted over the summer for additional inquiries, which I will come to in a moment, along with recommendations.

Do members have any comments on the work programme, excluding the two additional items of the proposed whisky and fossil fuel levy inquiries?

Lewis Macdonald: I broadly commend the approach of focusing the financial services inquiry in the first part of the parliamentary year—that is, by the end of the calendar year. That reflects our discussions prior to the summer recess and it is practical and sensible.

Last week's conference on international trade was useful and a good starting point for our work on that issue in the new year. I broadly support the suggested timetable for that.

The Convener: So we agree to carry on with the banking inquiry as indicated and to make progress on the innovation/productivity inquiry and the international trade and exports inquiry over the next few months.

Ms Alexander: I have one suggestion regarding a subject that is mentioned in the paper but that, understandably, does not feature in the timetable. I draw the committee's attention to the issues under "Ongoing tourism scrutiny", including the proposals for a tourism bank and a national tourism investment plan and the evaluation of the year of homecoming. There are also issues about tourism skills. I was struck by how downbeat John Lennon was when we used him as an adviser. He felt that the very robust recommendations on which there was unanimity in the committee had not been progressed. We could maybe slot that into the back half of the year. Let us not lose sight of that, even if we have to come back to it in March or June.

The Convener: We certainly do have to keep an eye on that and slot it in at an appropriate time when there is a gap in business. There will be

opportunities to pick up some of those issues under budget scrutiny, as well, to find out what progress is being made.

Rob Gibson: There are clearly also issues to be followed up on the basis of the evidence session that we have just had with the National Trust for Scotland. The issues that were raised will probably develop in the autumn and into the early part of next year up to the end of February, when the trust will publish its financial report. I hope that there will be agreement among committee members to follow up those issues, as there are many unanswered questions and lines that need to be pursued before we can be satisfied that the body is functioning in the best interests of the nation. Would that best be fitted in with the tourism scrutiny and so on? That is where it arose from originally. Or do we want to deal with that as a separate item?

The Convener: I suggest that, at this stage, we keep a watching brief on the matter. If specific issues arise on which we feel that we need to take further evidence, we can try to slot that in at appropriate times. The key point will be the trust's report on its financial year, which will tell us whether the restructuring on which it has embarked is delivering the intended results and whether there are any further potential consequences.

Are members content with the proposed outline for budget scrutiny?

Members *indicated agreement.*

The Convener: Members are requested to advise the clerk of their preferred focus for the budget scrutiny. I think that the key focus of our budget scrutiny will be on how the budget is delivering on the Government's economic recovery plan.

Ms Alexander: The one other area would simply be to reflect on what we were told last year. That applies to budget scrutiny and also the Council of Economic Advisers. I am keen to build some continuity into the scrutiny when we get to year 3 of a parliamentary session, so we should examine the undertakings, rationales and explanations that were given on the issues that we raised last year and consider where we are a year on. In some cases, the position will rightly have changed because of changing economic circumstances, but effective scrutiny is about finding out where we are on the undertakings that were given a year ago. That would be helpful. I do not think that we will all go and find the *Official Report*, but perhaps somebody else could do so on our behalf and draw that out.

I will give one example. Last year's draft tourism budget had a 5 per cent real-terms cut for this year. I made a huge fuss about that and, in the

final version of the budget, which appeared in January with no press notice of any kind, the real-terms cut had miraculously become a standstill budget. The committee was never notified of that.

That is one area on which we focused and on which there were changes. Another was the total sum of money that was devoted to energy efficiency. Commitments were given on that budget that we might want to re-examine.

The Convener: If there are no other comments on that, we will move on to consider events. The paper suggests that the clerk and I be delegated to hold initial discussions with the STUC on themes for this year's annual STUC seminar and bring a further report back to the committee. The seminar is usually in the early part of February.

Christopher Harvie: I have one little reflection on that seminar, which I very much enjoyed. I found out by a head count that the number of trade unionists from the shop floor who were at it was very low indeed. We were getting people from union offices and trades councils—just as, at the Scottish Council for Development and Industry do, the number of entrepreneurs came up to 14 per cent of the total who were there. At both events, there ought to be an attempt to get people from what used to be called the coalface.

Ms Alexander: Did we not also ask the clerks to consider whether we should have a formal committee session with the STUC to create a parallel with how we handle the Council of Economic Advisers? I take it from the proposal that that has been rejected.

The Convener: No, the intention is to have discussions with the STUC and make proposals. That is one of them.

Ms Alexander: We should think about doing it in the same way as we handle the Council of Economic Advisers. That might address the point that Christopher Harvie makes. It may be that the STUC cannot do a Wednesday morning, but that option should be on the table.

The Convener: The other event is the business in the Parliament conference. A report on that will be discussed later.

The other item for future business was a suggestion that we review the reform of the enterprise agencies towards the end of the parliamentary year—that is, round about May—because that will mean that the reforms will have been in place for two years and, in relation to the Highlands business gateway, a full year.

Christopher Harvie: Would it not be interesting at that point to have a discussion with the Welsh Assembly Government about its experience of having incorporated the Wales Development Agency into the Government?

The Convener: That is a valid point. I would be interested to know about some of the things that are happening in Wales, such as how the Welsh are managing to make use of the joint European resources for micro to medium enterprises—JEREMIE—fund, which we do not seem to be doing in Scotland.

We will move on to the two requests for inquiries, the first of which is the whisky inquiry. I have been breaking the rules about BlackBerrys and I see that Diageo has announced that it intends to go ahead with its original proposal to close the Kilmarnock and Port Dundas plants and create 500 additional jobs in Fife. That information may have an impact on any decisions that we take on that matter.

I propose that we ask the Scottish Parliament information centre to produce a research paper on the current state of the whisky industry and any issues. That could inform any future consideration of whether the committee wishes to hold a wider inquiry into the industry. Can we agree that and come back to a discussion about Diageo?

Lewis Macdonald: That seems a helpful suggestion.

It is early days for the proposed international trade inquiry, but such an inquiry will inevitably need to look at whisky as well as oil and gas, which is our other huge export sector although it is often overlooked in wider discussions on the Scottish economy—mostly for reasons of Government accounting rather than because of its economic benefit. In looking at international trade, we must inevitably consider the promotion and marketing of Scotch whisky overseas.

Rob Gibson: I echo that point. We should not underestimate the urgency of the question about whisky. Today, Diageo said that in the long term the task force's proposals

"don't deliver a business model that would be good for either Diageo or Scotland."

I deeply disagree with Diageo's analysis, but the issue is a big concern for jobs and the knock-on effect on the management style in other distilleries. We should find a way to bring forward a whisky industry inquiry. The issue could appropriately be considered in the context of an inquiry into exports, as Lewis Macdonald suggested, but can we be assured that it will be moved to a higher place in our deliberations?

The Convener: The suggestion is that we ask SPICe to produce a paper, but I do not know what the timescale for that would be. The paper would then provide us with background information, against which we could make an informed decision about the nature of any inquiry that we

wish to undertake. We would look at the whisky industry in general, not at Diageo in particular.

Ms Alexander: I should perhaps declare an interest—although it is not technically an interest. When I worked in consultancy about a dozen years ago, I did a lot of work on the global consolidation of the spirits industry. The issue then was the loss of brown spirits to white spirits—demand was growing much more quickly for vodka than for whisky—so it seems to me that the note that was sent to all committee members about how the long-term growth trends of white spirits versus brown spirits have not been reversed is at the heart of the issue. Perhaps when the SPICe researchers prepare their paper they can draw on that note—I do not know who sent it to us—as it seemed very well informed. That point would also fit within a wider trade and international exports inquiry, because we would not be discussing whether we need two bottling plants or three if the industry was growing either at the rate of the world economy or at the rate of demand for other distilled spirits. I simply highlight that insightful note to the SPICe researchers because, for self-evident reasons, we do not always hear that point from the Scotch Whisky Association. If we are to do the issue justice—the issue about preserving all these small distilleries—we need to understand why, despite the efforts of major companies such as Diageo, white spirits hugely outperform brown spirits globally.

Gavin Brown: Some of the issues will no doubt be captured during our inquiry in the early part of the next calendar year, but Rob Gibson is right to point out that the particular circumstances just now merit the committee looking into the whisky industry. Asking SPICe to clarify what the issues are should allow us to see which issues we can cover and which issues are clearly outwith the territory of the inquiry. Given that the issues merit being looked at soon, can the committee request—although I suspect that we cannot put a timeline on this just now—that SPICe undertake the work as quickly as is feasible so that we can consider the issues in the near rather than the distant future?

The Convener: Certainly, that is sensible. We want a fairly urgent report, but it must be thorough. We do not want a report that cuts corners and does not give us the information that we need. The clerk will discuss timelines with SPICe and will report back to the committee as soon as possible on when we might expect that report so that we can then consider where to go from there.

As members are content with that approach for the whisky industry in general, does anyone wish to raise any points about the Diageo situation?

11:30

Christopher Harvie: One issue that ought to be raised is brown spirits, which Wendy Alexander mentioned. It took me some time in my addled state to work out what a brown spirit is.

Ms Alexander: It is largely a matter of whisky versus vodka.

Christopher Harvie: Quite, but obviously things are shoved in as mixers, and there are alcopops.

Ms Alexander: It is nothing to do with tall or short drinks. The only reason that we are not declining is because we have managed to substitute short for tall drinks, but brown spirits are still, a decade on, hugely behind white spirits.

Christopher Harvie: In today's appalling parlance, traditional German beer and Scotch whisky would be called "iconic beverages". In Bavaria, which is not known for being desperately socialistic, the Hofbräuhaus in Munich is in state hands. The belief in ever-more perfect markets is not quite what it was a year ago. Should we not be thinking of the notion of having golden stakes in such things?

Ms Alexander: The right analogy is with French wine production, and the real issue, which the GMB raised, is whether bottling in Scotland is compelled. Because of the influence of some of the large players in the industry, the Scotch Whisky Association does not support bottling in Scotland, which is astonishing. The big players speak with forked tongue and will say that they bottle whiskies abroad only in countries in which there are tariff barriers. If that were the case and 85 per cent was bottled here, there would be every reason to do so. Of course, white spirits can be bottled anywhere in the world. There is no prospect of Finland and Sweden saying that that can be done only there. The big strategic decision on whisky is whether there is a move to insisting on its being distilled and bottled here. It is interesting that the trade body for Scotch whisky does not favour that position. However, the issue is not simple. Diageo's prospects are distinct from the prospects of the industry as a whole and the question whether its fortunes are best preserved by bottling in Scotland.

The Convener: Any member who has any issues that they want the SPICe team to consider can e-mail them to the clerk. They will then be passed on to SPICe.

Rob Gibson: Of course, the chair of the Scotch Whisky Association is also the Diageo chief.

Ms Alexander: I was unaware of that. I should say that on the record.

Rob Gibson: In the circumstances, we must give the matter priority and start to do something

before the end of the year, if possible. I know that SPICe can provide us with something more quickly, but our timetable is extremely tight. I urge the committee to consider such a big player in our economy at an early stage.

Ms Alexander: I would like to add a caveat. I have spent a little time exploring the matter, and have been told that a decision on bottling in Scotland is a United Kingdom decision. There is a decision pending on the matter for all malts. Whether one compels malts to be bottled here but not blends that are mixed with grain is a genuinely difficult and interesting strategic issue. The critical issue is whether the matter is reserved or devolved. We might take a different view about ways, issues and consideration if the matter is not ours to decide. Clarity on that from SPICe would be helpful.

The Convener: We will try to get information on that.

Given the announcement that has been made about Diageo, do members wish to take further action on that or accept that there is a done deal?

Rob Gibson: We have to assess matters in the light of responses. I am sure that SPICe will provide us with commentary on that. We have to consider matters in that context.

The Convener: Okay. We will leave that matter on the pending one-off inquiry pile.

The second proposal that I received through the deputy convener was for an inquiry into the fossil fuel levy. The issue arose in our energy inquiry, and the Government has responded to that point in its response to the inquiry. It might be of benefit at this stage to write to the Scottish Government and HM Treasury to ask them what they are doing on the matter. Then we can consider whether there is anything further to do. There are some issues around whether or not the matter falls under the remit of the committee, in the sense that it is about technical financial things, which might make it more something for the Finance Committee's remit, but there is no harm in our following up our energy inquiry and asking the Scottish Government and HM Treasury what they are doing.

Lewis Macdonald: That seems entirely sensible.

When we requested a report on the matter in advance of April 2010, were we explicit about who we requested it from? Was it a request to the Scottish Government?

The Convener: It was to the Scottish ministers, yes.

Lewis Macdonald: We have received only a partial answer that certainly could not be

described as a report. There is a reference to a concrete set of proposals that are in hand, but we perhaps need a fuller answer from the Scottish Government before we decide what, if anything, to do.

Rob Gibson: In the meantime, will we try to contact the Treasury?

The Convener: Yes. We will write to the Treasury to ask what it is doing in relation to the requests.

Rob Gibson: That is fine.

Business in the Parliament

11:36

The Convener: The report on the business in the Parliament conference has been provided for information. The proposal is to proceed with the next conference in 2010. My suggestion is that we hold it slightly later in the year. It is quite difficult to hold it in June, given the pressure of parliamentary business on members and staff. The suggestion is to hold it in October or November 2010. That would be a useful time, as business would then be able to engage with MSPs on their priorities ahead of the 2011 Scottish Parliament elections. Do members agree that we proceed on that basis and start discussions with the Scottish Government on potential themes for the conference?

Members *indicated agreement.*

Energy Inquiry

11:37

The Convener: The next item is the energy inquiry, in particular the Scottish Government's response. My proposal is merely to note the response at this stage, but to have a more detailed discussion about it next week, which should give members a bit more time to digest it—it is a fairly lengthy response to a fairly lengthy inquiry. I hope that members agree that we should allow a bit of time to give it some proper thought.

Ms Alexander: I presume that we have a bid in for a parliamentary debate.

The Convener: Yes. We agreed to ask for one. The Conveners Group meets next week, so we will hopefully get some indication then of a date for that debate.

Is it agreed that we look at the response next week in detail?

Members *indicated agreement.*

11:37

Meeting continued in private until 12:02.

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