

EDUCATION, CULTURE AND SPORT COMMITTEE

Wednesday 1 December 1999
(*Morning*)

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CONTENTS

Wednesday 1 December 1999

	Col.
NATIONAL ARTS COMPANIES	361
EUROPEAN FORUM FOR TEACHERS OF RELIGIOUS EDUCATION	405
SPECIAL EDUCATIONAL NEEDS	406
IMPROVEMENT IN SCOTTISH EDUCATION BILL	406

EDUCATION, CULTURE AND SPORT COMMITTEE 10th Meeting

CONVENER:

*Mrs Mary Mulligan (Linlithgow) (Lab)

COMMITTEE MEMBERS:

*Karen Gillon (Clydesdale) (Lab)
*Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD)
*Mr Kenneth Macintosh (Eastwood) (Lab)
*Fiona McLeod (West of Scotland) (SNP)
*Mr Brian Monteith (Mid Scotland and Fife) (Con)
*Cathy Peattie (Falkirk East) (Lab)
Michael Russell (South of Scotland) (SNP)
*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)
*Nicola Sturgeon (Glasgow) (SNP)
*Ian Welsh (Ayr) (Lab)

*attended

WITNESSES:

Graham Berry (Scottish Arts Council)
Bill English (Scottish Arts Council)
Hamish Glen (Federation of Scottish Theatres)
Giles Havergal (Citizens' Theatre)
Kenny Ireland (Royal Lyceum Theatre, Edinburgh)
Tessa Jackson (Scottish Arts Council)
Nod Knowles (Scottish Arts Council)
Paul Scott (Saltire Society)
David Taylor (Scottish Arts Council)
Nicola Thorold (Independent Theatre Council)

COMMITTEE CLERK:

Gillian Baxendine

ASSISTANT CLERK:

Alistair Fleming

Scottish Parliament

Education, Culture and Sport Committee

Wednesday 1 December 1999

(Morning)

[THE CONVENER *opened the meeting at 09:43*]

National Arts Companies

The Convener (Mrs Mary Mulligan): I welcome the witnesses to the Education, Culture and Sport Committee, and I thank you for your attendance.

As you will be aware, the committee is considering the structure, organisation and finance of the national arts companies. We thought that this would be a good opportunity to raise again the issue of a national theatre in Scotland. We want to hear as many views as possible as to how, or whether, that should be progressed.

We have asked for written submissions for our deliberations. The closing date for those is not until next Monday, but we have invited a number of people who have expressed an interest to speak to the committee and to answer any questions that committee members may have. I hope that we will have a free and frank discussion about the issue, as it has been talked about for some time. With the coming of the Scottish Parliament, we would like to think that we could have a positive discussion about the matter.

A number of you provided written submissions prior to your attendance this morning. We will give each of you a few minutes to introduce your position on a national theatre. I say a few minutes because, as usual, we are controlled by time and committee members have a substantial number of questions that they want to ask. However, please feel free to make your prepared statements.

Witnesses should start by introducing themselves and saying where they come from. That will be useful for the committee members and members of the public who are here this morning. We will start with Hamish Glen.

09:45

Hamish Glen (Federation of Scottish Theatres): I am the artistic director and chief executive of Dundee Repertory Theatre. I am here as the chair of the Federation of Scottish Theatres. I apologise for our failure to provide a written submission, but we fell foul of the deadline as we

felt that we needed to consult members in detail.

The Federation of Scottish Theatres represents 30 of Scotland's producing theatre companies and has a growing membership that includes His Majesty's Theatre in Aberdeen, Citizens' Theatre, the Royal Lyceum Theatre Company, the Dundee Repertory Theatre and Scottish Opera as well as Scottish Youth Theatre, Grey Coast Theatre Company and Boilerhouse. I mention those names to show the range of our membership. We represent the vast majority of producing theatre of all scales in Scotland.

I want to leave the committee in no doubt that there is unanimous and unambiguous support for the creation of a Scottish national theatre and I want to scotch the idea that professional theatre is divided. We welcome this opportunity to talk about the Scottish national theatre. Our membership sees it as an opportunity to improve the cultural life of Scotland. The fact that the Parliament is considering this idea and is giving us the opportunity to talk in this context lifts Scottish theatre into a new arena—one that we have wanted it to enter for the past 20 years.

We have been talking about the idea of a national theatre for some time. A model has emerged that attracts the support of professional theatre makers throughout Scotland and that Scotland can accommodate culturally. It aims to provide performance of an international standard, which should not be confined to music, opera, classical ballet, the visual arts and the libraries. As has been pointed out before, the glaring hole in that list is a national platform for Scottish theatre.

The model that we propose will enhance the existing infrastructure, exploit more fully the existing financial investment in Scottish theatre and provide a national and international platform for Scotland's most popular performing art form. The model has a parallel in the Edinburgh International Festival, which is probably the best-established platform for theatre in the world. It is an independent organisation that can commission work from exciting theatre artists and producing companies to deliver work of world-class quality.

We believe that a Scottish national theatre should also be an independent organisation with several remits of equal importance, if of differing scales. It should have a remit to commission work from artists and companies of all scales and from all disciplines, for example; music-theatre, theatre for young people and large-scale work. The best talent should have the opportunity to work for good wages and in excellent conditions in the pursuit of excellence. That work would make up a Scottish national theatre season.

I want to take this opportunity to push the idea that Scottish theatre makers have the ability to

create world-class work. "Life is a Dream", which was produced by the Lyceum, is an example of such work. It was invested in by the Edinburgh International Festival, brought together many talented artists and was the toast of a recent festival. "Sunset Song", which was produced by TAG Theatre Company, is a similar example and there are many more.

The Scottish national theatre should have a remit to tour. It should make its work available by presenting seasons in Scottish cities but the theatre should also have a portable middle-scale to large-scale theatre space to enable it to perform to communities that would not otherwise have access to its productions.

We would also like to see the Scottish national theatre's potential exploited internationally. It should be able to attract foreign finance and to represent Scotland and its cultural life throughout the world. Scotland is an international footballing nation because we compete on the world stage, not because we watch other teams play. "Life is a Dream" had a successful run in London and New York and "Ane Satyre of the Thrie Estaitis" picked up a major international theatre award in Poland.

The national theatre should have other responsibilities. It should promote the work of our contemporary playwrights, support revivals of successful work, develop projects and artists and encourage innovation, experiment and training.

The national theatre project must not draw financial resources away from the existing infrastructure—a successful national theatre must involve the range of our current national theatre community, which is an argument for support for the existing infrastructure as the creative building blocks of a national theatre. The national theatre of Scotland should not be a new building-based producing company or touring company.

The Federation of Scottish Theatres seeks to elicit the political support that we need if theatre is to continue to play its part in Scotland's national renewal. If the Parliament can initiate and fund a high-profile national theatre that is developmental, provides a good night out, and that ensures that the best talent works for good wages in excellent conditions and plays to full houses, we can create a national theatre model that will be our own.

We do not want a substitute for the Scottish Arts Council, but we want a national theatre that is unique to Scotland and that has the ambition to provide quality work that will capture the public imagination and allow us to take our place on the international stage. A national theatre would give theatre a status that recognises its quality and success, that would help prevent the drain of creative people from Scotland and that would create the conditions that would attract our leading

theatre artists back to Scotland. It is time that Scottish theatre had a platform that recognised its place in our culture.

Giles Havergal (Citizens' Theatre): I am the director of the Citizens' Theatre in Glasgow. I support what Hamish said and I want to supply some information about the width, breadth and depth of theatre in Scotland. Living in one place, as we all do, it is hard to appreciate the amount and the high standard of work that is being done, examples of which would be: Tosg Gaelic Theatre Company's plays in Gaelic; Lung Ha's Theatre Company's work with people with disabilities; TAG Theatre Company's educational work; experimental work by companies such as Theatre Cryptic and Visible Fictions; new writing at the Traverse; touring productions by companies such as 7:84 Theatre Company and Borderline; and new ensemble work in Dundee. An enormous amount of splendid work is being done at all levels that could form the basis of the exciting initiative that we are discussing.

Nicola Thorold (Independent Theatre Council): I am the director of the Independent Theatre Council, which is a UK-wide organisation with 35 members in Scotland, many of which have been mentioned today. I bring a slightly different perspective to this matter, not only because of where I am based and my gender, but because many of the companies that I represent have been missed out of discussions about a national theatre because they work in small communities, have no buildings, are touring companies or are isolated.

All of the Scottish members of the Independent Theatre Council want to reach the broadest possible range of Scottish people and to deliver contemporary and artistically excellent work. That can range from projects in schools, village halls and—as will happen next week—your Parliament, to more traditional venues such as the Tron, the Traverse or even on Broadway.

We argue against a national building-based theatre. Access would be a problem: not everyone in Scotland could come to a given location, would be able to afford the ticket price that would inevitably be charged by a national body or would feel comfortable in such a building. No single organisation could reflect the diversity of Scotland and its languages and cultures or could cover the range of artistic, educational and social issues that the arts can address. Resources would also be a problem. I do not have to tell anybody here about the expense that national organisations can be to a country, but I will draw the committee's attention to what is happening in Wales, which has had to cut half of its funding for theatre organisations to fund its national theatre.

You already have a flexible and diverse national theatre resource, which you risk destroying by

focusing the spotlight on one organisation. Scotland needs a coherent national theatre strategy to be developed in partnership with practitioners, and with bodies such as local authorities. We want that strategy to include consideration of the low investment in companies that work at local and community levels, and in companies that are starting out.

We are interested in and would support Hamish's proposal. It is important that Scotland examines creatively ways to develop theatre and to increase audiences. Issues of cross-culture, cross-border and international work need to be addressed. I stress that the initiative can work only if it covers all scales and all types of theatrical activity. It must be part of a coherent framework for theatre in Scotland.

Paul Scott (Saltire Society): I am the president of the Saltire Society. I want to say how grateful I am to the committee for the opportunity to express the views of the Saltire Society on this important question. The society, along with many other organisations and individuals in Scotland, has campaigned consistently for a Scottish Parliament and for more than 60 years for a national theatre. Now that we have the Parliament, the national theatre is the only vital institution that Scotland still needs.

I welcome and agree with the sentiments and aspirations expressed by Hamish Glen and the interesting proposal that he made.

It is an historical accident that Scotland has national companies for opera and ballet, art forms in which we have little claim to distinctive traditions of our own, but not for drama, in which we have a substantial body of work and our own styles of performance.

Without a national company committed to Scottish drama, new Scottish plays tend to disappear after only a few performances. We need a national theatre to give the Scottish tradition an impulse and a focus. Experience in other countries has shown that their national theatres stimulate not only drama but literature generally and the cultural life of the community. They enhance cultural confidence and are an important means of self-expression and self-understanding.

Scotland has waited a long time for a national theatre. The establishment of a national theatre would be an exciting and encouraging start to the new millennium.

The paper that was circulated by the Scottish Arts Council says that it has not formally considered a national theatre since 1996, which surprises me, as it announced the findings of the second feasibility study in July 1997. At that time, it issued an official statement saying that it would review the situation in two years' time.

The Scottish Arts Council has always sought to transform the idea of a national theatre into what it calls an initiative or a fund, which it would administer. That would give the SAC extra power but would give no power to Scottish theatre as a corporate body. There is no substitute for an organisation that develops its own policy, character and ethos.

10:00

In support of its policy, the SAC has argued that there is no demand for a new building or company. No one would argue that a new building is necessary, because we already have a sufficient number of fine or adequate theatres in Scotland. In the past, the SAC has said that there is no need for a company or, by implication, any kind of organisation. Paragraph 2.1 of its paper qualifies that by speaking of

"a national theatre company based on an existing company".

However, that contradicts what paragraphs 7.1 and 7.5 say about the need to build on existing infrastructure.

If drama is allowed to remain the only form of the performing arts without a national company or organisation, it will remain the poor relation. One point on which we can all agree is that a national theatre should not be funded at the expense of existing companies. It requires additional funding of its own. I am sure that that would be money well spent.

Kenny Ireland (Royal Lyceum Theatre, Edinburgh): Thank you for inviting me before the committee today. I am an actor and director; currently, I am the chief executive of the Royal Lyceum Theatre Company. I will be straightforward and say that I have always wanted to live in a Scotland that had a national theatre. I feel that way not, as some might suspect, purely out of self-interest, but because when, as a completely aimless young man nearly 40 years ago, I discovered the Citizens' Theatre in Glasgow, it had such a profoundly beneficial effect on my life that I want to do everything in my power to ensure that the same opportunity is available to others.

The most important questions that any theatre company—never mind a national theatre company—should ask are, "What can we bring to our audiences?" and "Will they support us?" Scottish audiences have always supported new theatre ventures enthusiastically—the old and new Traverse in Edinburgh, the Tramway and the Tron in Glasgow, and the Lemon Tree in Aberdeen. Touring companies such as 7:84 and Wildcat, and now Suspect Culture and Stellar Quines, have always found an audience. Excellent work has

been done, and companies have toured abroad, won prizes and so on.

In recent years, that excellence has been hidden behind a blanket of underfunding, which has led to small casts and poor production budgets. The excellence is still there, but it is much more difficult to find. The danger of that is that our audiences may lose confidence in us.

Now is definitely the time to find, recognise and support excellence. I believe that the best way of doing that is to establish a Scottish national theatre. The proposed model—an independent commissioning body—is a good one. It would be an innovative way of harnessing all the talent, skill and expertise that already exist in Scotland but that are neither properly funded nor sufficiently focused.

However, what could we possibly want from a Scottish national theatre? If all that we want is another building at which the great and good can display themselves, why bother? However, if we want to give the people of Scotland the ability to examine themselves and one another, to find out who they are, to hold their thoughts, beliefs and talents up to the light, to come away proud and to have fun while they are doing all that; if we want to create a voice that will carry throughout the world the message that Scotland is a vibrant, creative, passionate, deeply intelligent, multicultural nation that is proud of its past but looking firmly to the future; and if we want to harness even a fraction of the energy that we have exported to Stratford-on-Avon, the south bank, Broadway and Hollywood, we need a Scottish national theatre.

Because finance is part of the committee's brief, I will make the point that in recent times any theatre company—unlike opera—that failed to balance its books would simply cease to exist. Imminent execution has concentrated our minds and, despite massive cuts, we manage to survive and put on work that people want to see—the Lyceum's recent production of "Macbeth" played to more than 85 per cent capacity over three weeks. That ability to survive no matter what proves that the theatre community knows the value of a pound—certainly, we know the value of £2.1 million. The Lyceum Theatre has lost nearly 25 per cent of its local authority grant in the past six years, but we still maintain a turnover of more than £2 million and manage most years to create a small surplus.

We have the talent; we have the expertise; we have the audience—the Lyceum alone plays to more people than Scottish Opera. Now we even have a model that most people, apart from the fearful and the disaffected, think might work. We look to you for the political will to make it happen.

The Convener: I thank all our witnesses for

their statements. I know that Brian Monteith wanted to kick off with some questions on the benefits of a national theatre. Brian, do you think that all your questions have been answered, or do you want to pursue this?

Mr Brian Monteith (Mid Scotland and Fife) (Con): I am sure that I can explore the matter further.

The Convener: Carry on.

Mr Monteith: Could Hamish Glen say a little more about what he thinks the artistic benefits of a national theatre may be for actors, writers and technicians? The model that he put forward was very interesting, but would it address some of Nicola Thorold's concerns through commissioning?

Hamish Glen: I am absolutely certain that the national theatre would be beneficial in all those areas. The benefits for actors, writers and technicians are reasonably clear, in that a national theatre would create the conditions for them to produce work of the highest possible quality, as the financial conditions of work would be improved. A national theatre would also provide them with a much higher-profile platform on which to show their work.

Let me deal with Nicola Thorold's concerns. The model is designed specifically to build on existing infrastructure and investment in Scottish theatre. The intention is that the national theatre should commission work on all scales and in all the various disciplines in the pursuit of excellence. It might commission, for example, Visible Fictions to produce a piece of work that would form part of the national theatre programme.

Mr Monteith: Do you have difficulty, as an artistic director, in attracting talent, be it technical or artistic, to your theatre because of pay scales and the fact that, although there are a number of centres of excellence, there is no core centre in Scotland? Are you concerned that many actors, technicians and even writers tend to be drawn down to London because that is where the work is and that is where the lights are?

Hamish Glen: Absolutely, and they tend to do very well down there. Unquestionably, there is a drain of talent away from Scotland—a national theatre could turn that round. The benefits would spill over into all the various organisations. If we were commissioned to produce a piece for the national theatre to the level that is expected of a national theatre production, all my technical staff—the carpenters, the electricians and so on—would be able to apply their expertise at a level that they would not otherwise have the opportunity to work at. That could only augment our own work.

Mr Monteith: What would be the difference

between, for example, rehearsal times for a production that you put on at the Dundee Rep Theatre and a work that you were commissioned to do for the Edinburgh international festival by the national theatre?

Hamish Glen: With a national theatre, things would be transformed. Because I run Scotland's only full-time ensemble company, I have managed to increase the rehearsal periods that are available, but that is very unusual. Normally, we would be expected to take three and a half weeks, from the first time that the company sits down to read the play together to the first time that it hits the audience. Anywhere else in Europe, it would be unimaginable to produce work to the quality that is expected in such a short time; there, the rehearsal period could easily be two or three months. With a national theatre, developmental work on projects could be started considerably earlier by bringing together interested writers and directors before a decision had even been made that a particular production would form part of a national theatre season.

The Convener: Thank you. Members of the committee may indicate who they would like to answer their questions, but we will try to bring other witnesses into the discussion if they make it clear that they wish to add something.

Fiona McLeod (West of Scotland) (SNP): I would like to move the discussion on a bit, while remaining on the topic of the benefits of a national theatre. Kenny Ireland gave an impassioned speech about the inspiration that people can draw from theatre. I would like us to explore the educational role of a national theatre and how we can take theatre and its benefits to young people. I do not know whether this is accurate, but I was told recently that only 25 per cent of secondary schools in Scotland have a drama teacher. Do you think that one benefit of the national theatre would be to put in place a national strategy to ensure that young people had early access to theatre and its educational benefits?

Kenny Ireland: I can say without fear of contradiction that almost everybody who runs a theatre company in Scotland is committed to education work. Ours is expanding all the time, but it is funded by a fairly small grant from the local authority, which, along with a lottery grant, pays the wages of only one person. Next year, the three youth theatres that we formed this year might have to stop if we cannot find matching funding for our lottery grant. In this area, we work very much hand to mouth. Like Billy Paterson, I started at the Theatre for Youth at the Citizens' Theatre, which became TAG. Many Scottish actors started off working in theatre in education. That was a wonderful thing, but it has disappeared completely. It could be brought back and, if it were

funded properly, it could become a major part of a new national theatre.

The Convener: Nicola, did you want to add something?

Nicola Thorold: Yes. The committee may not be aware that a task force has been set up to consider young people's work in Scotland. I believe that it is proposing the establishment of seven centres throughout the country. Those would not necessarily be building based, but they would act as a focus for young people's work.

The Convener: Could you say a little more about the task force?

Nicola Thorold: It has no formal constitution. The Arts Council has encouraged it and is funding the development of its work.

Mr Monteith: Could you clarify to which arts council you are referring?

Fiona McLeod: Do you mean the Scottish Arts Council?

Nicola Thorold: Yes.

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): As Kenny Ireland was speaking, I was remembering the time—it must have been around 1968—that he came to Clydebank High School with his theatre in education programme. I recall vividly the kids loving being tobacco lords in Glasgow and folk walking about heaving barrels. That was a wonderful tradition, and it owes a great deal to Kenny.

Hamish, how do you envisage a national theatre season? Do you envisage a three-week programme—of the sort that the Royal Shakespeare Company runs in Newcastle—being taken around Scotland's cities?

Hamish Glen: There is no absolute blueprint. What I have tried to outline is a vision of how this project might go forward and how it would be supported. It would make sense to have a season of work on various scales, which would play in Edinburgh, Glasgow, Aberdeen and Dundee during the year. However, because some areas might not have access to that work, we need to consider ways in which we might extend its availability to audiences that would not otherwise have the opportunity to see it. The season might not be the same in all places—the national theatre might commission work specifically for audiences in the Highlands and Islands, for example, while other work played in the major urban centres.

Kenny Ireland: There is a model for this. Manchester's Royal Exchange Theatre has quite a sophisticated touring theatre, which it used while bomb damage was being repaired.

Seasons in a city would, I imagine, be city-wide—they would happen not just in the Lyceum or the Citizens', but in the Traverse and the Tron, for example. I hope that we are all agreed that a new building would be a very bad idea; we should use all the beautiful buildings that have been recently renovated.

10:15

Paul Scott: A national theatre would tend to increase the reputation and the status of drama—or theatre as a whole—in Scotland; it would encourage people to take an interest and it would lead to more companies and more activity across the country.

Some years ago in Edinburgh, the Advisory Council for the Arts in Scotland organised a conference about the national theatre. The conference was large and very representative of the theatre community. It was addressed by the directors or former directors of the national theatres of Iceland and Finland—small, northern countries like Scotland. They both made the point that their experience was that their national theatres encouraged and helped theatre companies of all kinds over the whole country, and led to a great increase in the number of companies and the size of their audiences. I am sure that a national theatre in Scotland would have similar consequences.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): As someone who has trod the boards in his time, I have been very interested in what the witnesses have been saying.

The Convener: Ah—someone is declaring an interest.

Mr Stone: You have talked about accessibility and involving children. It may be the case—it very possibly is the case—that we have a finite pot of money, so let me ask you the \$64,000 question: how do you suggest that we rechannel funds from the existing arts cash outflow, if you like, to establish and pay for a national theatre? You may not care to answer that one, but I will press you.

The Convener: Rather than straying into that now, we should, I suggest, give people a chance to think about it, because it is a question that we will come back to. We will move through the other questions, but the witnesses should be warned that we will come back to that one.

Mr Stone: As long as we will come back to it this morning.

The Convener: Yes, we will.

Hamish Glen: I am sorry—I did not catch the question.

Giles Havergal: Me neither.

Mr Stone: Money is being spent on the arts; to establish a national theatre there may be a cost. How do you recommend that we should rechannel funds towards its establishment, if it is to be established?

The Convener: I would like to move on to other issues before coming back to that.

Kenny Ireland: May I ask for some clarification? Mr Stone talked about the arts budget, but may we make suggestions about how the money might be found elsewhere?

The Convener: You may make lots of suggestions. [*Laughter.*] Cathy Peattie would like to ask about the impact that a national theatre could have on existing companies.

Cathy Peattie (Falkirk East) (Lab): Hamish Glen has already answered part of my question. You said, Hamish, that you felt that local companies would benefit from having a national company, and I can see the logic in that. However, there is evidence that the Royal National Theatre in England drains resources from the smaller companies.

Hamish Glen: The crucial difference is in the model. If there is a big building in one place, which consistently offers better working conditions—for example, more exposure and higher pay—that will clearly drain talent and funding away from regional and smaller theatre companies. The model that we are proposing specifically suggests that the work that is created by the national theatre company should be built on the existing infrastructure, thus providing better value for the investment that has already been made, raising the standards and skills of all those involved and providing opportunities in all disciplines for people to pursue their work to the highest possible quality.

Cathy Peattie: Nicola, are you confident that that kind of model would help your companies, or can you see a threat?

Nicola Thorold: The model is certainly worth exploring. As I said, we need a creative and contemporary way of raising the whole issue of theatre and its audience. That needs to be an element of a bigger strategy, however. When we talk about reaching audiences in Scotland, this is only one of the issues; others would have to be considered.

I will answer Mr Stone's question. I would be very reluctant to take anything away from the existing infrastructure in order to create the model that has been proposed, because, if the current infrastructure had less money, I do not think that it would be sustainable.

Giles Havergal: Exactly.

Cathy Peattie: Hamish, you mentioned—

several times—standards, skills and training. I am interested in the training, development and support of young actors, and you spoke about a forum to look at what is happening to theatre companies. It worries me that, when lottery money becomes available, expectations are raised and young folk gain skills and confidence but there is nowhere for them to go.

Hamish Glen: There is a well-understood European model in which an organisation—a national theatre or one of the big ensembles, such as the Maly group—has a direct and on-going relationship with the training organisations. In that way, the training does not exist in isolation; there is a dynamic interchange between training and professional practice. Actors emerge much better equipped for their professional lives and a mutually beneficial dynamic is created between the theatre company and the emerging talent.

Kenny Ireland: That model is specifically designed not to drain the talent from companies. The health of the national theatre would be dependent on the health of those companies.

When the National Theatre of Great Britain was being set up, a letter was sent protesting that money would be drawn from all the repertory theatres. A great irony is that the first signature on the letter was that of Richard Eyre, who went on to run the National Theatre. I would suggest that that centre of excellence is responsible for the fact that in England, unlike in Scotland, they have what one could call a super-rep theatre, between the ordinary rep and the Royal National Theatre. To avoid the draining of talent, five companies—in Manchester, Nottingham, Birmingham, Sheffield and Leeds—were given approximately double the funding: £1 million instead of £500,000. Those companies benefited from that. Unfortunately, at that time we did not have our own Parliament, and the concept that excellence might exist in Scotland did not cross anyone's mind. I think that the committee should know that Giles Havergal and I are funded at the level of the lowest repertory theatre in England—Hamish Glen, too.

Giles Havergal: The whole point of this proposal is that it is the exact opposite of a drain because it injects more money to help existing companies, both to do more work at a higher level and to tour more. The drain that unquestionably exists in England would not happen here.

Kenny Ireland: Our recent experience in New York with "Life is a Dream" is that it was very advantageous to Scotland and to Scottish business people.

The proposed model, without any draining, could provide us with a figurehead. We should start to exploit what is happening culturally in Scotland—unless, in 50 years' time, we want to have

business conferences in Houston with a piper and some shortbread.

Mr Kenneth Macintosh (Eastwood) (Lab): I would like to ask Hamish Glen and Nicola Thorold whether they are against having a national theatre company along the lines of the Royal National Theatre in England?

Hamish Glen: Yes.

Mr Macintosh: You are? Do you think that it would be a bad idea for Scotland? Ignoring its location on the south bank and considering only the idea of having such a national company, are you against it?

Hamish Glen: Yes.

Mr Macintosh: What structure would you put in place? Would there be a board? Your idea sounds as though it might be along the lines of the Scottish Arts Council—a body at arm's length from the Government, whose purpose is to distribute Government funds to commission new work. That is not the function of the Scottish Arts Council—although, frankly, it could be, if we wanted that, although I am not suggesting that it should be.

Hamish Glen: There are major distinctions. The Edinburgh festival is a model of an independent body with a remit to commission work and to put together artists and companies, whether from here or abroad. By definition, it involves a vision of how to create world-class theatre for the Scottish people. The Arts Council has a different remit—to distribute funds to various arts activities throughout Scotland. Increasingly, those funds have to be competitively bid for—which, crucially, is different from what we are proposing.

There probably would be a board of directors. A team would be involved in marketing and raising theatre's profile and a team would be dedicated to providing international platforms, talking to Avignon, Strasbourg and New York.

Quebec is a very good example of a small half-nation that has been hugely successful in promoting its work on international platforms throughout the world. In that sense, its effect on the world is enormous. The Scottish Arts Council, however, has no remit or, indeed, funds actively to promote work from Scotland on an international stage.

Mr Macintosh: I know that we will be moving on to funding—everything raises the question of funding—but I want to understand what this body would physically be like. Are you proposing something along the lines of the Scottish Chamber Orchestra?

Hamish Glen: In what sense?

Mr Macintosh: I am thinking of a body that does not have a theatre or a building, but has an

administration.

Hamish Glen: The Edinburgh International Festival would be—

Mr Macintosh: Is that the model that you want to stick with?

Hamish Glen: The reason I say that is that the SCO has full-time players.

Mr Macintosh: As we heard last week, orchestra members are represented on the board of the SCO, which struck me as being a very good idea. You are saying that you will not replace the existing theatre companies. Are you suggesting that they—people such as yourself, for example—should have a role in the national company?

Hamish Glen: Yes. It would make sense to have the active involvement of representatives of the infrastructure that is expected to make the work for the national theatre.

Ian Welsh (Ayr) (Lab): A nice consensus is developing about the model. I would like to ask Paul Scott a question. You said—and I know that you will remember this:

“Theatre directors, in the past, have been reduced to an untypical, embarrassed silence when they have been asked where the national theatre should have its base.”

From that, I take it that you are in favour of having a base or a building. Is that a fair assumption?

Paul Scott: Yes—a base or bases. The idea of a co-operative organisation that involves several theatres and produces work that is presented on several different stages is a good model to begin the movement to launch the national theatre. When the productions appear, all those different places would be the theatre in which the national theatre was happening.

The structure that Hamish Glen has been describing also requires a place in which to function. After all, the Edinburgh festival, which has been taken as a model, has a large building just up the road from here. I would imagine, Hamish, that this proposed organisation would be based in one or other of the theatres.

Hamish Glen: It could be, but not necessarily—it could be based at the equivalent of the Hub.

Ian Welsh: From what Hamish Glen said, I assumed that the Scottish national theatre could be in a back hall in Stornoway, in the Gaiety Theatre in Ayr, or wherever the company was performing. I want to be clear about this, because it is a question that Brian Monteith raised when we first considered the issue some weeks ago. I have reservations about the notion that our national theatre should simply be a building. I would like to know whether there is consensus on that, or whether the directors are reduced to an

embarrassed silence.

10:30

Kenny Ireland: There is certainly consensus. To avoid being reduced to an embarrassed silence, I must stress that the matter will have to be taken on to the next stage and those discussions cannot take place at this committee meeting.

To introduce a tiny note of a slightly different colour, I believe that it would be wrong to introduce a completely new infrastructure and set it up in Stornoway, or wherever. We are presuming that a national theatre would be well funded, but I have very skilful, highly committed marketing and management people who are being paid £14,000 or £15,000 a year. If that other infrastructure is created, those people will all disappear too. If I were asked, I would therefore suggest that an existing infrastructure be enhanced. Of course, I am bound to suggest that the Lyceum is quite a good infrastructure to enhance.

That does not undermine the principle or the consensus among the witnesses. The national theatre is important and we should not allow ourselves to be drawn down into the Glasgow-Edinburgh debate.

Ian Welsh: I was not trying to do that. I simply wanted to address the point about a permanent base that Paul Scott had written about in his article. I wanted to be clear that we are not talking about a permanent base or building.

Paul Scott: There is a distinction between a base, from which the organisation functions and where the various departments that Hamish Glen described meet, talk and do their work, and the stages where the productions are put on. There must be one heart, one centre, where the organisation and planning can go on, but all the stages in Scotland could be available for productions. That is how I understand the situation.

Giles Havergal: When the Federation of Scottish Theatres discussed this issue, we did not go into how it would work. It is certainly true, as Kenny Ireland has suggested, that it could be grafted on to an existing theatre. It could be an independent organisation, comprising a board and a director, although that is not a policy that my chairman, Professor McDonald, would adopt. However, there are organisations to which the national theatre could be attached, such as the federation, the Scottish Arts Council or the Parliament.

The Convener: Thank you. I know that Brian Monteith wants to ask another question, but we

have to move on because time is against us. We still have to address the issue of finance, which Jamie Stone raised. Nicola Sturgeon also has some questions about that.

Nicola Sturgeon (Glasgow) (SNP): I have a couple of questions that I would like all the witnesses to consider. Kenny Ireland said that there is an assumption that a national theatre would be well funded. This may be a difficult question to answer, but do you have a view on what level of funding would be required to establish and maintain a national theatre along the structural lines that Hamish Glen described?

My second question concerns the role of the Scottish Arts Council. Do you think that funding for a national theatre should be distributed via the Scottish Arts Council along the same lines as it funds other national companies, or should it come direct from the Scottish Executive, or should it come via a separate arm's-length body?

Kenny Ireland: I think that funding must come directly from Government; it cannot come through the Scottish Arts Council. The reasoning behind that opinion is that the Scottish Arts Council should have a brief to introduce as much new work as possible and to spread out the money that is spent on the arts as broadly as possible, in geographical and artistic terms. The national theatre's brief, on the other hand, has to be to pursue excellence, which represents a slight contradiction to the SAC's brief.

As to cost, I could hide behind the claim that a national theatre would cost less than an opera company: £2 million would be a very good start, but it would really depend on what was wanted. If we want to provide access for everybody in the Borders and the north-west to a mobile theatre with more than 400 seats, a one-off capital payment would be essential. If we want to run the theatre properly, we may need at least £4 million or £5 million. We have discussed the costs, but we are presented with so many figures that it is difficult to say exactly how much money would be needed.

Paul Scott: I agree with Kenneth that funding should come directly from the Government. I think that that should apply to all the national companies. National arts companies should be treated in the same way as other national cultural institutions, such as the National Library of Scotland, the museums and the galleries, which are the direct responsibility of Government.

I do not say that to do down the Scottish Arts Council, which does splendid work in many areas. As Kenny said, the proper function of the Scottish Arts Council is to do the difficult job of deciding priorities among all the conflicting claims from arts organisations. A body needs to do that job, and it

should be a hands-off body at one remove from the Government so that no suspicion of political prejudice or bias ever comes into the process.

None of that applies to the national companies, which are established and accepted as deserving funding. Their aim is to produce the best possible work to the highest possible standards, so they should be allowed to get on with that without a body such as the Scottish Arts Council sitting on top of them.

The Scottish Arts Council is unbalanced by the fact that the major share of the funds it administers has to go to the national companies, leaving only a relatively small sum to be divided among all the other arts projects. Smaller arts organisations are in competition with the national companies. Direct funding and separate treatment would remove that element of competition.

Nicola Thorold: I cannot comment on how much a national theatre might cost; different elements of it would cost different amounts. I feel that such a body should be funded at arm's length from the Government. I do not agree with Paul that a national organisation is already by its nature excluded from political shenanigans or influence. It is clear from the arrangements in England and Wales that politicians get very interested in national companies, and I would want to protect national companies from that.

Giles Havergal: To answer Nicola Sturgeon's first question, one could arrive at the amount that one wanted to spend in two ways. One could say, "The new Scottish Parliament has this much money to spend on a national theatre. What can you do for that?" Alternatively, one could say, "We want an experimental wing, an educational wing and a big-scale wing to start with. How much would that cost and can somebody draw up a budget?" One could arrive at a funding arrangement in either way.

However—this may answer Mr Stone's question—I am concerned by the rechannelling of funding. From the very beginning, Hamish Glen has said that none of us will sign up to the idea of a national theatre if it will involve taking money from existing bodies. We hope and suppose that the new Scottish Parliament will want a new initiative and will put more into the arts to create a Scottish national theatre based on the current infrastructure of the Scottish national theatre community, as we call it.

I think that this will answer Nicola Sturgeon's question as well as Jamie Stone's. I am not so concerned about whether the money is distributed through the Scottish Arts Council. The way in which the Parliament will want to distribute arts funding—through the Scottish Arts Council or through a ministry of culture—is something that I

assume members will debate over the next few years. I think that the funding structure for the national theatre will simply be a part of that game, but that is a little way down the road at the moment.

Hamish Glen: It was decided that, as the chair of the Federation of Scottish Theatres, I would not mention how much a national theatre would cost. However, I was also told that I would be allowed to speak as an individual, so I will. If one really wanted to pull off a national theatre of the range and scale that I have outlined, one would need around £3 million.

I shall try to describe the situation in another way. Any pot of money should be seen as an investment in a project that will have creative, social, economic development and tourism benefits. It is internationally established that a national theatre gives rise to a range of benefits, so any investment will pay a handsome return. A national theatre is also able to attract levels of sponsorship that could not otherwise be achieved. Additional private moneys could easily be drawn in to augment and build on that investment. It would also be a major ambassadorial tool for the country.

The Convener: Nicola Sturgeon, did that answer your questions?

Nicola Sturgeon: I would like to ask Nicola Thorold another question arising from her comment that there should be arm's-length funding. Would you be happy for funding to be distributed via the Scottish Arts Council, or do you think that another body should be set up?

Nicola Thorold: I shall sidestep that question by saying that I think that funding for the national theatre should be consistent with what is decided for the other national companies.

Mr Stone: Why should national companies be treated differently from the network of theatres in Scotland? What gives national companies the divine right to direct or some other form of funding, sidestepping the Scottish Arts Council? The comments that I have heard seem to damn the Scottish Arts Council with faint praise.

Kenny Ireland: I am tempted to say that you might think that we could not possibly comment. *[Laughter.]*

Mr Stone: Nevertheless, I am here to ask a sharp question.

Kenny Ireland: To answer your sharp question, no divine right is involved; an absolute practicality is involved.

In recent years, the Scottish Arts Council has managed to introduce funds. Hamish Glen, Ian Reekie and I went to talk to Sam Galbraith three years ago when a fund was introduced. Other

people may have a different view, but I believe that that money has been dissipated—no, that is the wrong word. The money has been spread out among lots of theatre companies and I still face the problems that I faced three years ago, as does Giles Havergal. Hamish Glen has funding that everybody knows about, but I think that he would also agree that we still face the same problems.

If that is how the Scottish Arts Council works, that is fine: that is its brief, but I do not see how one can possibly say that it would be able to create or fund a national theatre.

As has been said at previous meetings, the biggest client of the Scottish Arts Council—after Scottish Opera—is the Scottish Arts Council. It is always snowed under by lottery business—I am being sympathetic. If it is told to handle the Scottish national theatre as well, there will be a few nervous breakdowns. I hope that that is a straight answer.

We are not being grand, or demanding to be treated differently. Most of us think that it is a practical solution, although other people may disagree.

10:45

Mr Stone: Let us get to the nub of the matter. You are saying that your funding would be more secure—less susceptible to the whim of another body—if it were in the hands of the Parliament?

Kenny Ireland: The Scottish Arts Council shifts the goalposts almost weekly. We have meeting after meeting at which the criteria are changed. You have to decide whether you want a national theatre and what you want: give us the brief directly and we can produce it. To say that the Scottish Arts Council is not politically motivated in some way is nonsense.

Ian Welsh: I support putting more money into the arts. In response to Jamie Stone's question about redistributing money within the arts budget, you implied that that should not happen and suggested that there were options. You will appreciate that there would have to be if the Scottish Executive wanted to put more money into the arts. Can you suggest where other—not new—money might come from?

Kenny Ireland: No. I agree completely with Giles Havergal that we would not be interested in carving up the cake in a different way. As I said, everybody is only just surviving, and there is no way that the cake can be carved up more.

I do not believe that a huge amount of money is needed. I do not have the figures to hand, but I think that the economic impact of the Edinburgh festival on Edinburgh runs into billions—it is huge. As Hamish Glen said, do not underestimate what

we could earn.

Ian Welsh: I understand that the impact on the invisible economy would be huge, but the additional money for the arts will have to come from the budgets for local authorities, local development, tourism, or whatever. You have to appreciate that if the money does not come from within the arts budget, there will be an impact on other budgets.

Hamish Glen: If it is accepted that there are social, economic and tourism benefits, perhaps various sets of budgets could contribute to a pool of money that could be invested in a national theatre that would be a resource for those various areas.

Giles Havergal: I suspect that whether the national theatre and the other national companies are funded directly by the Government is not what we are meant to discuss here. The answer will emerge from how the Parliament wants to fund the arts. You may want to use the Scottish Arts Council or another arm's-length group, or to do it in-house. I agree that nobody has a divine right to have special funding in a special way, but the national companies' funding is part of the wider question of how the new Parliament wants to fund the arts. Does it want to adopt the English model, or do something completely different?

The Convener: You are right that, ultimately, the Parliament will take that decision. As your organisations have been funded in one way or another, we are interested in your ideas for progress, either for the national theatre or for the national companies more generally. I am surprised that you think that direct funding by the Scottish Executive would be less political—perhaps I have a different view about how politicians think about these matters.

Mr Macintosh: Giles Havergal's submission says clearly that

"the SAC has energetically used its hitherto extensive powers and influence to prevent any national theatre development."

Is that correct?

The Convener: No.

Mr Macintosh: I am sorry; that is not from that submission.

I would like to hear the views of all the witnesses about that argument about the SAC. Paul Scott implied that the SAC was blocking the development of the national theatre. Is the SAC against a national theatre?

The Convener: Please be brief.

Paul Scott: I will try to be brief. It is a long story so I will not go into great detail.

Many years ago, the Scottish Arts Council published a document saying that it was in favour of creating a Scottish national theatre. When it held an inquiry into what the Scottish public wanted, it published a document, "The Charter for the Arts in Scotland", which stated the case for a national theatre in very fair terms.

The SAC then conducted two feasibility studies, one after the other, after which it took fright—probably for good reasons. It was probably under great financial constraint at that time as, under the Tory Government, there was a standstill on funding, which meant an annual decrease in real terms. The SAC could not face any more financial demands as it had to work within a tiny budget. It then manipulated events in a manner that showed quite clearly that it was trying either to postpone any action on a national theatre indefinitely, or to frustrate it altogether.

Senior members of the Scottish Arts Council—without naming names—have told me specifically that they opposed the creation of a national theatre. They did not tell me why, but I imagine that it was because they could not face an addition to their considerable difficulties.

Nicola Thorold: I would like to defend the Arts Council. It is not that it could not face the idea of a national theatre; it was aware that the theatre community was not in favour of a building-based national theatre and could not afford it. That explanation should be entered on the record.

Perhaps the Arts Council would be more interested in the FST's proposal, which is new and radical, than in previous proposals.

Kenny Ireland: I was one of the people who presented this model to the FST, with the idea that the Scottish Arts Council could not carry it forward. It was rightly feared that the juggernaut would get out of control and that it would become a drain on the other companies. The Scottish Arts Council has not considered this model at all. Maybe it will change its mind once it has.

The Convener: You will be aware that we will meet witnesses from the Scottish Arts Council after this discussion. I am sure that members will wish to pursue that issue with them.

I thank you all for attending this meeting and answering our questions so clearly. A number of issues have been raised that the committee will wish to discuss further.

10:54

Meeting suspended.

11:05

On resuming—

The Convener: Good morning to the representatives of the Scottish Arts Council. I believe that Bill English has some comments to make at the beginning.

Bill English (Scottish Arts Council): First, I apologise for the fact that our chairman, Magnus Linklater, cannot be present. I am a member of council. The good news is that we have the same team of experts as we had at the committee before. I am sure that they will be able to help the committee.

The Convener: I will explain how we will handle this morning's session. We will start with David Taylor, who will introduce the subject of the national theatre from the SAC's perspective. We will then give members of the committee the opportunity to ask questions. We have allocated 30 to 45 minutes for that. We will then move on to the SAC's general submission and points that have arisen over the previous three weeks. Tessa Jackson, and probably David Taylor, will come back in on that.

David Taylor (Scottish Arts Council): I am the director of drama and dance at the Scottish Arts Council. As I said in the paper on this subject that we submitted to the committee, there have been two studies on this in recent years. One was completed in 1994 and the second was completed in 1996 but considered by the council in 1997. Paul Scott is correct to point out that error.

Those studies examined the feasibility of a Scottish national theatre. A model, which was dubbed the national theatre initiative, was identified as having a reasonable amount of support. It was predicated on the provision that there would be additional money for the arts. That echoes the comments made this morning by the theatre representatives.

Since 1997, there have been other developments and other areas of consultation. A Scottish national theatre is one area of work that we have consulted on, but we have also consulted on other areas of drama. We had a major consultation in 1997 which drew up priorities that a wide range of theatre people thought that we should be consider. Those priorities included theatre for and by children and young people, increased support to playwrights and support for the diversity of Scottish theatre.

Among the priorities was what was described as support for a national theatre resource. The council found additional money for theatre—£2.25 million over three years. That money has been allocated principally to a scheme called Scotland on stage, which addresses many of the characteristics of a Scottish national theatre initiative that have been talked about today and in the past. It is about supporting excellence,

innovation and getting work across the country.

It is wrong to say that additional money for drama has been dissipated. We have a responsibility to ensure that the widest variety of artists and work across the widest geographical area are supported. That certainly does not mean that we expect a diminution in the quality. Quality is the No 1 criterion. Members should consider the range of productions that have been supported through Scotland on stage, from "Cavalcade", which opened last week—I thoroughly recommend that you book tickets—to "The Scaldie Hoose", based on the life experience of a young traveller girl, to a production by the Highland festival about the aphrodisiac qualities of Islay cheese, to a tour of Liz Lochhead's work.

All of that reflects what people have been saying about a national theatre initiative. We took that initiative by supporting some of the objectives that have been identified in the past; we have been putting more money into playwrights. We also support the task force that is looking into children's art centres, which has already been mentioned. We have been considering how to improve conditions in the touring infrastructure.

I am not trying to pre-empt the initiative that was discussed this morning, which was interesting. As ever, the devil is in the detail. Any initiative would need to be worked on to ensure that it meets all its objectives. We have a fundamental interest in protecting the whole Scottish theatre community, which is very diverse. In our most recent consultation, diversity came up as a central issue. Any model would have to ensure diversity. We have the collective responsibility for all the arts in Scotland, not just theatre, and we would want to ensure that those interests were protected in any discussions. We are more than willing to discuss the idea of a national theatre with the arts sector and to develop a model, if there is the prospect of additional money to support it.

The Convener: Thank you. I will ask Ian Jenkins to open the questions.

Ian Jenkins: I do not think that people are criticising the Arts Council's work in drama across the country, nurturing different types of theatre. It seems that, in dealings with the Saltire Society and others, the SAC has been reluctant to embrace the idea of a national theatre. Magnus Linklater was quoted at one stage as saying that the SAC did not want another millstone round its neck.

David Taylor: Any reluctance would be coloured by the fear that a national theatre would threaten what already exists. One must be honest about that. If that fear can be removed, we are talking about a different ball game. There is also a fear of institutionalisation. The arts flourish where

there is energy, excitement and ambition; institutions can sometimes suppress that. One would always want the wild cards to get their chance to be played, and to allow a throughput of young talent. That is not to say that a national institution would preclude that, but one must ensure that those opportunities exist.

Bill English: I add to that that we would insist on three criteria: there would be adequate additional funding for the arts; the theatre would impact across Scotland, not just Edinburgh and Glasgow; the scheme would not be detrimental to the existing structure. If those criteria were satisfied, we would be delighted to pursue the scheme.

Ian Jenkins: I accept that. However, can you understand that there is a feeling that the idea of a national theatre, as we heard this morning, would create opportunities to focus? People would support the idea with funds and the national theatre would become an ambassador. However well they do things, Dundee Repertory Theatre and the Citizens' Theatre, for example, do not have that sort of status. If you can say to us that the other national companies have that status, why should a national theatre not have it too? What about the extra energy that would come from that sort of status?

11:15

Bill English: If you can persuade the Parliament to provide the money for that, we would be alongside you.

Ian Jenkins: So it is only the money? There is no reluctance in institutions—

Bill English: I mentioned three criteria. Money is one of them.

Ian Jenkins: But your paper says that people in the theatre think that this issue is not a high priority. In your big meeting of two or three years ago, it was away down low on the list. However, that is predicated on the fact that people did not think that there was going to be more money.

Bill English: That paper reports what we found; it does not represent our point of view.

Ian Jenkins: I am not saying that.

Mr Monteith: I wish to go through a number of points from your submission. I am not sure who wants to answer these points. Any of the witnesses should feel free to answer.

Your 1994 report tells us that there was a complete lack of support for a new building. We heard that this morning from the artistic directors and representatives of various organisations. Do you still agree that there is no demand for a new national theatre à la south bank?

David Taylor: I agree with that.

Mr Monteith: Paragraph 2.2 says:

"There was a case for a Scottish touring company".

Paragraph 2.3 says that there was

"Support for a Scottish National Theatre Initiative, with funds to support Scottish National Theatre activities."

Presumably "Support for" is stronger than just a case for a national theatre.

In some respects, we have heard from you what a national theatre initiative does. I draw your attention to paragraphs 3.2 and 3.3 of your paper. Paragraph 3.2 states:

"To establish a national identify at home and overseas by:

- being distinctive
- reflecting Scottish culture
- presenting the work of the nation
- facilitating national and international touring."

Paragraph 3.3 states:

"To promote quality in theatre by:

- recognising and funding excellence where it exists (in a variety of forms).
- facilitating revivals of excellent productions."

Does not that sound rather like the model that was described this morning? Do you think that that model would, in a sense, dovetail with the initiative?

David Taylor: Yes.

Mr Monteith: Moving on to point 6, the funding for the initiative is some £2.5 million over three years, which is equivalent to £750,000 a year. Once the current funding commitments have been fulfilled, would it be possible that £750,000—if that remained the allocation—might be available to broaden this initiative into the model that we have heard about? Alternatively, do you believe that the £750,000 a year would have to remain in the current initiative's strategy?

David Taylor: A number of initiatives are likely to be on-going. One of the difficulties is that we do not know if that money will be available after three years.

Mr Monteith: So, in a sense, you have to argue the case with the Scottish Executive for that funding when it runs out?

David Taylor: Yes. Our funding has been set for three years.

Mr Monteith: Can I take you back to your paper and to paragraph 5, "Developments since 1996"? The drama department held a conference at the Tramway for about 200 practitioners, which is

quite an impressive number. You asked them to rank their priorities. I am interested to see that the sixth priority was:

"Increase funding in a national Resource".

In your oral explanation of some of those other priorities, it struck me that some of them, such as youth work and developing existing theatres, might also be helped by a national resource. Would it be the case that the national resource came sixth because people may have believed that they would not have access to that resource—that it would be elitist or be represented by a building?

If we were to conduct that ranking survey again today, based on the model that we have heard about this morning, it might not come sixth, because they might see that the things that were ranked more highly benefited from the proposed model. Is that possible?

David Taylor: It is possible, but I do not think that it can be inferred from the meeting. Children and young people were far and away the most important issue that people identified.

Mr Monteith: Since that event took place, have you, as the drama department, taken cognisance of the survey by increasing funding to children's and young people's theatre?

David Taylor: Yes, we have made specific provision for children and young people. We have set the target of ensuring that 20 per cent of the money from our flexible schemes is invested in that area. In the previous spending round, more than 30 per cent went to children's and young people's theatre. We are also funding the task force's research.

Mr Monteith: Before you took up your current post, David, you worked for one of the theatres in Scotland, so you have a good deal of experience to call on. The thing that may have surprised some people here today—it certainly surprised me—is the degree of unanimity that exists between theatres that compete regularly. Has one of the problems—not just for people such as Paul Scott who favour a national theatre, but for the Arts Council—been that it could not find any consensus among the theatre companies?

David Taylor: That is true, There has not been a clear consensus. It is to be welcomed that the organisations represented here today have spoken more or less with one voice. One of the key elements that they have identified is that the national theatre should be independent. They have not specified what it should be independent of, but I suspect that they mean independent of any particular theatre organisation. The proposal has a greater chance of success if that remains the case.

At the moment, our funds are disbursed through

peer group assessment, which works well. It has some drawbacks, as it does not have the same bite that a strategy led by an individual with a vision would have. There is a lot of strength in that idea. The model of Edinburgh International Festival that was referred to is an interesting one, because there we have an organisation with a clear artistic vision, driven by a skilled and knowledgeable individual.

Bill English: The Edinburgh International Festival is funded by the Scottish Arts Council to the tune of almost £800,000.

Mr Stone: There is something else that you did not know about me. You know about my interest in the Highland festival, but my kid brother makes Highland cheese. You can draw what conclusions you like from that.

Mr Monteith: How many children does he have?

The Convener: You do not have to answer that. Carry on.

Mr Stone: I am the one asking the questions.

I will come to the heart of the matter. Could you comment on what we heard earlier this morning about the given weeks in which there has to be funding, and about the fact that that funding has to be suitably sized and to have some continuity? I would like to hear your thoughts on the method of channelling funds, whether it should be through the SAC or directly from the Scottish Executive.

Bill English: One of the points that was made this morning was that there had to be a body to organise the concept of a national theatre, and the Edinburgh International Festival model has just been mentioned. We do not say that there should not be such a body. The question is whether that body should be financed in the same way as the festival and the national companies currently are, or directly by the Parliament.

In our view, the concept of an arm's-length body such as the Scottish Arts Council has stood the test of time. From the point of view of the arts—and I should point out that all of us have been on both sides of the arts—I do not see an advantage in the funding of the body that organises a national theatre being handled directly by the Scottish Executive. This committee has so much to do, within its broad remit, that it cannot devote as much time or effort to that as the 15 members of the SAC can. I would have to be convinced that there is a better model than the current one.

Mr Stone: The Scottish Arts Council existed under another style of government. Now that we are in a new age, do you see a different relationship, one in which the SAC works in conjunction with the committee, the Scottish Executive and the Parliament?

Bill English: I was hoping to get a chance at some stage to suggest that once a year, the SAC could come to the committee, say what we have been doing, outline current issues and exchange views—not in the atmosphere of a particular problem or crisis—in a positive dialogue. That sort of thing could not have been achieved under the previous political structure. That is one of the great advantages of the new structure, and I hope that you agree to my suggestion. We could schedule a formal meeting every year, so that it would not just be when there was a problem.

The Convener: There is feeling in the committee that we would like to build a closer relationship with the Scottish Arts Council. While not necessarily taking up that suggestion at the moment, we could discuss it at a future date.

Mr Macintosh: I have a quick question along the same lines as that of Jamie Stone. What was your reaction to the fact that everyone who spoke to us this morning was in favour of a national theatre? Everyone agreed with the idea of a commissioning national theatre, rather than a building-based one. Your paper is rather neutral, but the evidence that we heard this morning suggested that the SAC is hostile to the idea.

Bill English: We are not hostile to that idea. I explained our three criteria and what was outlined this morning could meet those criteria.

Mr Macintosh: You explained that. However, the argument in your paper suggests that there is no will, need or desire for a national theatre, yet everyone who spoke this morning testified to all those things. Your paper does not seem to reflect that.

Bill English: Our paper reflects what we found when we consulted the constituency in the past. If there is a new upsurge of interest in the matter, that is great. However, we would still say that there are three criteria to be met before we will profess that. I suspect that there has not been such an upsurge in the constituency previously because most of us assumed that there would not be extra money. Now that we know you have access to money that no one else did—

The Convener: We must put it on record that, at this stage, no one is suggesting that there is additional money. We are saying that we must consider the provision, should there not be additional money, and listen to suggestions about how to obtain additional funding.

Ian Jenkins: I want to return to your paper. In paragraph 7.1, you say

“There is a strong argument against creating any additional infrastructure to deliver the desired objectives of any National Theatre Initiative.”

In paragraph 7.3, you say

“A number of observers have noticed that there is not a clear artistic imperative for the establishment of a Scottish National Theatre.”

You quote someone from *The Herald* and you say:

“There is evidence that existing companies are able to scale-up when they have resources to create work, which might be regarded as having national status in terms of its ambition, size, or ability to represent Scotland.”

Those comments sound like a negative way of talking about what we have been discussing today. I am delighted to hear that that is not the case. However, your paper reads very negatively.

David Taylor: Those comments could be seen as negative in relation to a new theatre building or a new theatre company. They are not at all negative in relation to what was discussed this morning. This morning, the discussion was about finding resources to move existing organisations up a few notches, as and when appropriate. We do not think that there should be a large infrastructure replicated in order to support the national theatre. The idea that was discussed this morning could be very light on its feet, with a small staff that would use the resources of the existing theatre companies and buildings to realise this dream. There is no contradiction between our paper and what was discussed this morning.

11:30

Ian Jenkins: The mood music is not right.

I like the model that was suggested this morning, because it does not have the kind of dragging-down baggage that is keeping some of the other companies in a position where their resources are drained and they are better off not performing. This model would be focused and its money would be spent on producing something there and then, and when performances were not being produced, it would not be running itself down. I like that model and I am glad that the witnesses are willing to consider it.

Ian Welsh: To continue the work of this reconciliation commission, perhaps you can lay to rest or rebut a comment that Paul Scott made in his article in *The Herald*. He said that the Scottish Arts Council

“has been hostile, deceitful, and manipulative”.

Do you have any comments on that?

David Taylor: I do not know what evidence there is for that claim, but what we have said this morning surely gives the lie to it.

Bill English: If people say that there is to be a national theatre and that the money for it is to come from the rest of the arts sector, we are hostile to that idea.

Fiona McLeod: As Ian Welsh says, we seem to

be engaged in reconciliation. You heard about the model that was proposed this morning along the lines of the Scottish theatre initiative, to which your paper seems initially to be hostile. You now appear to be telling us that you are quite supportive of that model, but that your support is predicated on funding. If funding were available, what do you think would be the role of the Scottish Arts Council? Would you have a strategic role, or would you want a light-on-its-feet administration to decide the strategy?

David Taylor: There is a strong argument for the relationship being the same as for other organisations such as the Edinburgh International Festival, which has already been mentioned a number of times. We fund that and invest in that organisation's vision of artistic leadership. We monitor the use of that funding as we do for other theatre organisations.

Fiona McLeod: Would you expect the Scottish Arts Council to have a monitoring role rather than, as some people from the other national companies have described it, an interfering role?

David Taylor: I do not accept that we play an interfering role, but we would have a monitoring role.

Mr Macintosh: Paul Scott said this morning that you would argue for a fund rather than for a company. His argument is that only a company can develop and initiate policy, and he suggested that your idea of a national theatre is completely different from what our first set of witnesses have argued for.

David Taylor: Over time, different models or quasi-models, some of them not very well developed, have been discussed. The system for funding and resourcing must be defined quite precisely and there is a lot of work to be done on that, but the initiative as it has been described so far sounds to me as if it could reap benefits.

Mr Macintosh: You are suggesting that there should be an administrative body to disburse money to companies under various schemes. Paul Scott's approach is exactly the opposite: that a national company should take charge of policy in promoting Scottish theatre. That is quite different.

David Taylor: When we begin to discuss details, different views emerge. Most people seem to favour a commissioning or producing body. The role of a producer involves much more than just funding; it involves identifying strong artistic people, bringing them together in a shared vision and providing them with the wherewithal to carry out their aims. I absolutely accept that that is beyond the role of a funding body. We would not welcome a mini funding body, which would be a group deciding who to fund this year. That would not be a step forward, because it would only

replicate SAC structures, in which a group of theatre practitioners agree where funding should go and develop strategy.

Mr Macintosh: That is exactly the point on which we were pushing other witnesses this morning, and they were quite clear that the work would not replicate the work of the SAC. Your first answer this morning implied that you would use existing companies and notch them up a couple of steps, which does not fit with my interpretation of what has been said this morning.

David Taylor: An example of the model that we have been talking about is "Life is a Dream", which was produced by the Royal Lyceum with investment and artistic input from the Edinburgh International Festival. However, we have not had a lot of time to discuss the matter in detail. Our paper was written without the benefit of the latest view of the Federation of Scottish Theatres.

The Convener: That is a fair point. Obviously, although you were in attendance this morning, the matter needs further discussion between yourselves and others.

Fiona McLeod: Presumably these proposals were not dreamed up last night by the earlier witnesses and are part of a continuing discussion in the theatre world in Scotland. Is not the SAC involved in those discussions?

David Taylor: There has not been much discussion on this issue in the theatre world over the previous 18 months or two years. As I said in our paper, the matter has not been raised with us in formal meetings. Perhaps people were waiting until the Parliament was in existence to bring the matter up. There now seems to be a new frame of mind around. The proposal is not completely new and develops previous ideas that were discussed in earlier reports.

The Convener: Although I am aware that we need to move on, do any members have any further questions on the national theatre?

Mr Stone: I have a quick question. Does the level of funding sound right to you?

David Taylor: How long is a piece of string? It depends on what we want the funding to do, but it certainly needs to be upwards of £1 million. It is very difficult to say off the top of my head whether the level of funding is right.

The Convener: Obviously, the discussions on the national theatre proposals will form part of the committee's final submission. I expect that, having raised the issues further this morning, you will have on-going discussions with other interested bodies about how to progress the matter.

We will move on to general issues that have been raised over the past three weeks in our

discussions on national companies in Scotland. Although you have given us further written information, do you have any further comments before I open up the discussion to questions from the committee?

Bill English: Much of the evidence has contained general criticism of the SAC. On the one hand, it is said that we monitor and interfere far too much and do not allow boards to run their companies. On the other hand, one would not have said that funders should be able to count the pots of paint used on scenery. There has to be a careful balance between monitoring an accountable limited company, as all of these organisations are, and interfering with directors' responsibilities and eroding such accountability. Although I accept that it is our duty to find the right balance for each set of circumstances, it is a balancing act.

I have much direct experience of bodies that distribute a given sum of money to a group of organisations, such as, for example, Government allocations of funding to local government. I was director of finance in Glasgow City Council for 20 years and was a recipient of a revenue support grant. I am currently a board member of two higher education institutions, so I have experience of the way in which the Scottish Higher Education Funding Council distributes money. In my former job in Glasgow, I was responsible for distributing £5 million of grants annually to the cultural sector.

The funding body is never loved by the recipients. On the one hand, it is accused of interference; on the other, of not coming in and helping out in specific instances. The usual cry—and one that I have made myself when I was on the other side of the fence—is “Give us the money and leave us alone.” However, we must consider accountability. We are talking about public money, so we accept that we must be accountable. As I said earlier, we still believe in the arm's-length principle as set up by Lord Keynes 50 years ago. It has been copied widely elsewhere, it remains valid, and I do not think that anyone has yet come up with a better system.

Having said all that, we in the Scottish Arts Council are not complacent about anything. We are in the midst of a major internal reorganisation that will take account of feedback from consultation with our clients. We have a brand-new director with fresh ideas. We have listened carefully to all the points that have been made in this committee, and we look forward to your report. From our next meeting onwards, every one of our meetings will be held in public. We are taking note of what is going on.

I have already made the point that we would like to have an annual meeting at which we could look at things in the cool light of day. I ask the

committee to consider that seriously.

Tessa Jackson (Scottish Arts Council): Some of your questions may address some statements and allegations that have come up over the past week or so, including some from as recently as yesterday and the press this morning. One or two clear comments from the SAC might be helpful.

A lot of the business of this committee over the past few weeks was perhaps sparked off by very particular questions about Scottish Opera and Scottish Ballet. We all, including the SAC, welcome the wider questions, and especially this morning's questions, which are fundamental to the future development of the cultural life of Scotland.

I would like to make one or two specific points, firstly about Scottish Opera and its financial difficulties. As I hope that we did on our first visit to this committee a couple of weeks ago, we want to make a strong statement: we were not aware of the financial crisis. We have presented a diary that lays out exactly when we knew what and from whom. We want to restate that, and I am happy to answer further questions on that. The difficulties were way beyond our capability, especially at this point in the financial year. If we had known about them, we would have made some moves to deal with them earlier.

Our relationship with the interim chief executive at Scottish Opera has been very clear. We are the monitoring and funding body. We did not employ that individual; he was appointed by the joint working party. I make that point to reiterate SAC's role across arts organisations. We are there, as Bill English has said, to monitor the use of public funds. We need to ensure that processes are properly gone through, without getting involved in some of the specific detail.

We refute both the accusation that the Scottish Arts Council acts as shadow directors and the claim, which I have read, that the Scottish Arts Council has been running Scottish Opera for four years. If you read the minutes, as I have done in the past seven weeks as a newcomer to all this, our role is very clear: it is one of observing and advising. In some specific cases, we have been asked to become more involved, and that has been clearly documented.

It has been difficult for these two important organisations to move towards closer working. Some of the personnel have changed through that process, and the story is quite difficult to follow. However, I think that our role has been constant, although at some times we have been asked to be more involved than at other times, when there have been difficulties to be got over.

The background to asking a particular chair to resign was the moving of two companies towards closer working. Representatives of both those

companies agreed how that should be done. It was discussed with the SAC present and it was discussed with Sam Galbraith. It was then reiterated back to the companies as the process that had been fully agreed by all parties concerned. I do not think that anyone could read that as a forcing of a resignation. Various documents, which I will not quote now but would be happy to provide to the committee, make that very clear.

On a more positive note, the climate has clearly changed, and opportunities for the arts and cultural development have changed. The Parliament may well wish to set new priorities—we are very interested in hearing those new priorities—so that the Parliament can redefine not only the work that should be supported and enabled in Scotland, but what the SAC's role in that would be. Although it is a shame that it has come about because of particular difficulties, we welcome the wider discussion. We want to be sure that the facts behind those difficulties are known, but also that they do not subvert the valuable wider discussions that we are having. Those discussions need your attention, they perhaps need more time, and they need the representations that you have heard this morning and those of many other people who have not been able to take part in the three meetings.

11:45

The Convener: A number of questions arise, both from what you have said and from the written submission.

Nicola Sturgeon: I would like you to address a number of points. You were described last week by, I think, representatives of some of the unions, as being a secretive organisation, and I wonder whether you want to comment on that.

Will you talk us through the process that the Scottish Arts Council follows in determining the yearly funding of the national companies? Are you confident that that process is understood by the national companies? You will have heard a general comment this morning from Kenny Ireland that the SAC moves the goalposts weekly—a comment that is broadly in line with some of the comments of the witnesses that we had last week.

Are you confident that those processes are applied consistently to all the national companies? If so, how do you explain the difference between your approach to the Royal Scottish National Orchestra, which was denied index-linked grant funding because you said that it had financial problems, and your approach to Scottish Opera, which received index-linked grant funding, despite having received special deficit funding for 11 out of the past 32 years and, as we now know, having

very serious financial problems.

Tessa Jackson: There are a number of questions there. I will ask Graham Berry, our finance director, who has been head of finance at the Scottish Arts Council for 10 years, to answer the particular point on how we go about deciding the funding for the national companies.

Graham Berry (Scottish Arts Council): I will give an outline of the process, and leave it to Nod Knowles, the music director, to talk specifically on how the individual committees look at it.

For many years, the council had a standstill grant. There was no increase at all coming from what was then the Scottish Office. We allocated funds from our annual budget, which historically had been divided up between the various art forms that we support: visual arts, crafts, dance, drama and so on. Each of the committees that was responsible for those art forms was allocated a sum from the overall amount of money that was available. The committees then considered the funds that they had available and the guidance that they received on the council's priorities and decided on allocations to individual organisations.

In drama, the committee considered the building-based and touring companies, and so on, and also allocated sums to schemes to support specific activities. Nod Knowles will talk about the process within committees and will answer the specific question on the national companies involved in music.

Nod Knowles (Scottish Arts Council): The standard way of working was to have an annual cycle for most regularly funded companies; until last summer, there was only an annual cycle. As you will know, we are currently on a three-year funding cycle, which was allocated by the Scottish Office so that we would know what money was available to the Scottish Arts Council over three years. We try to pass on the benefits and security of that three-year time scale to regularly funded organisations.

The regular situation would be for companies to submit their three-year plans on a rolling basis, updating and changing their plans every year, to the appropriate committee. Companies—not just national companies—would have a regular annual meeting with us, which would be attended by members of the board and staff of the company and members of our specialist committee. Issues and ideas and the basis of the companies' plans would be talked through.

In terms of an overall funding decision process, those plans would then be evaluated against the priorities and criteria that had been set out by the Scottish Arts Council overall and by the individual art form departments. There would then be recommendations about the level of funding

resulting from the budget process. Just yesterday, the SAC came full cycle to decide on next year's funds and budgets.

The situation of the national companies is different, because of the process that existed until May 1998, with the particular interest of the Scottish Office, to sort out a longer-term basis for the funding of the national companies. A special committee was set up, which included the chairpeople and chief executives of the national companies, representatives of the SAC—our chair and senior management—and an independent chairman, appointed by the Scottish Office, who mediated the whole process.

In April 1998, there was an agreement between all the national companies and the independent chair, and the SAC, as to the level of funding of the national companies and the conditions on which that funding was based. We have gone forward on the basis of those understandings. By coincidence, I began as music director about a week before that settlement was completed. I can trace very accurately how we have dealt with it from then on.

We have tried to keep our side of the bargain in that series of understandings, and to keep the national companies to their side. Obviously, a big part of that agreement was that the opera and ballet companies should begin to merge their service arrangements into a single company. We have constantly reinforced our concerns about that merger going forward. In April 1998, all the companies were required to produce a balanced budget or an understood budget agreed with the Scottish Arts Council. We have monitored that closely.

At the beginning of the current financial year, the companies were clearly asking for the side of the agreement which index-linked their grants to be considered. We considered that in the light of the conditions that were laid down under the overall agreement. The problem with the RSNO, whose index linking was not initially granted in June, was simply that it had not been keeping to the balanced budget and to the series of conditions that been laid down for them.

Tessa Jackson: I think that we had provided a copy of the letter.

Nod Knowles: Yes, but I would just like to say that we did not simply deny the RSNO the money. The letter does not say that and our plans and budget do not say that. We withheld it until we had examined more closely their plans to get on to the track that would keep them and us to the conditions under which we thought we were operating.

Nicola Sturgeon: For the purposes of this discussion, I am less concerned about hearing

why the RSNO did not get index-linked funding as I am about why Scottish Opera did, if you were applying consistent criteria across the national companies. You say that the RSNO did not fulfil those criteria and had financial difficulties. Fair enough—I accept that part of your answer—but surely if those criteria were being applied across the board, Scottish Opera would not have had a chance of getting the funding.

Graham Berry: One of the results from the various national companies working parties was that the Scottish Office found an additional £2.4 million, which was not equally spread on an agreed basis among the four companies.

Part of the discussion that led to the agreement that that sum of money would be made available was that the £2.4 million was to bring the four companies in the agreed ratio, to a level which would allow them to operate satisfactorily. The companies accepted that, and the sums were calculated by a firm of independent consultants.

There was never a firm commitment, but there was always a suggestion that, after the sum had been identified, SAC ought to increase or inflate it on an annual basis to maintain the funding in relation to increasing prices. It was on that basis that we considered increasing the grants on an inflationary basis from then on.

In the case of Scottish Opera and Scottish Ballet, we were presented with a joint financial model that forecast the position of the opera and the ballet over a period of three or four years. It was clear from those models that the companies would be able, after an initial difficult year, to break even and, ultimately, to produce small surpluses, but only if they could receive an increase in grant from the SAC that effectively matched inflation.

The initial model proposed an increase from the SAC of 3 per cent per annum. We asked them to revise that down to 2.5 per cent, because inflation was falling—it has dropped even lower. In the current financial year, although we received an increase in grant, we significantly increased the drama budget because we wanted to support drama to a greater extent. As has already been mentioned, that was specifically to allow the Scotland on stage scheme to proceed. Unfortunately, that did not leave sufficient funds to provide a full 2.5 per cent increase to the four national companies.

In the current year, we were able to increase the grants to the national companies by about 1.25 per cent on average. That turns out to be pretty close to inflation anyway. When we realised that we could not provide what was regarded as a full inflation increase for the current year, we agreed to provide 1.25 per cent this year, but a larger increase in the next financial year—2000-01. The

agreed grant increase to the national companies next year is in the order of 3.7 per cent—almost 3.75 per cent, in fact. That counterbalances the lesser increase that we were able to provide this year.

That is a roundabout way of answering the question. We awarded Scottish Opera an increase because its forward plans looked robust and were presented to us on the basis that they would work, and because it was suggested that an additional input from the SAC was needed. At a meeting earlier this year, the council discussed that long and hard and agreed that it could offer Scottish Opera the additional money that it had requested. The other national companies were also brought into the loop.

Nicola Sturgeon: What you have just said raises the suspicion in my mind that your monitoring procedures are extremely hit or miss. That is something that may need to be looked at. Do you accept that there is a perception, at the very least, that you insist that RSNO and two of the other national companies meet stringent financial criteria and set their priorities according to their funding—we heard from RSNO last week about how it has cut back on its activities, especially overseas—while allowing Scottish Opera to spend what it likes to meet its artistic priorities and worry about the costs later? A number of people from whom we have taken evidence seem to perceive the situation in that way.

12:00

Graham Berry: I would not accept that. We receive exactly the same sort of information from each of the national companies and each of the companies that we support. We ask them to submit budgets, annual accounts, monthly accounts and cash flows. In the case of the national companies, professional staff are engaged in preparing those documents and, like the companies' boards, we accept them. We do not have sufficient resources to interrogate the documents in great depth to establish whether they are incorrect. We receive them in the belief that they are accurate and clear.

Nod Knowles: Graham Berry does himself an injustice when he says that he does not interrogate the submissions in depth. He and other directors give very close attention to the papers that the national companies submit. Currently, we have very accurate figures for where the RSNO stands in the year's accounts and we are discussing the situation with it. Throughout the period leading up to the merger, we discussed with Scottish Opera the figures that it was presenting. However, we were not able to challenge some of the intricate detail of the figures

because, as Graham said, we cannot explore that to the extent that the company's accounts department can.

You will recall that the problems of Scottish Opera did not emerge until September this year; they were as much a surprise to the board of Scottish Opera as they were to us. However, the figures for the companies are examined in a very consistent way and with sufficient accuracy—provided that the figures that are presented to us are well prepared—to ensure that we are abreast of the situation.

Nicola Sturgeon: Could it not be argued that the figures that have been presented to you are, to some extent, meaningless, if after having gone through that process one can still end up in the situation that Scottish Opera got itself into?

Nod Knowles: Scottish Opera's figures have been consistently good and well presented, if we leave aside the difficulty that we are now discussing. Having trailed the figures that were presented by Scottish Opera's professionals over several years, we have not found them to be wildly adrift, at least not during the time that I have been involved. We have been able to check Scottish Opera's figures carefully.

Nicola Sturgeon: How does that square with the fact that you were ignorant of the position of Scottish Opera until the very last minute?

Tessa Jackson: When we were last here, we covered in detail exactly what we knew and when. There was a deficit that was budgeted for. The figures were known to us at the points that our diaries suggest. We did not know the full extent of the situation until we had agreed figures with Scottish Opera. Those figures were not the ones that we had agreed were the best that a company should be operating under. The company was moving towards a merged form of operation with a view that the financial situation would be better next year or the year after. The new information was put to us late in the day, as indicated in the diary.

Ian Welsh: You may be aware that Sandy Orr delivered a robust and persuasive statement that confirms your view. The difficulty with deficit budgeting is that, if a company has financial problems during the year, any problematic situation is exacerbated.

I did not get the papers until this morning, so I have not read Sandy Orr's submission carefully. However, he talks about being made aware of the perceived non-viability of the business plan for the joint company. I have read comments that suggest either that Sandy Orr shares Mr Trickey's view of the business plan or that he holds to the original view—I would like to pursue that question.

I want to ask Graham Berry about the setting of the cost of the "Macbeth" production against the 1999-2000 budget. Mr Trickey perceived that as an example of prudent accounting. Was the prudent accounting a significant factor in the crisis that emerged?

Graham Berry: The effect of the "Macbeth" production is significant, but it is not the only factor. Scottish Opera felt that, because the majority of the production's performances would take place in the following financial year, the costs could be held over until that financial year. Because the costs overran a little and because the co-production income that it was expecting did not materialise—and will not do so in the current financial year—it decided, on the advice of the interim chief executive, that it would be financially more prudent to assume the full costs of "Macbeth" within the financial year in which the production was made and the first performances given. That was a much more prudent method of accounting, although it had a detrimental effect on the accounts for that year.

Ian Welsh: To be fair, I should mention that Sandy Orr says that it now appears that there is little or no overspend on "Macbeth".

When I worked in a local authority, people like Bill English advised me on budgeting procedures. There are prudent accountancy measures as well as measures that are not necessarily prudent but are okay. Do you think that Ruth Mackenzie's approach would be more robust? Would her approach have made a significant difference to the way in which the accounts came out?

Graham Berry: I am not sure what the question is. There are different styles of accounts. When it comes to monitoring an organisation's progress against budget, there are monthly, bi-monthly or quarterly management accounts. In my view, those should account for all the activity that is taking place in the financial year. In the preparation of statutory annual accounts, different accounting principles come into play. It is quite proper to carry forward the expenses of a production that will be used at the beginning of the next financial year. However, I do not think that it would be prudent to capitalise the cost of productions and write them off over a 10-year period or whatever—that would be imprudent in the circumstances faced by arts organisations. Such things should be included in the management accounts.

Mr Monteith: Your explanation of the monitoring system—that you treat the national companies equally—suggests that the other national companies could, perhaps with a history of failing to deal with their financial difficulties, get into the same difficulties of being 48 hours away from closure. If the monitoring systems for Scottish

Opera are the same as for the RSNO, the suggestion is that the same problem could occur.

However, if you say that you were on top of the situation but that you were not provided with clear information, that would suggest that the real problem is either that Scottish Opera has a culture that tends towards deficits or that the company has been run by individuals who operate a system that your monitoring—which is effective for all the other companies—does not pick up. Would you expect similar difficulties to arise in the other national companies or do you believe that what we are talking about is a cultural problem at Scottish Opera? Do you believe that individuals were responsible for the difficulty and that things are under control now that Mr Trickey is responsible?

Graham Berry: The monitoring system that we apply is the same for every company—we receive the same type of information from them all. There is an equal risk that the other companies might suddenly find themselves in a financial crisis if their financial information was in any way inaccurate or did not take account of the full year's activities. In past years, such matters have emerged in other national companies. The way in which we deal with that is to look for the indicators—the easiest indicator is the cash flow. Several times during the financial year, I pointed out that Scottish Opera's cash-flow forecasts seemed to be inaccurate. Each time, it came back with a revised version that still indicated that it could work through the problem by the end of the year—whatever cash-flow difficulties it had appeared to be short term. The same would apply to other companies. We are not in a position to interrogate and investigate in depth every financial statement that we receive.

The Convener: Can we try to keep questions short?

Mr Monteith: I raised the question of culture because it was clear from the presentations from all the national companies that there was some disparity in their approaches to artistic commitments once they were aware of financial difficulties. All the companies except Scottish Opera began to review their artistic commitments in those circumstances. In some cases, they had to postpone or withdraw completely some of their commitments.

I am interested in what Graham Berry said about cash-flow information. From the diary that was provided to us, it was clear that the cash-flow information suggested that there was a problem a month after the departure of the financial director of Scottish Opera. Did the Scottish Arts Council press for the appointment of a new financial director? Did the urge to merge the ballet and opera companies get in the way of such an appointment?

12:15

Graham Berry: We certainly urged Scottish Opera to appoint a finance director; the absence of one was a serious gap. To be honest, I am not sure why it was difficult to make an appointment. You would have to ask Scottish Opera.

Karen Gillon (Clydesdale) (Lab): Having read all the papers and having sat through this meeting and studied the *Official Report* of the previous one, it strikes me that a similar situation could yet arise in any of the national companies. What is the Scottish Arts Council doing to prevent that? An infinite amount of money is not available, but no Government, Parliament or committee would tell a company such as Scottish Opera, "Sorry, but there's no more money." The national companies can take the risk of running £2 million over budget because they know that we will bail them out.

That is a worrying state of affairs. What I have heard this morning has not convinced me that the Scottish Arts Council has any systems in place, formal or informal, that can change what is happening in the national companies or allow it to monitor more closely how a company can run up a £2 million deficit.

Bill English: Scottish Opera did not know the financial situation that it was in, and we had no means of knowing about it. We rely on the board of that major limited company to—

Karen Gillon: That was not my question. You know what happened; what are you going to do to prevent it from happening again?

Bill English: As I said, we try to maintain a balance, monitoring but not interfering. We rely on information, but we also learn from experience and we will learn from that one. We will have to examine the track record of companies that give us information; some companies may have to be monitored and interrogated in a different way.

Karen Gillon: I am concerned that, every year, this Parliament may have to spend more than £2 million that could be spent on education or health on companies that have run up a deficit. What will the SAC, the body with overarching responsibility for those companies, do to ensure that that does not happen?

Tessa Jackson: Separately from the events of the past few months, our monitoring process was already under review; it continues to be reviewed. There is also what is known as the three-month report, which examines the lessons that have been learned, how the circumstances that we have been discussing came about and how we can go forward from there. There may have to be closer monitoring at some stages, or there may have to be an internal auditing procedure. The remit of that report is being drawn up by the

Scottish Executive and we are happy to work towards completing that as quickly as possible so that the way in which we work in future will be clear to all parties.

Karen Gillon: The committee would like to see that report as soon as it is drawn up and revisit the matter.

The Convener: Brian Monteith wanted to move away from the question of finance to talk about the merger.

Mr Monteith: It seems that the minister, the Scottish Arts Council, or perhaps both, are in a hole and are still digging. The first paragraph of the letter from Magnus Linklater to Sandy Orr, which was copied to Sam Galbraith, states:

"The Minister made it clear to us that the proposed merger between the two boards must go ahead and that the proposal currently being discussed by both boards provides the basis on which agreement should be reached. He also reiterated that the additional funding agreed for the companies remains contingent on the merger proceeding."

I assume that the "additional funding" is the additional funding that was being made available to enable the merger to proceed.

We have heard much about the Scottish Arts Council being an arm's-length body. That paragraph suggests that you are not and that, as far as the minister is concerned, everything is contingent on your ensuring that the merger goes ahead. Not only is the minister copied in on the letter, but its final line reads:

"The Minister has stressed to us that the additional funding is absolutely contingent on the merger going ahead."

To what extent do you believe that the Scottish Arts Council is at arm's length in its dealings with the national companies?

The Convener: It has been put to the committee that only the Scottish Arts Council is still in favour of the merger. Can you comment on that, too?

Bill English: As for the minister's involvement, I must emphasise the fact that the Government provided the extra money specifically for the merger. It was not given to the Scottish Arts Council to decide what to do about it; it was conduited through the council, but the Government decided what was to happen to it. On that occasion, we were implementing a Government policy rather than making decisions of our own.

On the claim that we are the only people supporting the merger, as long as the companies believe that the merger will have no artistic demerit and will have financial merit, we support it. If at any stage the companies tell us that that is not the case, there would be no reason for us to support a merger. In the circumstances described, however, the merger is a good idea.

Tessa Jackson: Our arm's-length status was mentioned. Funding decisions come through the Parliament and the minister, and how the money is allocated is obviously of ministerial interest. However, we are clearly at arm's length in terms of how money is disbursed through the arts council to the many organisations by various committees. We set out policy objectives, which are published, and we work towards them. We examine those policy objectives annually, determine whether there are any new interests, such as the national theatre, and respond accordingly.

The questions about the merger between Scottish Opera and Scottish Ballet have centred on funding, and that is why the minister has been involved more directly than would usually be the case. We have to make it clear that normally we have no regular contact with the minister, although that may change given this committee's involvement.

Mr Monteith: But the minister was involved yet again when additional funding was needed to bail out Scottish Opera.

Tessa Jackson: That is true. As we said before, we went to the Scottish Executive because, as the problem arose late in—or at least halfway through—the financial year, we did not have the funding to deal with it. Where else could we go but to the Scottish Executive?

The Convener: I am sorry but I will have to wind up this part of the meeting as other agenda items are outstanding. There are a number of issues on which we would have liked to question you, particularly on funding for education and your relationship with the trade unions, although you started to deal with that matter in your paper. However, we will put additional questions to you in writing so that you can address them more fully, if that would be acceptable.

I thank you for coming back to us this morning. We will discuss the timing for the committee's report, about which you will be kept informed.

I ask those people who are leaving to respect the fact that the meeting is continuing.

European Forum for Teachers of Religious Education

The Convener: Item 4 on the agenda is the European forum for teachers of religious education and the conference in 2001. I am pleased to say that Jamie Stone has agreed to liaise with the conference organisers.

Special Educational Needs

The Convener: I ask Gillian Baxendine to update us on the inquiry into special educational needs.

Gillian Baxendine (Committee Clerk): The Scottish Parliament information centre has been considering on-going work in this area and has offered to provide a short paper for the next meeting. The paper will suggest how our inquiry could fit into work that the Executive is conducting and into the Executive's time scale. The inquiry might be more usefully discussed in the context of that paper.

The Convener: I suggest that we put that item on the agenda for next week. We do not want to find that we are out of sync with the Riddell report or that we are duplicating work that has already been undertaken as recently as the past three to six months. If we receive a paper from SPICE that updates us on that work, we will be able to decide how to progress the inquiry.

Mr Monteith: Do we have any information from the Executive on whether it intends to delay its consideration of the Riddell report? Although the report was four months late, the Executive did not alter the consultation period.

Gillian Baxendine: I understand that the Executive has just finished its consultation exercise and will consider the comments received. It is expected that the Executive will proceed with the recommendations, as suitably amended in the light of that consultation. It would be open to the committee to take up that matter with the Executive.

Ian Welsh: We should not forget that the Riddell report and the subject of special educational needs are mutually inclusive. Did the committee discuss at the previous meeting the appointment of a special adviser, which Mike Russell raised at the meeting before that?

The Convener: We did not discuss the special adviser, but we will include that in next week's discussion, should we decide to proceed with the inquiry—the committee will have to make that decision.

Improvement in Scottish Education Bill

The Convener: Item 6 is the improvement in Scottish education bill and the abolition of the Scottish Joint Negotiating Committee. Nicola asked whether this item could be placed on the agenda.

Nicola Sturgeon: Contrary to what the agenda

says, I did not ask for this item to be put on the agenda in order to consider in detail the legislative proposals. I raised the issue last week as I am concerned about the process that is being followed and about the lack of consultation over the provision in the draft bill that deals with the SJNC. We have had an extensive consultation exercise on the draft bill and it is fair to say that that exercise was in line with the consultative steering group's recommendations. We now await the outcome of that exercise.

However, a couple of weeks ago, a letter issued to a limited range of people said that the bill would include a provision to abolish the SJNC. The letter gave a deadline of less than two weeks for comments and stated that comments should not relate to the policy, but only to

"the technical aspects of the provision".

At no time has there been any public consultation on the abolition of the SJNC, which is an approach that runs completely counter to the CSG's recommendations and to standing orders. It is worth noting that the committee was not sent the letter so that it could comment on the draft section; the letter was sent to the committee for information. The committee should express its disquiet at that approach, even if we do not go into the merits of the policy, about which I am sure that we would not agree. We should say that this is not the standard of consultation that we expect from the Executive.

12:30

The Convener: I share your concerns about the consultation period and the restricted number of people who are being consulted. I suggest that we get back to the Executive in order to note our concerns about who is being consulted on this policy, as it is important that as wide a range of people as possible is given that opportunity.

Although I agree that the time scale is rather short, I prefer to allow those people who are being consulted to make their submissions. If we find that people say that they have not had time, we will raise that with the Executive, but at this stage, knowing the pressures that we are under in terms of responding to the bill, I prefer to allow the consultation process to continue.

Nicola Sturgeon: I am not suggesting that we respond to the letter—in any event, yesterday was the closing date for comments, so the deadline has passed. All I am asking is that we put on record our disquiet about the lack of consultation—the fact that the proposal was not included in the original consultation exercise and that it has been introduced at a later stage without any opportunity for public comment.

The Convener: Are you happy to proceed as I suggested? We will say that we are concerned about the time scale and about the restricted number of people who have been asked to provide comments, but that we will await the outcome of the consultation exercise to see whether those who are being consulted raise that issue.

Nicola Sturgeon: We know the outcome of the consultation—the letter tells us the outcome, which is another matter for concern.

Ian Welsh: The Government is entitled to make further proposals.

Nicola Sturgeon: I do not deny that, Ian, but we all agree that it is also obliged to consult pre-legislatively on these proposals. It has not done that in the same way as it consulted on the rest of the proposals in the draft bill.

The Convener: Unfortunately, the issue arose following the publication of the draft bill—that is why the proposal was added. However, we all seem to share Nicola's concerns about the way in which this matter has been handled. We may wish to pick up that point when we consider the bill.

Fiona McLeod: We must emphasise the point that this letter went out for consultation on 11 November, but the statement on which it is based was made on 22 September. Why did it take six weeks to set up a 19-day consultation period?

The Convener: Okay. Thank you.

Meeting closed at 12:32.

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